



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministerial Statement
To the House of Assembly
By
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Premier and Minister of Finance

Update on 2022/23 Government's Financial Performance
14th July 2023

Mr Speaker, I rise today to provide this Honourable House and the people of Bermuda with an update on the latest estimates relating to the 2022/23 Budget arising from the extensive work done to prepare for the audit of the Consolidated Fund.

Mr Speaker, the headline is as follows. Revenue was higher than budgeted, expenditure was lower than budgeted, and the deficit was smaller than budgeted. Yes, Mr Speaker, despite the war in Ukraine, continuing COVID expenses, the relief provided to residents, and tax cuts for workers, this Government has once again beat its budget targets. This is sound financial management on behalf of the taxpayers of this island and is further evidence that this Government has been and will continue to be good stewards of Bermuda's economy and the public purse.

Mr Speaker, based on the work to date in preparation for the audit of the 2022/23 Consolidated Fund Financial Statements, I am pleased to share with this Honourable House and the taxpayers the following:

- Total revenue is projected to be \$1.11 billion, \$38 million (4%) above the 2022/23 original estimate of \$1.07 billion, primarily due to higher than expected payroll tax, land tax, foreign currency purchase tax, and immigration receipts. The higher-than-budgeted revenue figure was achieved despite payroll tax cuts for workers making less than \$96,000; \$13 million in duty relief to freeze the price of gasoline; elimination of duty on essential foods & goods; and the \$18 million not received from the aircraft registry due to the war in Ukraine.

- Concerning Current Account Expenditures, they are projected to be \$949 million, \$4 million above the 2022/23 original estimate of \$945 million. It is worth noting that this \$949 million includes unplanned expenses as follows: \$15 million for the Covid-19 pandemic; a \$15 million special grant to support the hospital; additional funds for firefighters at the airport; and the Government's Economic Relief measures such as the Payroll Tax rebate, relief funds for public school students, and the increase in food benefits for those on Financial Assistance. Despite all of these additional and unplanned expenses that arose during the year, which were necessary as the Government provided relief and assistance in the face of 40-year high inflation, this Government's fiscal discipline was able to keep current expenditure largely in line with the original budget exceeding the original budget only by only 0.4%
- Capital Account Expenditures are projected to be \$68 million, \$5 million below the 2022/23 original estimate of \$73 million. These expenditures include additional funding for stabilising the Tynes Bay Waste to Energy Facility and \$4.3 million in additional grant funding to Bermuda Housing Corporation to bring more affordable housing online. This underspend in capital account expenditures is mainly due to the availability of resources and supply chain challenges.
- Interest and Guarantee Management costs are projected to be \$143 million, \$13 million above the 2022/23 original estimate of \$130 million. Guarantee management fees totalled \$6.4 million in 2022/23, and the remainder of the increase was directly related to the Government's re-financing debt transaction in August 2022.

Mr Speaker, when all of the figures I just mentioned are tabulated, the 2022/23 budget deficit is now projected to be \$44 million, which is \$26 million (37%) below the 2022/23 original estimate of \$70 million. Additionally, net debt at the end of March was \$68 million lower than the original estimate of \$3.19 billion, down to \$3.12 billion.

Yes, Mr Speaker, despite the fictitious cries from the opposition about overspending by the Government, despite the daily diet of falsehoods of a stagnant economy peddled by the newspaper, the facts are that this Government has demonstrated since 2017, time and time again that we are sound stewards of the public purse.

Mr Speaker, honourable members may ask, how can the Government post improved figures? The answer is simple. Our economy is recovering due to this Government's sound management of our economy and the continued implementation of our Economic Recovery Plan which has seen Bermuda's GDP return to pre-pandemic levels in 2022. Payroll tax collections are up, and in the first quarter of this year, payroll tax was filed for 1,812 more employees, or 5% more than the prior year. And Mr. Speaker our unemployment rate has fallen to below pre-pandemic levels, and employment is up among Bermudians of all ages and races.

Mr Speaker, this government is focused on building a Bermuda for the future. We have laid out our path to a balanced budget along with an Economic Development Strategy to build on the work of our Economic Recovery Plan. There is more work to do to ensure that the growing economy lifts all boats, but both sides of this Honourable House should welcome today's news as Government finances are in better shape than anticipated.

Thank you, Mr Speaker.