

2023/24 Fiscal Year Performance

Mr Speaker, it has been almost eight years since the Progressive Labour Party was returned to Government, in July 2017. We have seen many changes and challenges since then, especially during the recent COVID pandemic. But throughout it all, we have stayed focused on improving Bermuda's economy to make life better for everyone.

Mr Speaker, the audited statements for Fiscal Year 2023/24 have been presented to this Honourable House. These statements demonstrate the Government's commitment to responsible financial management.

Mr Speaker, for the Fiscal Year that ended in March 2024, total revenue was \$1.176 billion, \$21 million (1.8%) more than the original estimate of \$1.155 billion and \$49 million more than the prior year's revenue of \$1.1 billion. This increase was mainly due to higher-than-expected payroll tax receipts.

Payroll tax collections amounted to \$537 million, \$24.5 million (4.8%) above the original estimate of \$512.5 million. Interest earned from deposits was \$11.1 million, \$10.3 million more than the original estimate of \$750 thousand.

Mr Speaker, the total current account expenditure for Fiscal Year 2023/24 was \$977.5 million, which is just \$4.9 million (.5%) more than the original estimate of \$972.6 million. Despite significant unbudgeted expenditure that arose through the year, such as a \$16.3 million funding boost for the hospital, \$19 million in negotiated pay increases with public sector unions — total expenditure only exceeded budget by \$4.9 million, demonstrating firm budget control from the Ministry of Finance.

Salaries & wages were \$401.8 million, which is \$8.9 million (2.2%) less than the original estimate of \$410.7 million. Government Employer Contributions totalled \$76.6 million, which is \$706 thousand (0.9%) more than the original estimate of \$75.9 million. This slight increase was due to negotiated pay awards for Public Officers, which required higher employer contributions to the Public Service Superannuation Fund (PSSF).

Capital expenditure for 2023/24 was \$97.1 million, \$1.1 million or 1.2% more than the original estimate of \$96 million.

All Other Expenditures amounted to \$499.2 million, \$13.1 million (2.7%) more than the original estimate of \$486.1 million. This increase was directly related to the aforementioned additional expenditure for the Bermuda Hospitals Board and was offset by savings in other areas.

Interest and guarantee management costs were \$131.5 million, \$1.1 million more than the original estimate of \$130.4 million. Interest expense was \$3 million less than forecast, while guarantee management was \$4.1 million more than forecast due to expenses related to Morgan's Point and the negotiation of the Fairmont Southampton redevelopment.

Mr Speaker, when the above factors are taken into account, the Consolidated Fund deficit for 2023/24 was \$29.5 million, \$14 million less than the original estimate of \$43.5 million. This was the third consecutive fiscal year where the fiscal deficit has been less than originally forecast.

2024/25 Fiscal Year Performance

Mr Speaker, before I share the Estimates of Revenue & Expenditure for this fiscal year, I would like to provide an update on the Government's financial performance, for Fiscal Year 2024/25 which ended on 31 March 2025.

Revenue

Mr Speaker, the latest revised forecasts, which can be found on page A-1 of the budget book, project total revenue for Fiscal Year 2024/25 of \$1.248 billion, \$16.1 million, (1.3%) higher than the original estimate of \$1.232 billion.

Payroll tax collections are projected to be \$606.5 million, \$26 million (4.5 %) above the original estimate of \$580.5 million. The \$69.5 million increase in payroll tax collections from \$537 million in the prior year is due to continued job growth in the local economy and higher salaries in the International Business sector, combined with last year's reform of the new hire relief introduced in 2018.

Customs duty revenue is projected to be \$225 million, \$8 million (3.4%) below the original estimate of \$233.9 million. This lower than budget result is due to the 60% reduction in taxes on BELCO fuel, which was implemented in July of last year.

All other receipts are projected to be \$417.0 million, which is \$2 million (0.5%) below the original estimate of \$419.0 million.

Expenditure Performance

Mr Speaker, current account expenditure is projected at \$992.1 million, just \$128 thousand higher than the initial estimate of \$992 million.

This on target expenditure has been achieved despite the Mid-Year Review allocating \$17.6 million primarily to social spending, and also includes increased salaries for public sector employees due to the multi-year compensation agreement reached with public sector unions.

Capital expenditure is projected to be \$107.9million. This is \$4.4 million (4.1%) below 2024/25 original estimate of \$112.3 million. This level of investment is \$10.7 million more than the prior year and represents the highest capital spending since the 2010/11 Fiscal Year.

Debt Service

Mr Speaker, debt service and guarantee management costs are estimated at \$128.8 million, which is \$1 million (0.8%) above the original estimate of \$127.8 million. This amount is \$2.7 million less than the prior year, a result of the \$50 million in debt that was repaid in December 2023.