"A long way to go..." 2015 Bermuda Budget Highlights

"There are clear signs that the two track strategy is bearing fruit...but there is a long way to go before we get to solid ground." - The Minister of Finance, The Hon. E.T. Richards, JP, MP



Summary

 Some progress toward deficit reduction but cost reductions are constrained resulting in significant tax increases



Revenue

- Increase of \$29.6M or 3.3% from last year
- Significant tax increases including:
- Payroll tax increase to 14.5%, employees portion increased to 5.5%
- Fuel duty up 5 cents per litre
- Departure tax up from \$35 to \$50
- Payroll tax concessions partially rolled back (5.5%)
- Marine and Ports fees raised



Debt

- Gross public debt at \$2,310M and debt, net of sinking fund, will stand at \$2,192M
- No new borrowing in 2014/15
- \$125M new borrowing required in 2015/16
- Debt service estimated at \$170M up from \$162M



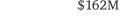
Growth

- Increase in new company applications, work permits, planning applications, building permits and retail sales drive the first positive GDP growth since 2007/8
- \$930M to be injected into the economy over the next 3 years. Hotel development, new airport and America's Cup



Expenditure

- Reduction of \$33.1M or 3.5% from last year
- Interest on debt to increase to \$169.1M 5.4% higher
- Capital expenditures of \$68.8M with most of planned expenditure being on construction related projects already underway
- Without furloughs, civil service layoffs may be necessary



Budget highlights:

	Actual 2013/14 \$M	Original estimate 2014/15 \$M	Revised estimate 2014/15 \$M	Estimate 2015/16 \$M
Revenue	884	902	876	931
Current account expenditure	971	946	955	913
Interest on debt	109	114	114	118
Sinking fund contribution	38	48	48	52
Capital expenditure	65	62	59	68
Budget deficit	299	268	300	220

Financial position summary:

	2012/13 \$M	2013/14 \$M	Revised estimate 2014/15 \$M	Estimate 2015/16 \$M
Budget deficit	(226)	(299)	(300)	(220)
Government debt outstanding	(1,574)	(2,305)	(2,185)	(2,310)
Guarantees outstanding	(200)	(521)	(527)	(527)
Sinking fund	97	533	160	118
Statutory debt limit	1,250	2,500	2,500	2,500

"The Minister made his case for the threat to our financial independence, as deficits swell our national debt. We will all bear the increased taxes needed to reduce the deficit as cost reductions have not met their goals and are not going to be sufficient on their own." - Tom Miller, Managing Director, PwC

Let's talk

Growth and change are two realities that no business can afford to ignore. PwC Bermuda's Advisory & Private Company Services teams can help you take a more strategic approach to both. We provide a broad range of audit and advisory services and our PCS team understands private businesses and invests in building strong relationships.



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