

Deloitte Budget Snapshot 2011

Doing more with less

Highlights

Revenue estimates 2011/2012

Estimate of total revenue \$940 million, 4% lower than 2010/2011 revised estimate of \$977 million.

Expenditure estimates 2011/2012

Estimate of total expenditures \$1.08 billion including \$84.2 million of capital expenditures, \$70.0 million of interest payments and \$25.8 million of sinking fund contribution. This represents a 16% decrease in expenditures from the 2010/2011 revised estimate of \$1.2 billion.

Budget Deficit

The current year deficit is estimated at \$146.6 million and the revised deficit estimate for 2010/2011 is \$223.8 million. Actual deficits for 2009/2010, 2008/2009 and 2007/2008 were \$208.7, \$241.4 and \$136.4 million, respectively. This brings the five year estimated and actual deficits total to \$956.9 million.

Public Debt

The statutory debt ceiling remains at \$1.25 billion. In 2011/2012, including debt and guarantees public debt is estimated at \$1.29 billion which exceeds the statutory debt ceiling by \$40 million. However, in the current year government has excluded \$210.5 million of guarantees to bring the 2011/2012 estimated public debt total to \$1.08 billion. Including guarantees, public debt in 2010/2011, 2009/2010 and 2008/2009 was \$1.175 billion, \$970 million and \$483 million, respectively.

Payroll Taxes

Decrease from 16% to 14%. Salary cap remains \$750,000. Maximum recoverable from employee decreases from 5.75% to 5.25%.

Government Spending

An estimated current year deficit reduction of 35% from 2010/2011 to 2011/2012 will be achieved with zero cuts to established government jobs. However vacant positions will remain unfilled, temporary posts will be abolished where possible and overtime will be sharply reduced.

All Other Taxes and Fees

No anticipated increase in any other taxes or fees, except for minor change in the customs tariff and government fees including an increase in cellular phone licences.



This budget alert is published by Deloitte & Touche Ltd. as an information service to clients and friends of the firm. It is not designed to be a comprehensive review of the budget nor is it intended to substitute for appropriate professional advice.

A full summary of the 2011 budget will be published in tomorrow's The Royal Gazette. www.royalgazette.com

Corner House, 20 Parliament Street, P.O. Box HM 1556, Hamilton HM FX, Bermuda
Tel: +1 441 292 1500 | Fax: +1 441 292 0961
www.deloitte.com/bm