



# PRESS RELEASE

FROM THE OFFICE OF THE DEPUTY LEADER OF THE OPPOSITION  
HON K. PETER TURNQUEST, MP

JUNE 8<sup>TH</sup>, 2016

FOR IMMEDIATE RELEASE

---

## **BUDGET STATEMENT**

**CONTRIBUTION BY**

**HON. K. PETER TURNQUEST, M.P.**

**EAST GRAND BAHAMA**

**June 8<sup>th</sup>, 2016**

Mr. Speaker, I would like to begin by congratulating the Bahamian people for once again demonstrating their commitment to a free and peaceful exercise of their constitutional right to vote and to express themselves via the ballot box. No doubt there are those who are disappointed by the result after a hard fought campaign on both sides of the issues but in the final analysis the people spoke to their understanding and to their level of trust in this government to manage the mandate on their behalf.

Mr. Speaker, it was very disappointing to have witnessed the unprecedented failure of the Parliamentary Commissioner to

release results known to just about everyone. It was also frustrating to hear of persons who were denied the privilege to vote because of disorganization, lack of clear information and persons available to give instruction at the voting sites. People were ran round and around polls and locations until on several occasions they actually ran out of time and the polls closed on them by the time they were accepted at the proper location. This is unacceptable and cannot work in the general election. I hope that the many issues incurred will be properly and dispassionately reviewed in the immediate coming days and corrective actions announced so that all of us can have confidence in the process and the Parliamentary Department to conduct a fair poll.

So that the public can be properly informed, the government must also give a detailed explanation of all the cost associated with this exercise. How much was paid to individuals involved in the process of educating the people, to the yes campaign and to “volunteers”. We deserve to know, if for no other reason than to ensure this kind of waste does not happen again.

## **OPENING**

Mr. Speaker, I speak on this, the final budget of this PLP administration amid a wide sense of dissatisfaction from the

Bahamian people in the governance of national affairs over the past four years.

Just this morning Mr. Speaker on the way to the airport, a taxi driver stopped me to lament the situation in Grand Bahama.

He stated that he had been waiting since 4am in his car, hoping for just one job for the day and he has had many such days where he has gone home empty handed after a 14 hour day.

He said his son who is just graduating from school wants to be a taxi driver like his dad, a smart boy, but he cannot allow him to do that because he sees no future in in it.

That is real talk Mr. Speaker and speaks to the true state of our economy, particularly in Grand Bahama. We are struggling Mr. Speaker and but for the resilience of our people, we would see much more social decay in our country.

In my budget contribution last year, I invited the Bahamian people to reflect on the question, “Are you better off today than you were prior to 2012”.

Today, I am forced to ask this question again. “Are you better off today than you were four years ago, or even one year ago?”

The side opposite tells us you ARE better off and they offer as proof, a claim to a reduced GFS deficit, but my fellow Bahamians I ask you, have you felt this success in your daily struggle, your family budgets or your lifestyles? To put it in the words of Nassau Village, do you feel this government?

This 2016/17 budget communication, which the Prime minister termed “An Agenda for A Modern Bahamas” is nothing but a shell game. While the PM is whispering sweet nothings in our ears, the Minister of Finance is busy picking our pockets with VAT and other taxes.

This is the current Minister of Finance and his deputy's last budget. They have overseen a process which The Bahamian people should have been able to easily analyze and evaluate fiscal policy. Unfortunately however, we have been feed numbers which are incongruent with reports issued by the Central Bank and Department of Statistics.

The government speaks of maintaining the GFS deficit to a level of \$150 million; however preliminary GFS deficit at the end of 2014/2015 was \$382 million according to The Central Bank's Quarterly Statistical Digest, which was released on March 24, 2016. The Minister of Finance and PM also communicated to the HOA that a GFS deficit of \$100 million was projected for



2016/2017. This is like pigs flying. All one has to do is look at past results as reported by the Central Bank and even the very Revenue Budgets table by the PM and Minister of Finance over the past four years.

### **THE GFS DEFICIT LIE!**

Even though this government has been wrong on every single deficit projection since coming to office, they are still promoting untruths with boast of having reduced the fiscal deficit by 80% over the last four years. That would be wonderful news if it was A) true, B), it was done through reasonable spending cuts and elimination of waste and misappropriations, rather than more taxes on a burdened

family budget or C) it was not accompanied by borrowing as if there was no tomorrow.

But have they really reduced the GFS deficit Mr. Speaker.

According to the numbers presented in this year's Budget, and comparing that to the mid-year statement fiscal summary, which is missing from this document, not so fast.

According to my calculations the GFS Deficit was in fact \$300 million at March 2016 (nine months) and if you extrapolate that for the full year, it should be in the order of \$446 Million.

Interestingly, if we were to exclude VAT revenue from the calculations, the fiscal deficit for 2015/2016 would have been a

whopping \$775 Million at March 2016 and if projected out almost \$1 Billion for the year. So where is the beef?

For clarity, let me explain how I arrived at that number.

	<b>Actual 2014/15</b>	<b>Prov July - Mar 2015/16</b>	<b>Est. Annual Actual 2015/16</b>	<b>Approve d Forecast 2015/16</b>	<b>Forecaste d Revenue 2016/17</b>
1 Recurrent Expenditure	1,923	1,708	2,277	2,098	2,321
2 Recurrent Revenue	1,728	1,412	1,883	2,047	2,176

<b>3</b>	<b>Recurrent Balance (2 minus 1)</b>	<b>(195)</b>	<b>(296)</b>	<b>(395)</b>	<b>(51)</b>	<b>(145)</b>
4	Capital Expenditure	372	142	189	242	242
5	Capital Revenue					
<b>6</b>	<b>Capital Balance (5 minus 4)</b>	<b>(372)</b>	<b>(142)</b>	<b>(189)</b>	<b>(242)</b>	<b>(242)</b>
<b>7</b>	<b>Total Deficit (3 plus 6)</b>	<b>(567)</b>	<b>(438)</b>	<b>(584)</b>	<b>(293)</b>	<b>(387)</b>
8	Debt Redemption (H22, Bk 90)	-	138	138	152	287
<b>9</b>	<b>GFS Deficit (7 minus 8)</b>	<b>(567)</b>	<b>(300)</b>	<b>(446)</b>	<b>(141)</b>	<b>(100)</b>

So the question is what numbers are the Prime Minister looking at to proclaim an estimated \$150 million deficit and are they intentionally trying to mislead the Bahamian people?

Mr. Speaker, this underestimation by the PLP is nothing new however. Consider the track record over the last four years on GFS projections:

	<b>Proj. GFS</b>	<b>Actual GFS</b>
2012/13	\$550M	\$546M
2013/14	\$443M	\$480M
2014/15	\$286M	\$382M
2015/16	\$141M	\$243M

Wouldn't it be wonderful if we could believe the GFS numbers on the face of it. However, we know that based upon the government's financial reporting system that is near impossible. In fact, by its own admission, the government cannot even tell you how much revenue and expense is

collected or spent from each source and definitely not from each island which is incredible in 2016.

We know that the government has been sandbagging the numbers, that there have been delaying payments on outstanding commitments in order to make the year end figure look good. Gratuities and wages due to certain individuals have not been paid for over a year, contractor payments have been held up. It's all a part of the game. I have raised the issue of the school board employees who not been paid sums owed to them following their transfer to central government over a year ago. When will these people be paid?

I also raise the issue of retirees who have not been paid their gratuities and are still not receiving their pensions after over a year of completing their service. This cannot be just mere administrative slackness.

The government has yet to pay the New Year's Day Junkanoo prize money in Grand Bahama. This is scandalous and has put our groups at risk of losing their credit at various businesses and some leaders risk their personal finances. Likewise, service providers for the junior junkanoo program have not been paid.

Why, what does the PLP government have against Grand Bahama and particularly the junkanoo culture? Fix it!

So this GFS deficit number and result being promoted is a demonstrable unacceptable untruth and is at best misleading.

## **NATIONAL DEBT**

Having now destroyed this GFS deficit reduction myth, let's talk about the undisputed national debt. Mr. Speaker, it's an accepted fact that countries with a national debt over 70% are well into the danger zone of being unable to meet its commitments or to find affordable financing to meet recurrent expenditure. I have already indicated some of the challenges the government is having in this regard.



Moreover however, we are painfully aware of the ongoing threat the continued stalemate on Bah Mar has on the overall economy and the ratings assessments by Moody's, S&P and the IMF.

Bahamians, do not be deceived or lulled by the PM skillful use of the English language. He and his government are feeding you nonsense and distractions while the country heads into a terrible ditch that will be very difficult to recover from.

Mr. Speaker, while the government can play with the GFS Deficit numbers, they cannot hide the growing level of national debt which now stands in excess of \$6.6 Billion, an alarming

\$76.3% debt to GDP, roughly 3% more than in the previous year notwithstanding the introduction of VAT.

Just last year alone, the government projected borrowing of \$289 Million but actually borrowed a staggering \$507 million, more than \$200 million over the estimates. That's from their report and their record.

Interestingly, the only budget tabled in the past four years in which the government didn't borrow more than projected was 2012/2013. A budget the government proclaimed was an FNM budget.

In fact the actual record of borrowing is as follows:

Approved Revenue from Grants and Loans	Fiscal Year	Actual Revenue from Grants and Loans	Variance
471,955,999	2016/2017		471,955,999
249,480,500	2015/2016	507,091,007	(257,610,507)
383,990,325	2014/2015	623,331,100	(239,340,775)
529,258,763	2013/2014	616,234,571	(86,975,808)
672,505,424	2012/2013	621,067,299	51,438,125
446,195,004	2011/2012	343,224,395	102,970,609
326,868,022	2010/2011	492,623,224	(165,755,202)

Fact is that since coming into office this government has borrowed over \$2 Billion, more than the former FNM administration borrowed (\$1.6 Billion) in the entire five years of its last administration from 2007 to 2012, during a very

depressed economic time globally when international visitors and investors had little disposable income and jobs were being lost around the world at an astounding rate.

This government, to used words coined by them, HAVE BEEN SPENDING LIKE DRUNKEN SAILORS! In a period of acknowledged general recovery, and what exactly do they have to show for it? Carnival, which has also been a colossal financial failure.

When the FNM engaged in borrowing it was to address a very serious global economic crisis that was threatening to destroy many Bahamian families and to create a situation in this

country where the public service would have had to be gutted in order to avoid national bankruptcy.

During this period, the Bahamas Government was forced to engage in what is known as counter cyclical spending, which is simply stated when the government spends money on mostly infrastructure projects to help stimulate the economy and drive job creation in a period of recession or slow growth. So yes, the FNM took the debt rate up but you can see the results of that spending in the road works, the airport, the harbor, school buildings, administration buildings, mini hospitals and the many other projects that brought results and helped to stabilize the Bahamian economy.

What can this PLP administration say about the \$2 billion debt it has amassed in four years?

We know they can attest to

- higher taxes
- higher job losses
- higher instances of theft and corruption in just about every department and agency the Auditor General has had reason to investigate
- failure to modernize government services
- failure to contain recurrent expenditure
- failure to empower young Bahamians

- failure to protect our citizens and residents, resulting in another travel warning by the Canadian Government just a few days ago
- failure to rescue Grand Bahama
- failure to provide mortgage relief
- failure to double the investment in education
- failure to expand small and medium size businesses
- and a total loss of trust in government

Simply put, THIS PLP government has failed and NEEDS TO JUST GO IF WE ARE EVER TO GET OUR SITUATION UNDER CONTROL.

Mr. Speaker, it would be refreshing if we were able to have trust restored in our government...that what they said actually

reflected the truth and a commitment to their word. Like when you say you are having a referendum on a new gaming industry, you actually mean it and abide by the will of the people. That's what we call a matter of TRUST!

Though the Prime Minister would like to blame this side and the Pastor's on the NO side of yesterday's referendum for its failure, the truth is that this referendum failed because of failed leadership on the part of the government. This was a referendum on his government and it boiled down to a MATTER OF TRUST. In case you still do not get it, to be blunt, the Bahamian people have had enough and they genuinely just



do not trust you, it time for you ALL to go! .... Before you mess us up even more.

## **GDP GROWTH**

Mr. Speaker, while the government misdirects our attention away from the fiscal realities we face, our GDP has been in decline 0.5% in 2014 and 1.7% in 2015 versus 2.3% initially projected, and 2016 is likely not to fare much better.

It is broadly accepted that the global economic recovery began in 2010 and that is borne out by the recovering Bahamas GDP numbers and employment statistics 2010 to 2012. Yet, in this period of general growth since the Bahamas is registering negative growth. Why? The PM says it's because of a softer

construction sector but is that really so? Before Bah Mar construction, did not have negative growth so Bah Mar should have been a bonus not a drag on that sector.

Could it be that contrary to the government's position that VAT has been fully accepted and successful, that businesses and individuals are in fact feeling the pinch and are cutting back on consumption spending and on investing?

Could it be that contrary to the government's statements the Bah Mar controversy and delay which has played out globally, is having a deteriorating effect on investments and investor

confidence and on those local businesses that are invested in that project due to outstanding balances due to them?

Certainly we know that something is seriously wrong and requires immediate attention. Smooth silky talk and sweet nothing in the ear of the Bahamian public and the Asian financiers will not get us out of this one Mr. Prime Minister. Its past time to hand this off to a competent team, I dare say the FNM team, to bring this ship back on course.

The PM said positive growth has been achieved in retail trade, banking and real estate. Is he really serious with that statement when hundreds of Bahamians are losing their homes

and defaulting on their mortgages due to the outrageous interest rates and fees introduced? Banking is growing while Bahamians are suffering, WOW!

So all this talk about deficit reduction and promises of debt reduction when all we can see is the opposite is hogwash and certainly misleading. Just like everything else uttered from this government, they just cannot be taken at their word ...It is still a matter of TRUST!

## **RECURRENT SPENDING**

Mr. Speaker, the Prime Minister or Minister of Finance states in his communication that a major focus is reform and restraint of Recurrent and Capital Expenditures. Again Mr. Speaker the

facts do not bear that out. In this budget, the PLP is budgeting an increase in recurrent expenditure of over 11% or \$223 million. Is that anyone's idea of restraint? I know the Bahamian public wishes they could get an 11% raise but sadly many will see job losses and cuts instead. It is still a matter of TRUST!

Mr. Speaker, the PM and Minister of Finance spoke about an increase in mortgage loan disbursements for new construction and renovations while the Central Bank continues to highlight the high level of bad loans and elevated loan loss provisions. In fact they speak about the continued tight credit stance of most banks and thus the PM's statement appears inconsistent with

the realities observed by the Central Bank. It is a matter of TRUST!

External reserves have expanded over the year but unfortunately we can take no comfort in that either as it reflects more on foreign currency borrowings or a decline in productive activity than it does an increase in foreign currency earnings. With a growth rate projected for 2016/17 of just 0.5%, I dare say we are in trouble.

Mr. Speaker, turning to the governments' agenda for a modern Bahamas, one has to chuckle when you read the statement about investment in public infrastructure. This from a

government that campaigned on a theme that stated that “you can’t eat roads”. I need not debate that again but I believe the government is beginning to understand the concept of productive spending and borrowing as a stimulus to the private sector economy rather than just to engage in mindless pursuits and pork barrel projects. In this regard, I believe all of our Ministers ought to attend those personal finance classes being suggested as part of the mortgage relief program.

**NHI**

Mr. Speaker, I will not speak much about NHI as it appears still a mirage no closer to implementation today than it was a year ago. Budgeting for it is elusive and the plan continues to be a work in progress while people suffer from lack of investment in the human and physical infrastructure needs of our existing facilities.

Almost weekly I receive reports of bed and medicine shortages at RMH in Grand Bahama. This is seriously sad, and as the PM worries about diabetes, people are dying from lack of attention and necessary facilities throughout this country to address urgent care needs. Gunshot wounds, heart related diseases brought on by stress and other environmental factors, cancers



and we talking nonsense about primary healthcare that is already provided by community clinics and nurses. No matter how great your primary health care is, if we don't change our diet and lifestyles, it will make no difference, so focus on the critical needs, there are no magic pills.

Just two weeks ago a friend related a situation in N. Andros, the constituency of the Minister of Health of all people, where his family member had to be transported on the back of a truck to catch an air ambulance. That is what needs to fix Mr. PM. We need to provide assets and infrastructure to assist in bringing these family islands (including my constituency of High Rock) up to basic standards of care and to invest in the infrastructure

here in Nassau and Grand Bahama to receive and take care of them once they are transported.

Catastrophic health care should be our focus because I have never had anyone come to me with a sponsor sheet or steak out ticket to visit his primary health care doctor. Focus Minister. It still is a Matter of TRUST!

## **EDUCATION**

Mr. Speaker I sat in amazement as the PM threw the Minister of Education under the proverbial bus with his statement that

“the low academic level of human capital in the Agricultural sector of the Bahamas is a major impediment to growth”.

Was he was really saying the Ministry has failed and as a result, BAMSI has to play catch up. There are some basic fundamental issues in education that must be addressed and until we insist on public education attaining the same levels of attention and achievement as private schools and focus on technical skills, we will be getting nowhere with this problem.

## **CHART OF ACCOUNTS**

Mr. Speaker, last year we borrowed \$33 million for wide ranging reform of the Public Financial Management System. I believe we would all agree that this is a necessary investment given the painful leakages that have been identified over the past year. I was interested in a statement the PM made in his communication, that the government will upgrade its IT infrastructure which will allow for the modernization of the existing systems. However he wished to stress that this investment does not mean the complete overhaul of the public finance system slated for the upcoming fiscal year will not commence.

Maybe he will clear that up because I would hate to think that the government is investing money in an old inadequate system that is planned to be phased out within a year. Of course we see what is happening at NIB and its transition so hopefully some lessons have been learned.

Speaking of NIB Mr. Speaker, what has been happening there is nothing short of shameful as persons are being denied benefits due to what they claim are administrative issues. Some suggest that the issues are more to do with a serious cash flow problem due to non performing investments and outstanding payments due from the government. I trust that the government will

clarify that situation definitively and put all contributors at ease that funding is adequate to meet their retirement promise.

## **MODERNIZATION OF TAX ADMINISTRATION**

Mr. Speaker, I have already talked about the deteriorating effect on the private sector the government's tax reforms have had. I note now they are doubling down with the Tax Compliance Certificate and the reduction in the number of days available to produce VAT returns.

Mr. Speaker It is clear that this Administration has no understanding of how business functions or really just don't

give a hoot. In the case of the TCC, which must be obtained before you can receive payments for services performed for the government, it is just unbelievable that a government would hold money from businesses because they are unable to meet the onerous tax commitments without the benefit of those funds being withheld. Minister, are you trying to put people out of business? If business does not collect from government, how does government expect them to pay the taxes? This is just unfair and must be revisited.

With respect to the 21 day VAT filing period, a full week shorter this year, again it is obvious that the administration does not understand cash flow, especially for high volume low margin

businesses. This coupled with business license taxes (another unfair tax in my opinion), threatens to take a lot more of our business sector out of existence. What are you going to do with this increasing unemployment, put them on Social services fancy debit card?

Mr. Speaker, the department of Inland Revenue is reported to be unorganized and inefficient. I am told that while staff has been hired, many are unqualified or untrained. We still do not have a VAT Comptroller and the FS is still acting. When will we get this very important agency organized and heading in the right direction? It is not only about recording revenue, it is also



about detecting revenue losses and that requires an adequately staffed, coordinated and skilled organization.

We can do better when it is admitted, that of the registered properties only 42.5% are paying, meaning 57.5% are NOT paying. This represents real dollars that together with identification and assessment of those properties not registered can help wipe out the real GFS deficit. We can do better than continuing to offer amnesty to delinquent tax payers, while persons who do pay are penalize for being good citizens. What is the incentive to pay if at the end of the day you know you will get a break if you just hold out long enough? At some point we have to enforce the law or revisit the rates.

## **MODERNIZING THE PUBLIC SERVICE**

Mr. Speaker, my colleague will speak on this but I just wanted to touch on this BPL/BEC matter and the lack of a plan presented by Power Secure, who months after securing this management arrangement was sold to another company without the government's knowledge (hard to believe as there must have been some language in that contract about change of ownership), is now reportedly seeking a base rate increase.

Mr. Speaker, this is another reminder that what is done in the dark will eventually come to light. I am told that BPL is having difficulty placing its debt reduction bonds because of the poor returns experienced by BEC over the last several years. I am

also told that BPL may be having difficulty finding financing necessary to upgrade and purchase new equipment as a result of poor fiscal performance. Is this rate proposal by BPL (which anyone with sense would have seen coming), intended to offset those losses and make BPL more attractive as an entity? Is this rate proposal included in the Power Secure business plan said to have been presented to government months ago but still not laid on this house or made public? Is the government stalling Power Secure until after elections when the full effect of this deal will be known and felt by the Bahamian people?

I don't know Mr. Speaker because the government has refused to let the Bahamian people in on the deal they have negotiated

to bring in foreign management to oust Bahamians. We wait and see but it is still a matter of TRUST!

## **BATELCO**

Mr. Speaker, I believe most Bahamians were as confused over the cellular liberalization plan as I was. NewCo, Holdingco, all seeming erringly similar to Bluewater Holding Co.

It is interesting that investors in the new entity are being restricted to large institutional investors. We will have to wait and see who those investors are at the end of the day in order to see the full play in this deal.

Meanwhile, Bahamians who were promised at least 9% of Batelco would be made available for public investment, remain on the sideline as that entity's value increases. The side opposite continually laments the sale of BTC as a breakeven or loss proposition. Yet in the same breath they point out that C&W recently sold its 49% to Liberty Mobile in a \$7.4 billion deal that in the words of the PM in a May 25, 2016 article on Bahama Local. Com, turned BTC into a highly valuable entity. If in fact that is the case, then it stands to reason that the value of the Bahamian people's investment in BTC has increased and the foundation that is said to hold 2% economic value has also increased. All of this would have been achieved without the

Bahamas government and people having invested one additional dollar. Imagine if the government was to cash out 50% of that value and paid down some of its debt and invested in new productive industries? Instead they whine about what they have lost instead of looking for the opportunity. Sad!

## **MODERNIZING FINANCIAL INFRASTRUCTURE**

Mr. Speaker what has happened to Bank of the Bahamas is almost criminal and should be looked into by a forensic audit team. I dare say some of us in this place have a lot to answer for, including having put the people's savings through NIB at risk by investing in this institution without proper Board or supervisory control. I take note of the Prime Minister's

admission that this bank now requires recapitalization after trying to vilify the opposition for over three years for pointing out the obvious weaknesses. It was just a year or so ago that the Bahamian people injected \$100 million in a bail out that saw Resolve Bahamas accept bad loans in exchange for a promissory note. We know that there are additional loans that should have been transferred. These continued nonperforming loans have dragged this bank down to its knees. Now the Minister of Finance proposes to make it a true government bank by restricting its activities to servicing government and its employees. This may be the beginning of the end if something is not done significantly to reengineer the focus of this institution.

## **MORTGAGE RELIEF**

Mr. Speaker, the government's mortgage relief version 2.0 is equally as disastrous as the previous model. Throwing \$20 million at this problem will not fix it and is not sustainable.

People do not stop paying their mortgage because they don't want to pay but because they are unable to pay. So a reduction in the payment amount is wonderful, if it can be achieved without introducing additional risk and making it even more difficult and expensive for Bahamians to access residential and commercial financing. Will persons be able to access this new program without a job or being underemployed? I doubt it but we shall see how the program is laid out.



At the end of the day, we are all interested in assisting as many homeowners as possible but unlike the side opposite, we are not prone to fanciful promises that we know will not be possible or bring the desired result. We are focused on real changes to the banking sector that will create incentive for the sector to do the right thing without external governmental pressure. That is how you will get the best approach and results.

## **Bah Mar**

Mr. Speaker, I think I can speak for most Bahamians when I say that we were incredibly let down by the Prime Minister's

comments on the status of the Bah Mar negotiations. What was presented was nothing short of disappointing and too little too late. Having heard him make promise after promise on a start date, many expected to hear a concrete date for recommencement of construction and eventual opening. Instead we got more fluff and whispers of sweet nothings. Mr. Speaker it's still is a matter of TRUST!

## **REVENUE MEASURES**

Mr. Speaker, I had to smile at all the naysayers who ripped the Leader of the Opposition who has consistently put forth policy ideas for those who would care to listen. Interestingly the PM proposed his version of the Leader's vision for revitalization of

the inner city through customs and Real Property Tax exemptions.

The PM also proposed to eliminate or reduce duty on a number of items aimed at reducing the cost of living which is a good thing. But what blew me away was his new found wisdom to adjust VAT on educational fees.

Mr. Speaker, you would know my Leader has made this proposal for over two years while the side opposite insisted that it could not happen. We are indeed happy that they have started to see the light and most particularly happy to know many students and parents will benefit. The FNM will take this

further however to include additional items of necessity to provide a decent quality of life to all Bahamians.

## **ADMINISTRATION AND COMPLIANCE FOR MAJOR TAXES**

Mr. Speaker, the government seems to be suggesting that if you owe taxes on one company in which you own 20%, you cannot get a Tax certificate for another company in which you may also own 20%.

That cannot be right Mr. Speaker as most companies in the Bahamas operate under limited liability. As such, an obligation from one company cannot be transferred to another company

as far as I am aware. Mr. Speaker hopefully the government will explain how this will work legally.

The amendment of the stamp act to clarify the meaning of transaction value is also important as many transactions have been held up because of arbitrary values being assigned. I look forward to this amendment being brought so that there is some certainty to the process.

**GRAND BAHAMA**

Mr. Speaker, like he did with the Bah Mar announcement that turned out to be a big dud, the Prime Minister came to parliament a few weeks back with a piece of paper, a Memorandum of Understanding, to begin discussions over finalizing the details of the HCA extension for another 20 years.

Mr. Speaker, to this date nothing more has been heard from this proposal and the people of GB remain no better informed and are in no better position today. This is ridiculous Mr. Speaker and again speaks to the lack of urgent attention to Grand Bahama affairs despite having an entire Ministry dedicated to its affairs. What is the status Mr. Speaker and

when will Grand Bahama be allowed to participate in the finalization exercise.

Meanwhile, the Grand Bahama economy continues to suffer serious drought. Stop over visitors are down and the effects of the all-inclusive concept are permeating throughout the island.

As an aside Mr. Speaker, I have been directed to inquire of the Minister of Immigration and the Minister of Tourism, how is it possible for a Bahamian guest services manager to be terminated and replaced by the foreign spouse of the General Manager of the Memories Resort? Who are we working for Mr. Speaker? This is unacceptable and we hope this situation will

be looked into immediately. We have a critical unemployment problem in GB and no Bahamian should be displaced to make way for the spouse of a foreign Manager. Unacceptable!

## **EAST GB**

Mr. Speaker, in my constituency there has been many promises made, the two most significant of which from an infrastructure point of view is the extension of potable water mains and the construction of a sea wall at Smith Point. I am informed that the water mains are progressing and we look forward to a timely conclusion. The sea wall seems to be an issue however. This is a critical piece of infrastructure and we are again calling on the government to fulfil its commitment to the people of



Smith's Point, outstanding for over 3 years. This must be done urgently as we are losing our road due to erosion and once that happens, the properties on the front road will follow.

Mr. Speaker, the economy of Grand Bahama needs support and the system of government administration on the island needs to be streamlined and business friendly.

We need the new hospital promised and not in the limited space we understand has been selected. We can do better.

Mr. Speaker, the government touts its apprentice program at the G. B Shipyard. While I commend the program as a general idea, there are some issues that cause concern. First I understand in order to have been invited to participate in the program; you had to apply through the Ministry for GB. This created an unfair and political process where participation is primarily from two constituencies and from a special kind of family. This is unfair to the many young Bahamians who would ordinarily qualify for this program and would excel if given the opportunity.

Mr. Speaker, the summer is upon us and we have not heard anything of the usual student employment program. Can the

Minister give us the information on this program and if all constituencies will be allowed to participate?

## **CONCLUSION**

Mr. Speaker, mercifully this is the PLP's last budget. It is unimaginative and it lacks the stimulus hoped for by nearly all sectors of our country. It does nothing to help the ease of doing business nor does it help to facilitate or empower young people or Bahamian business. Generally we are disappointed.

With growth rates projected at 0.5% this year and a continued stalled Bah Mar project, if this budget was prepared on the basis that oil prices are less than \$45.00 per barrel we are in problems. OPEC is looking for \$65.00 per barrel and we know it will eventually increase yet, we have not been provided with any alternatives or energy saving initiatives.

Additionally, when you have an increase in interest payments at a rate higher than GDP growth, you have a problem. I fear we are at that point.

I say all of this to say, we have to cause some paradigm shifts in our overall economic structure, public education, training and

empowerment by true financial and resource incentives, which must be budgeted and provided to Bahamians.

Energy cost must be controlled and reduced in line with competing jurisdictions. I am advised this can be done in a 90-120 day time frame with a signed PPA at no cost to government.

We need a family island tourism agenda – rather the two fly and flies free – Vincent Vanderpool’s model, we need to identify a reason for being. What the family islands need is their own identity and marketing...maybe we can use the Cuban model of allowing native family islanders to open their homes to tourist allowing them the opportunity to ease into the

hospitality industry. This is being done in Cuba with tremendous success. The moneys have an immediate effect of going into the local economy and helping to build wealth.

Mr. Speaker, the retail commercial banks for the most part are earning roughly 11% interest rate spread between the weighted average interest rate on deposits, and on loans and overdrafts. Simultaneously, they are enjoying fee increases and introduction of new fees while basically holding the line on their non-interest cost. It is therefore necessary to regulate bank fees and used moral suasion to claw back fees not charged by the retail banks in other Caribbean jurisdictions

given the price rigidity created with the interest rate spread and bank fees.

The government should use its moral suasion on the Central Bank to either reduce the prime discount rate and to introduce the credit bureau now rather than later, which will have a positive effect on mortgage rates.

Pursue a tax policy on commercial bank aimed to incentivize them to fund agriculture and production residential construction as well as boutique resort development

Mr. Speaker, the Bahamian people have had enough and they are ready to move on from this failed government. When one reviews the PLP's Charter of Governance, the record of failed

promises is extensive and growing. We expect no better over the course of the next year and this budget gives us no reason to expect better.

Mr. Speaker, it is a matter of Trust!