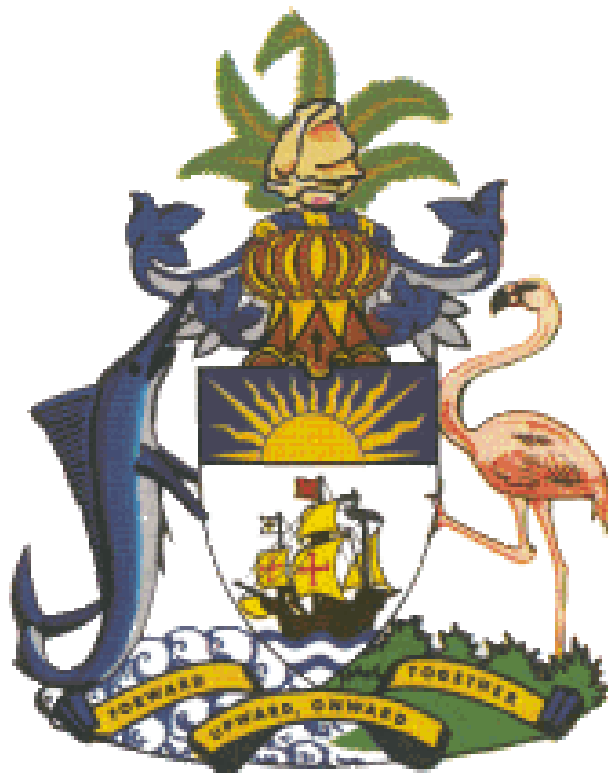


Sen. Hon. Alex Storr
2016-2017 Budget Debate
June 27th 2016



MADAM PRESIDENT

I stand to voice my approval for what will be the last budget presented in this current term. Before I deal directly with the matter at hand, I would like to thank God for allowing me stand here once again in service to the Bahamian people. I would also like to thank Prime Minister Christie for his continued confidence in me and allowing me to be a part of his team. I would like to send condolences to the family of Stalwart Councillor Effie Cartwright from Deadman's Cay Long Island who passed away last week. She was predeceased by her husband Carl who was also a Stalwart. I can remember visiting with them as they sat on their front porch in Deadman's Cay and shared stories about my mother and growing up in Long Island. I would also like to once again send condolences to the family of SC Alphonso Shearer of Bunches Long Island whose funeral I attended last weekend at Beulah Baptist Church in Simms. Mr. Shearer and Mr. & Mrs. Cartwright were instrumental in my decision to accept the nomination for Long Island. They remained faithful to the party despite the fact that we had not nominated a candidate in 15 years. I remember Mr. Cartwright telling me that he could die happy because he now had a PLP candidate to vote for. It was an honour for me to provide them with an opportunity to exercise their voting rights in what would be

their last time voting, for the party they had fought for all their life.
May their souls rest in peace.

MADAM PRESIDENT

I begin by saying without fear of contradiction that The Bahamas is in a better place today than it was when the Progressive Liberal Party first took office back in May 2012. There are some of you that would love for the Bahamian people to believe that this administration has done absolutely nothing for the past four years. The truth is that those who would tarnish and belittle the accomplishments of this administration do so for the sole purpose of trying to get the Progressive Liberal Party out of office and thereby derail the ongoing progress being made. When this Government took office it was in a time when the world's economy was in an awful state which along with the remarkably horrible fiscal management of the previous administration had adversely affected the Bahamian economy. After we took office we found that while we were correct in our fears, the economy and financial state of The Bahamas was much worse than we had anticipated while in opposition. The previous administration had failed the Bahamian people coupled with the effects of the global recession.

This country went from a budget surplus to a deficit of over half a billion dollars in five short years under the previous administration. The Leader of the Opposition went as far as to say that they left the economy in a wheelchair, an admission of their fiscal mismanagement. I guess they want another chance so they can finish off the patient.

MADAM PRESIDENT

From day one, the Progressive Liberal Party Government led by the Rt. Hon. Perry Christie set our shoulders to the wheel to right the wrongs of the previous FNM administration. A task which we had to do once before in our 2002 to 2007 term of office. The public should note that while the Free National Movement is excellent at creating the perception of work being done, the Progressive Liberal Party gets the job done. So much so, that the previous administration had only to sit back and watch the projects and programmes of the 2002 - 2007 PLP administration unfold. However because of their need to stop, review and cancel to ensure that the FNM stamp was put on everything, progress was frittered away. I say to the Bahamian people that we cannot revert to this type of Governance; we must continue to move forward. We are now on the right track and turning back to the failed policies and fiscal mismanagement of the Free National Movement

would set the country in reverse. This administration has been able to accomplish much on behalf of the Bahamian people. While there is still much work to be done many Bahamians are benefiting from the policies, programmes and initiatives of the present Government.

MADAM PRESIDENT

In the past four years, this Government has created a tertiary level institution which is devoted to educating Bahamians in the field of agriculture and marine sciences. This institution is the Bahamas Agriculture and Marine Science Institute (BAMSI). This is an incredible feat Madam President to have created something so innovative on the island of Andros which is a short plane or boat ride from New Providence. Can you imagine how much more effective BAMSI and the creation of a commuter town would have been had the FNM not cancel plans to place the port in southwestern New Providence? Madam President, the true success of BAMSI is being overshadowed by politics and I certainly hope that the Bahamian people will understand how significant this institution is to the food security of The Bahamas and to generating more trained agricultural entrepreneurs. BAMSI produce is available in stores, there have been students who have signed up from all over the country and it is now

branching out to other islands. BAMSI has graduated its first crop of students who received associate degrees and we have garnered praise from our Caribbean neighbours. I will be happy when I can go into the food stores and only see native grown fruit. No more pineapples from Hawaii or mangoes from Honduras. This is progress.

MADAM PRESIDENT

The National Training Agency (NTA) was another programme that was stopped by the former administration. This programme is now operational after being established and opened by this Government. This agency has assisted thousands of young people in acquiring marketable skills with which they can obtain gainful employment. Since opening its doors the NTA has expanded into the Family Island where it has trained more Bahamians. Islands such as Grand Bahama, Exuma and Eleuthera now have the presence of the NTA which young Bahamians can attend free of charge. Some of the graduates of this programme have been able to find work in the area which they have received training. No one can truthfully say that this programme is not assisting our young people. This is progress.

MADAM PRESIDENT

In the budget debate of 2012/2013 it was revealed that the Bahamas had a budget deficit of over \$500 million dollars. This does not include overdue bills and other commitments left behind by the former administration after having borrowed billions of dollars. In four short years the Prime Minister and Minister of Finance, Rt. Hon. Perry Christie and the Minister of State for Finance, Hon. Michael Halkitis have led the charge of fiscal reform that has led to the reduction of the budget deficit to approximately \$150 million dollars. According to the Minister of Finance the deficit was reduced by an astounding 80 percent or \$439 million. The Government has reduced the deficit each and every year since assuming office. This is nothing short of a miracle given the circumstances. A feat that even the side opposite should applaud. For this reduction to be achieved not only did the Government have to be prudent in its spending but we also had to fulfil our commitments to the Bahamian people as detailed in our Charter For Governance, while effecting reform to our tax regime. This was yet another accomplishment of the Christie administration. For decades upon decades Governments have discussed the revenue streams of the country lamenting the customs duties regime was not going to sustain the expenses of the country.

MADAM PRESIDENT

This Government after wide consultation with local and international experts implemented the Value Added Tax system. The roll out of this system has been relatively smooth and successful. While no one likes to pay taxes we all have to play our role in the operation, upkeep and future development of our country. Value Added Tax is not exclusive to The Bahamas; however the Christie Administration has been able to introduce this system with the lowest rate in the Caribbean of 7.5%. In this budget period, VAT is being removed from some items. In his contribution on the budget in that other place the Minister of State for Finance said, “It is evident that a lower VAT rate will yield somewhat less revenue than we had originally expected. As such, across-the-board reductions in tariffs and excises will not be feasible at the time of introduction. There have been selective reductions in certain areas, as seen in the amendments to the Tariff and Excise Acts that were tabled at the same time as the VAT Bill. During this budget we have seen further duty exemptions and reductions including expanding “the tariff concessions available to light manufacturing by allowing items not on the approved list to be granted full duty exemption on approval of the Minister;

- allow churches to import air conditioners duty free;

- reduce or eliminate the duty on a number of household and grocery items, including appliances and parts, food items including prepared turkey, ham, beef and chicken meat, macaroni, spaghetti with meat, ice cream, biscuits, waffles, cakes and pastries among others;

The elimination of the duty on baby clothes and reduce the duty on used clothing;

The elimination of the duty on costume jewellery, perfumes and certain leather goods;

The reduction of the duty rate on computer peripherals, routers and related items;

The reduction of all remaining rates of duty of 7% to a 5% rate;

The reduction or elimination of the duty on various building materials such as plywood, sheet rock, cement, roofing tiles and shingles, electrical wiring, marble and granite and other stones among others;

The reduction of the environmental levy on used tires to reflect the low value cost of such imports”.

Also a part of the tax reform undertaken by this Government has been the transformation of the Customs, Business License and Real Property Tax. In the past four years there have been programmes and initiatives to encourage the payment of outstanding taxes especially Real Property Tax. In his Budget communication, Rt. Hon Prime Minister and Minister of Finance said, “Currently, there are 99,556

properties on the property tax register, with 12.6 per cent classified as residential, some 57.2 per cent as owner-occupied, 23.6 per cent as vacant land and roughly 6.5 per cent as commercial properties. A total of 43,003 properties are now fully exempted from the payment of property taxes. During this fiscal year, 42.5% or 24,008 of taxable properties have paid taxes amounting to just over \$100 million.”

I also note with great pleasure that an amnesty will be granted to persons whose documents were not stamped under the Stamp Duty Exemption granted in our previous term. This would have been the fault of their attorney in most cases but they would have been expected to bear the cost. As a matter of fact, one of the first matters that was presented to me as Chairman of BMC was a list of over 100 persons whose documents were not stamped and were now expected to pay the Stamp Duty. I asked our attorney to hold off on sending out the notification letters as I began correspondence with the Minister of State for Finance. I was told that the other mortgage lenders had a similar challenge and I would like to think that this exemption is in some small way due to my efforts.

MADAME PRESIDENT

We are on our way to the implementation of the revamped Mortgage Relief Plan. We are not just talk on this important matter. Hundreds of Bahamians are seeking help with maintaining a roof over their

heads and it is here. We have created a new plan in conjunction with commercial lenders that will save homes. The plan is in line with what we have already been doing at The Bahamas Mortgage Corporation. We have saved the homes of countless Bahamian families at BMC with little fanfare and will continue to do what is within our power to save more.

This is progress.

MADAM PRESIDENT

Crime continues to be a challenge for all of us. We all see and are aware of the amount of lives that have been lost on our streets to violence. We all are aware of the senseless reasoning behind many of these deaths. We must continue to fight the scourge of crime and criminal activity in the country. This is by no means an admission of defeat on the part of the Government. It is however, a call for the collective effort of all right thinking Bahamians to adopt a zero tolerance for crime. All crime must be condemned whether it is committed by a neighbour, family or friend. We live in a society where people complain about crime, but don't think twice about running the red light. Where people complain about the armed robberies, but don't think twice about parking in a disabled parking spot. Where people

complain about the drug pushers, but don't think twice about driving under the influence of alcohol. Madame President, crime is crime, whether minor or major. We must all do our part to make this a better, safer, nation and not one of lawlessness. It has been announced and statistics have shown that overall crime is down. Statistics revealed by the Minister of National Security shows that crime was down by some 29% year over year from Jan – June 2016. In that same period the numbers of murders were down from 69 to 54. These, of course, are not numbers to rejoice over because each one represents a life taken. However, it is an indication that our strategies are working. I submit Madam President, that while crime is not political, had the former administration stayed the course in the fight against crime, had they continued the programmes and initiatives started by the Progressive Liberal Party's 2002-07 administration, the nation would be further in the fight, gaining more results. As it happened this PLP administration had to restart what was previously left in place. These initiatives are once again bearing fruit. In the Charter for Governance we committed to holistically combat crime through effective prevention, detection, prosecution and rehabilitation. We have done just that with the reintroduction of Urban Renewal, Swift Justice, the seating of HONLEA group, the introduction of the Bahamas Department of Corrections Act, the provision of needed equipment and personnel for

the armed forces as well as advancement of positive youth programmes such as the National Training Programme and are well on our way once again to arresting this persistent issue. This is progress.

MADAM PRESIDENT

There can be no doubt or argument that most if not all of the major advancements in Bahamian history have been made under a Progressive Liberal Party Government. This administration is continuing this great tradition with the introduction of the National Health Insurance Scheme. When this programme is launched it will immediately positively impact the lives of many Bahamians. For generations past to present, Bahamians of little means have had to depend on the kindness of others to assist in defraying the costs of needed medical attention and or procedures. This lack of funds in many instances has led to the bankruptcy of many families and the untimely death of many people. Having had my own medical challenge, I know first-hand exactly how expensive lifesaving medical treatment can be. I was lucky to have medical insurance but money can mean the difference between life and death. This is something that we cannot allow to continue. The Government has indicated that it will begin

with primary health care. The Opposition Leader has espoused that his version of National Health Insurance would concentrate on catastrophic care. Madam President, I am no doctor but it would seem logical that if a person receives good primary health care that the need for catastrophic care decreases. Given that in The Bahamas the occurrence of communicable diseases in our people is at the highest levels in the regions and that these diseases can lead to the loss of limbs and other more serious afflictions. It seems reasonable to me that the Government would concentrate on primary health care. This is what a caring Government would do. This is progress.

MADAM PRESIDENT

In the past four years one of the challenges for the country and the Government has been the large number of young people between the ages 15 and 24 who are unemployed. This has been a priority of this PLP administration to ensure that those who fall into this category find gainful employment. To achieve this, the Government has focused not only on the creation of jobs but the training of young Bahamians. An example of this is the National Training Agency that I spoke of earlier and the proposed Apprenticeship Programme which is slated to come on stream this budget year. Those who are able to participate in this

programme will not only be gainfully employed but will receive needed training in order to be able to carrying out their assigned task and on which they can market themselves for better positions in the future. As the old saying goes, “give a man a fish, he'll eat for the day. Teach a man to fish, he'll eat for a lifetime.”

The Government has also announced the Youth Environmental Corps which will engage young people in positions which will assist in the preservation of the environment and advance the blue and green economies in The Bahamas. Minister of the Environment and Housing, Hon. Kenred Dorsett, said in his budget presentation that this programme, “is envisaged to cater to hundreds of Bahamian workers between the ages of seventeen and forty (17-40), over the next five years. It is envisaged that 1,200 jobs will be created over the next four years. The Youth Environmental Corp., will work with the Bahamas National Trust, the Bahamas Public Parks and Public Beaches Authority and the Forestry Unit. Just recently a graduation ceremony was held by the Bahamas Public Parks and Public Beaches Authority for twelve young people who are now trained lifeguards that will provide lifesaving services for Bahamians and visitors alike on our public beaches. I am sure Senator Burrows will speak to this in more detail. These public initiatives are coupled with opportunities which are becoming available for our people within the private sector. For

example, the Resorts World Project on the island of Bimini has provided many jobs for Bahamians. The Point project on Bay Street is slated to open its doors in the coming year and will provide Bahamians with much needed jobs. The Prime Minister also made mention of the Island House in Lyford Cay which is a project by the Holowesko family. The Government has managed to create many jobs and while the rate and number of jobs has not been sufficient, we have ensured that people have been put to work and can sustain themselves. This is progress.

MADAME PRESIDENT

The Family Islands remain an important part of a modern Bahamas. I wish to see the day when a Minister of Family Island Development is appointed to the Cabinet of the Bahamas to ensure that the Family Islands receive the full attention that they deserve. Our government is committed to the family islands as confirmed by the plethora of projects articulated by the Minister of Works in the other place to take place throughout the archipelago. No island will go untouched. I take special note of the projects announced for Long Island including a new airport terminal, repairs to docks and seawalls and road repairs. Recent heavy rains and Hurricane Joaquin highlight that certain areas of Long Island are prone to serious flood issues. This is especially true

of Deadman's Cay. I hope that the Government will consider furthering the installation of culverts and drainage wells that commenced last year.

THE BAHAMAS MORTGAGE CORPORATION (BMC)

The Bahamas Mortgage Corporation was established by an Act of Parliament in August 1983, and services to the public commenced in October of the same year. As an approved lender, The Bahamas Mortgage Corporation is authorized to make Government Insured Loans under the provisions of the Housing Act, 1967. The Corporation may also make other (private) mortgage loans to individuals seeking to construct, purchase, repair and/or enlarge their own home, or persons purchasing vacant land to construct a dwelling home.

Lending Activity

The Corporation's mortgage lending program continues with applications being presented for Government Initiated and Private home ownership. Over the past year, there has been a marginal increase in requests for mortgage loan financing for homes and vacant land which were sold via foreclosure by various banks and other lending institutions. Due to the increase in the Ministry of Environment and Housing's home construction program, loans were

placed in the BMC's portfolio in this regard. This is expected to increase in the near future as many homes are currently under construction for which loans are being processed.

Attracting and maintaining new business (mortgage loans), which is essential to BMC's continued financial stability, has been ongoing. In addition to the regular loan maturities, BMC is still faced with combating the effects of the mortgage campaigns in the private banking sector which results in the pay-out of BMC mortgage loans. Over the past four years, The Corporation has been able to place new mortgages in its portfolio as follows:

MORTGAGE LOAN	NUMBER AND VALUE (\$) OF LOAN
Government Initiated Mortgages	<ul style="list-style-type: none"> • Two hundred, one (201) loans • \$19,659,220.00 (nineteen million, six hundred fifty-nine thousand, two hundred twenty dollars)
Private Initiated Mortgages	<ul style="list-style-type: none"> • Two hundred, thirty-seven (237) loans • \$30,094,259 (thirty million, ninety-four thousand, two hundred fifty-nine dollars)
TOTAL	<ul style="list-style-type: none"> • Four hundred, thirty-eight (438) loans • \$ 49,753,479 (forty-nine million, seven hundred fifty-three thousand, four hundred seventy-nine dollars)

The Corporation's new initiatives to attract and create homeownership opportunities and new mortgages include:

- Partnering with private home developers to meet the country's demanding housing needs, which has been met with some success since the onset of the initiative.
- The repair and refurbishment of abandoned or dilapidated homes currently in The Corporation's portfolio, with some being placed for re-sale via open-house and/or mortgage campaigns.
- Acquisition of affordable vacant land with a view to constructing affordable homes, thereby creating new mortgages for placement in the portfolio

The challenge continues with applications for loans from Bahamians who are heavily debt burdened or require a co-applicant to join in the application to assist in qualifying for the loan. Every effort is made to ascertain the true financial obligations of loan applicants. This sometimes proves difficult given the absence of a formal credit reporting agency, which is vital in determining the true extent of the outstanding debt of loan applicants.

In addition to over-the-counter payments, The Corporation continues to utilize various means, particularly with new mortgages, to make it more accessible for customers to meet their mortgage payments

throughout the Commonwealth of The Bahamas. These include:

- The requisite requirement for salary deduction for servicing loan payments (where possible)
- Irrevocable loan payments via electronic bank transfers and direct bank deposit.
- The implementation debit cards to facilitate payments directly to BMC's bank account
- Establishing on-line mortgage payments with commercial banks where customers will be able to transfer their mortgage payments directly into BMC's bank account from their respective bank accounts.
- Mortgage payments via credit card transactions

Accounting & Finance Activity

The Bahamas Mortgage Corporation continues its prudent fiscal management with the view to improving BMC's financial position, and The Corporation remains resolved in its efforts in this regard. Special attention has been given to the management and control of fiscal and operational activities over the recent years in this regard.

Despite many challenges such as downturns in the economy and resulting economic recessions over its history, BMC has been able to

adequately service the interest and principal payments to its bondholders, while prudently allocating funds to finance new mortgage loans. Further, BMC's operating and administrative expenses are met without requiring subsidies or subventions from the Bahamas Government.

The Corporation is currently in the process of reviewing viable options with regards to accessing funding to provide mortgages for the ongoing Government home construction program.

Mortgage Loan Arrears Activity

Bahamians throughout the length and breadth of The Commonwealth of The Bahamas have been faced with financial challenges for many years, and the mortgagors of The Bahamas Mortgage Corporation are not immune to this dilemma. The Bahamas Mortgage Corporation continues to employ various "tried and proven" methods to verify such customer's financial situation in an effort to assist them in protecting what can be deemed one of their most valuable asset; their home. The arrears team at BMC continues to employ methods in this regard which include:

- In-house counselling, particularly from a financial perspective, as it is often found that persons do not "prioritize" their mortgage payments over other non-essential spending.

- Contacts via phone, mail, and home visits. This is important as persons in arrears often avoid coming into the office to discuss their situation.
- Loan restructuring to regularize delinquent accounts. This is a particularly helpful for persons who, after a long period of arrears, have proven their ability to meet regular monthly payments.
- The use of printed and electronic media to disseminate relevant information.
- The increasing use of information technology is proving to be valuable in the fight to reduce the Corporation's delinquency rate.

The Arrears ratio for the last fiscal period remained at an average of 40%. While this figure may be elevated compared to most other lending institutions, it would certainly be worse without the intervention methods employed by the BMC Team. The Bahamas Mortgage Corporation remains dedicated in its endeavour to reduce the level of outstanding arrears.

MADAME PRESIDENT

Recently in the business section of the Tribune, Senator Sands told a reporter that BMC was being managed “like a Mom and Pop store”. While this may have been true under the former FNM administration.

The same can no longer be said. We have made numerous changes to modernize operations, collect revenue, book healthy mortgages, and secure the future of the corporation. Unlike other government run corporations, BMC does not have a monopoly and must be able to compete with commercial mortgage lenders. It is a must if we are to be around for future generations of young Bahamians. I often repeat the promise I made to students of TG Glover Primary School when speaking to them at an event while celebrating BMC's 30th Anniversary. That I would do my part to ensure that BMC would be around for at least another 30 years so when they are ready for a mortgage, we would be in a position to help them realise their Bahamian dream of home ownership.

Part of securing that future is the acquisition of new premises for BMC. We have long outgrown our current rented facilities. After a few hiccups, some aided by the stop, review, and cancel policy of the former FNM administration, we are on the way to doing just that and I hope to be able to announce the same shortly. After 30 plus years of helping young Bahamian families purchase a home, we are finally getting a home of our own.

The Board of Directors, Executives, Management and Staff of The Bahamas Mortgage Corporation remain committed in its effort to

carry out The Corporation's mandate to stimulate, encourage and promote affordable home ownership within the Commonwealth of The Bahamas.

MADAM PRESIDENT

It is a logical and reasonable expectation of any Government that they leave the country in a better condition than they would have met it. It is a logical and reasonable expectation of any Government that the people of the country are able to tangibly benefit from the economic success being experienced in the country. It is logical and reasonable that any Government would do their best to address the challenges and issues which plagued the country and its people. I can say that this PLP led Government has done all of this and more. The Bahamas is better off than it was when we took office in 2012. Don't mind the noise in the market made by those that wish to return you to the bad old days. This administration is tackling the long standing and difficult issues that have plagued the Bahamas for decades and there are Bahamians who are benefiting financially from the economic activities occurring across The Bahamas. Madam President, I fully admit that there is more to be done as long as there is life there will also be more to do. We must not forget where we met the country in 2012. Thanks

to the Honourable Perry Gladstone Christie. We have climbed out of the hole, we have turned the corner and better days are straight ahead. We must remember where we were and who put us there. As some attempt to fill the air with rumblings of attempted comebacks, remember where they left you when they abandoned ship. Every man for himself. Gone fishing. Playing with the grand kids. Now that the heavy lifting has been done, they seek to return hoping that political amnesia has taking a hold of the people. That the cost over runs have been forgotten. That Bahamians need not apply has slipped from your memories. Don't give the one man band another opportunity to finish off the patient in the wheel chair.

This administration has done a commendable job in managing the affairs of the Bahamian people. In my view it is a job that deserves another term of office. We must continue the progress which is now flowing. We cannot allow the disjointed and unorganized opposition to stifle what we have been able to accomplish as a nation. We must do whatever is necessary to ensure that the Bahamian people are aware of the opportunities that have been created and what is available to them because of the work of this Government. We must find the ways and means to open a line of clear communication with the Bahamian people that they understand that there is no viable alternative to the progress that has been made under this Government. We must stay the

course. A course and direction that has been proven to be the right one. We can ill afford to turn back now when we are well on our way to becoming the best little country in the world.

I support this Government and I support Budget.

Thank you