

*STATEMENT  
HON. MICHAEL HALKITIS  
STATE MINISTER FOR FINANCE  
30<sup>th</sup> MAY 2012*

***GOVERNMENT FISCAL POSITION WORSE THAN EXPECTED***

***FOR IMMEDIATE RELEASE***

*In the run up to the 2012 general elections, the Progressive Liberal Party warned that the former administration was reckless with the people's money and mismanaged the economy. With a projected GFS deficit of some \$504 million, the government's fiscal position is much worse than we thought.*

*Notwithstanding these challenges, this budget reflects the commitment of the PLP to invest in our people by putting Bahamians first. There is now an even greater need for innovative policies and people-first leadership.*

*Recognizing that every dollar spent must be a dollar invested wisely, we will aggressively attack waste, fraud and abuse as we invest in a stronger economy and a safer Bahamas as we keep our commitments to the people of The Bahamas.*

*As a first step to restoring good governance and changing our national course, I am happy to highlight some of the objectives of this budget:*

- 1. There are no new taxes*
- 2. State of the art mammogram machines for both the Princess Margaret Hospital and the Rand Memorial Hospital.*
- 3. The creation of the Ministry of Financial Services.*
- 4. The creation of the Ministry for Grand Bahama.*
- 5. The establishment of Urban Renewal 2.0.*
- 6. The allocation of \$1Million specifically for house repairs through the Urban Renewal/Urban Development program. This will*

*immediately engage small contractors and create jobs for Bahamians.*

- 7. The implementation of the FIR in consultation with the United States as a revenue raising measure. This initiative will also lead to new 21st century technology jobs.*
- 8. The reduction of stamp duty from 12% to 10% on real estate transactions will stimulate the real estate market and the construction of second homes market. This is important to The Bahamas as 9/11 showed that people who own homes "come home" no matter what.*
- 9. We capped real property tax at \$50,000 to stimulate the real estate and construction markets and to create more job and entrepreneurship opportunities.*
- 10. A reduction in the hotel occupancy tax for existing hotels in Grand Bahama for 5 years.*
- 11. A reduction in the hotel occupancy tax for new hotels in Grand Bahama for 10 years. It is important to note that the cap on real property tax and the reduction in hotel occupancy tax are specifically designed to stimulate the Grand Bahama economy, attract tourists, create jobs and stimulate the construction of new hotels. The benefits of course will be more revenue, more jobs and more new business opportunities for Bahamians.*
- 12. And last but not least the duty exemption for building materials and heavy equipment imported into Exuma. This measure is also designed to stimulate the local construction industry and the second home market, creating much needed jobs for our people.*

*Our projected GFS deficit for the 2012/2013 fiscal year is around \$550 million, but we will make good on our solemn commitment to the Bahamian people. We will not accept pious, self-serving lectures on fiscal prudence or accountability from an opposition that still has not satisfactorily explained why under their watch the road works ran*

*nearly \$100 million over-budget, or why they signed contracts worth tens of millions in the final weeks before the elections.*

*We stand with the majority of Bahamians who want this government and our beloved country to succeed. This is in stark contrast to the leadership of the FNM who sounds like they are rooting for this government to fail.*

*We have not been in government for a full month -- but we are moving quickly and on multiple fronts and there is more to come.*

*We fully intend to make the people of The Bahamas full partners in moving the nation forward; we will be consulting Bahamians regularly, holding town meetings, looking for feedback from the public, and asking people to participate in rebuilding our country.*

*We invite the opposition to become part of the solution to our national challenges for if they are not, they must be part of the problem.*

**END**