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Member of Parliament

Elizabeth Constituency

2011 Budget Presentation

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The Tragedy in Elizabeth

Mr. Speaker, I want to take the opportunity today, before addressing the budget, to pay public condolences to Mr. Fritz Hong and his family on the loss of his three children, Adley Hong; Marlory Hong; and Admath Hong in the tragic fire that happened in my constituency on Sandilands Village Road a few weeks ago. I had the opportunity to attend the funeral for the children this weekend, and it was truly an emotional and heart wrenching event. I want to re-assure Mr. Hong, the Elizabeth family is here to encourage and provide support.

I would also like to thank the Deputy Prime Minister for working with me and the family to allow the mother of some of the children to come to the Bahamas from Haiti to bury her children, and visit her child in the hospital. I can assure her and Mr. Hong that the prayers of Elizabeth are with them, and for the young children remaining in hospital.

Prelude: The Journey to the Present

Mr. Speaker ...

Notwithstanding the pride and honor I feel to stand here on behalf of the wonderful constituents of Elizabeth, we remain in very challenging

times in our great country, times where many are suffering, times in which, despite benefits some may receive in this budget, there are many thousands more who won't and who continue to wonder, where will I get food to feed my family, where will I find the money to turn my electricity back on, how will I stop the landlord from evicting me from my house. These are serious times, when all too many Bahamians do not feel secure – they do not feel economically secure, and they do not feel safe from crime. Mr. Speaker, these are truly troubling times.

.” This Government has failed to produce accurate budgets, and has failed to provide policies for the benefit of Bahamians through its budget making process. This government has yet again failed to address crime – not even one mention in this new budget, although for many Bahamians, it is the issue about which they worry most. Through its own measuring stick, this FNM Government has failed. If we look at the Budgets of this Government, we can see how this FNM Government has failed the Bahamian people economically and socially. I am grateful to be here but this budget forces all of us to count the cost. This budget against that backdrop causes us to ponder what kind of Government is leading us in these extraordinary times of hardship and uncertainty. Certainly not a Government committed to the Bahamas and putting Bahamians first. Certainly not a government in touch with the top concerns of its citizens. A national budget provides a number of insights about a government. It outlines a government's political philosophy on the economy and the manner in which it will manage the economy. In fact, the Prime Minister has proclaimed that “

How did we get in this position Mr. Speaker? I say it is to a large degree attributable to the bad policies of this vision-less and regressive Government, a government whose doors are always open to wealthy and foreign interests, but appear closed to the rest of us. In preparing for this presentation, I took a close look at the attitude of this Government to

fiscal matters since assuming office in 2007 to assess what they might have been trying to achieve over the last few years. Mr. Speaker, by reviewing the actions of this FNM Government, and by analyzing this 2011 / 2012 Budget, certain themes are evident from this Government. They are:

- 1) The systematic destruction through Government policies of Bahamian owned businesses.
- 2) The abandonment of an entire generation of young Bahamians.
- 3) Reckless and uncontrollable borrowing and special interest spending that will handcuff Bahamians for generations to come

Mr. Speaker, yes, it is evident that this FNM Government has time and again put foreign interests, special interest groups and their own political interests first. Bahamians have a right to wonder – why shouldn't we come first?

The Gradual Destruction of the Bahamian Owned Business

Mr. Speaker, in every FNM budget, you will find measures that harm rather than help Bahamian-owned businesses. In a maturing economy, the success and failures of the economy, the employment of Bahamians, and the development of Bahamian careers should be driven by the growth of the private sector. In other words, the success of Bahamian-owned businesses will directly translate into success of an economy, lower unemployment and the development of careers of Bahamians.

Indeed, many countries take steps to support the private sector, especially small businesses, during rough economic times, recognizing that it is not only the right thing to do, but the smart thing to do. When a Government, in challenging economic times, through its policies, puts Bahamian owned businesses out of business, or makes it difficult to

succeed, it is not only the Bahamian business owner that suffers, but also those employed at that business, and all of the family members of the Bahamian employee. In difficult economic times it should be the policy of a government to provide stimulus to private Bahamian owned businesses, rather than penalties as this FNM Government has done.

Increasing Taxes in Challenging Economic Times

But in our country, when Bahamian businesses are struggling, losing business, and experiencing deteriorating revenues, this government has hurt rather than help -- raising taxes on fundamental components of doing business, increasing the number of business failures and lost jobs. Raising taxes on such things as vehicle registration, customs duties on vehicles, and business license fees for service providers jeopardizes the entire private sector. Removing duty incentives for commercial fishermen hurts that industry, and badly. This is what this government did last year and in previous budgets, and have failed to correct the error of their ways in this budget.

Instead, taxes should have been reduced, or incentives created for the private sector to grow. This would not only help sustain the economy, but also provide stability to the increasing unemployment rates. But alas, the only sector growth in this country is with the special interest groups who seemingly control this Government's agenda.

Agri-Business

We heard the Prime Minister just today state his reasoning on why this measure would not harm Bahamians farmers. His explanation was that if Bahamians farmers demonstrate they have the production capability to

satisfy the market, import tariffs will be increased. Well this is putting the cart before the horse. The Farmer has no assurances from the Government that in fact tariffs would be increased. Not only that, the Bahamians farmer will have to put tremendous capital into his operations while competing with imported fruits with no duty. Bahamians farmers deserve some assurances and incentives prior to allowing the market to be flooded with cheap foreign fruits. The Bahamian farmer deserves better, the Bahamian farmer deserves a Government looking out for their best interests, not one trying to mislead them.

In today's environment, we all discuss, and are seeking for Government agricultural policies that will promote Bahamian industry for a number of reasons. As a country, we have paid lip service to economic diversification for decades. Today, when technology and education can allow the Bahamian agricultural industry to thrive, providing career development and entrepreneurial opportunities, this Budget, and this government turns their back on the industry. What this Government could have and should have done was provide a subsidy for 150 new small Bahamian owned high tech agricultural operations in the family islands utilizing hydroponics and aquaponics technology.

In an environment where we are feeling the increased demands at the grocery store on imported food, when we witness the risks of being completely dependent on imported food, and Bahamians all across the archipelago place value in being as self sufficient as possible when it comes to food security, this FNM Government has not only failed to promote and expand the agricultural industry, but through this policy, runs the risk of destroying it. As a country, we must invest in our agricultural industry, we must strive to have food security. I understand the desire to lower the price of food for the average Bahamian, but I

propose that we do so by investing in our domestic Bahamian owned agricultural industry, rather than making life easier for foreign farmers.

The Government had at least two options in this Budget when it comes to the agricultural industry. If they were to eliminate duties, as they have done, on imported fruits, they should have likewise found the equivalent incentive, or even greater incentive, to deliver to Bahamian farmers to be at least on equal competitive ground. Alternatively, instead of reducing the duty on fresh fruits, the Government could have taken the amount they would have lost in taxes by reducing the duty and provided incentives to the Bahamian agricultural industry to farm in a modern, more technologically efficient and less costly way. We must understand, the main problem is that agriculture in The Bahamas is not research-based and technology driven, hence food production is mired in outdated technologies because research on production husbandry practices are lacking. We must invest in modern farming techniques, not implement policies of destroying the industry all together because this Government does not believe in it. We also must understand the industry is challenged by outdated distribution systems, such as the packinghouse system. We must invest in modern logistics and distribution to ensure that the Bahamian farmers can efficiently get their product to market with minimal waste.

Instead of destroying the small business farmer, government policy should encourage education and investment in modern greenhouse technologies, to encourage the Bahamian farmer to meet the demands of the industry, from the hotels, to restaurants, and eventually to the export market. This policy would have achieved the objective of lowering the price of Bahamian grown fruits, while promoting and encouraging entrepreneurial growth of our farmers. This is progressive vision required of the Government of the Bahamas. This is progressive vision from a PLP Government. The destruction of the Bahamian entrepreneur

becomes even more evident as we look at the policies of this Government.

Restaurant and Entertainment Policy

This FNM Government by the stroke of a pen put many Bahamian owned businesses at risk. By allowing foreign interests to own and operate restaurant and entertainment facilities in the Bahamas put every single restaurant owner and the vast amount of entertainment operations in danger. The PLP believes in protecting this industry for Bahamians. The philosophy of protecting this industry for Bahamians is that it allows Bahamians to participate in an industry that is supported by our tourism market. By allowing foreign interests, with seemingly never-ending capital to compete, all Bahamian entrepreneurs in these industries risk going out of business. What is even more troubling, however, is the broad scope of entertainment businesses. Will the cruise ships now be permitted to own their own shore excursions? Will hotels now be able to operate entertainment operations outside of their resorts? Will foreign interests be permitted to have entertainment and restaurant boats on the harbor, potentially destroying all downtown entertainment facilities? These are the inherent risks to Bahamian businesses that this Government has imposed with the stroke of a pen.

Infrastructure Work to Foreign Firms

The FNM Government has embarked on a comprehensive capital development program, with primary focus on roadwork projects. Much of the primary contracts have been granted to foreign construction firms. To be clear -- the Government is borrowing money to pay foreign companies that will automatically take much of the profits out of the country. In a struggling economy, in any economy, the roadwork contracts should be granted to capable Bahamian owned firms. This not only supports Bahamian owned businesses, but also it causes the

proceeds of borrowing to be re-circulated in the Bahamian economy. This is of utmost importance in an economy where domestic stimulus is desperately needed.

When you spend infrastructure monies with Bahamian businesses, the money stays here in the country, re-circulated many different times. This provides stability in a struggling economy, encouraging job and career growth, supporting directly, and indirectly Bahamian owned businesses. Instead, this Government decided that foreign is better. The PLP would have been different, we were different, we voted against this FNM philosophy.

Prince Charles Roadwork Project

The anti – Bahamian business philosophy is once again evident in the way the FNM Government is undertaking its roadwork program, and especially on Prince Charles Drive, affecting many businesses in, or which have a direct effect on my constituency of Elizabeth. Not only did the Government proceed with their original roadwork programs, disregarding the suggestions and advice of the area businesses and residences, but it is now closing Prince Charles Drive entirely for at least 10 weeks. The only reason given is that they need to complete this project quickly, presumably before election time comes. I believe Bahamians are more important than currying any favors for election. The PLP believes in Bahamians First, the policies of this Government do not demonstrate this, they believe in politics before people.

Businesses such as Sherwin Williams, Swiss Pastry, the Shell Gas Station and others may not survive a road closure for more than 2 months. But this is not the only effect, during this period of closure, in the middle of a recession, when people are struggling today, with one

working person in a household, all employees of these companies will have no job for at least 2 months. The indirect effect of this is enormous, affecting hundreds of people, many living in Elizabeth. The way in which this Government has gone about this roadwork program has and will continue to be completely against the best interest of Bahamians. This Government is choosing political pandering ahead of Bahamians, something I cannot support.

Not only have the policies of this Government been distinctly against the best interest of Bahamians and Bahamian owned businesses of today, their policies have abandoned an entire generation of young Bahamians, and especially the young male population.

Abandoning of an entire generation or young Bahamians

Recently I have been spending time on the campus of the College of the Bahamas speaking to young people and getting their opinions and advice. After all, if we do not listen to the people, how are we supposed to implement solutions to the problems? I was astonished to learn that only 18% of the students at The College of the Bahamas were males.

The students told me that because the College of the Bahamas has not progressed to university status, it is unable to provide the course offerings that interest young Bahamian men, technical degrees such as engineering and architecture. In other words, because of the lack of commitment by this Government to aggressively pursue university status, Bahamian men are being left behind. The PLP remains committed to the University of the Bahamas to ensure Bahamians have every opportunity to succeed, every opportunity to develop their careers of choice, and ultimately to own businesses in their careers of choice.

Without a strong educational and technical training background, our young men are not properly prepared to enter the workforce nor in a

position to properly provide for their families. We acknowledge the training programs in this Budget, but we believe that providing training to 3,000 Bahamians is too little and too late. The PLP believes, and has long been calling for a comprehensive training and re-training program for all unemployed Bahamians. This is where real difference and progress is achieved, when you make policies for the greater good, when you put Bahamians first.

Young men now make up the largest percentage of the unemployed. I don't have to tell you that there is almost a sense of hopelessness now amongst our youth. Hopelessness that they cannot find jobs, cannot pursue careers, because they are ill prepared, and the economic mismanagement by the FNM has caused there to be no opportunities available.

Too many young families, who are struggling to put food on the table, struggling to keep the lights on, struggling just to provide a roof over their family's head. This is a young Bahamian generation that has a lot of pride, but no opportunities to succeed. The fact is this government has chosen not to invest in the youth by providing every training and educational opportunity to succeed, but instead has chosen to invest in roads and buildings.

In my opinion, this feeling of hopelessness in our youth, this failure of governance by this Government has caused deep-rooted troubles in our society, troubles that are contributing to the escalating crime in the country. Crime is not an easy thing to address, but if we understand the causes, the failures in governance that have caused this downward spiral, we can then properly address the issue.

What to do

Education

Reckless and uncontrollable borrowing

Mr. Speaker, a responsibility of a Government is to ensure the responsible management of the finances of a country. We have witnessed in the last 4 years reckless and uncontrollable borrowing, with no hope in site of the proper management of the country. In fact, if one were to look at the finances of the country objectively, one could very well conclude the Bahamas is insolvent. We just have to look at the numbers, the facts to see how this Government, when it won the Government in 2007, proceeded along a path of reckless borrowing.

In 2006, the total national debt of the Bahamas was \$2.89 billion. Just 4 years later, in 2010, the national debt of the Bahamas under this FNM Government the national debt has grown more than 47% to \$4.25 billion. Likewise, through excessive and uncontrollable borrowing, the amount spent each year for interest on the national debt has increased from approximately \$146 million in Budget year 2007 / 2008 to an unbelievably 50% more to almost \$219 million. This uncontrollable increase in borrowing has now resulted in payment of interest on the debt being the highest line item in the budget for two years in a row, higher than we spend on educating the youth of our country.

Not only is the debt, and the payment on interest on the national debt increasing, we are also witnessing the inability of this FNM Government to control the deficit, the amount it spends that is in excess of the amount it collects from taxes. Even after the Bahamas Government collected

\$217 million in the aggregate from the BTC sale, this FNM Government still ran a deficit of \$206 million last year. Perhaps they are regretting selling a major Bahamian asset for a fire sale price. In any case, what this means is that the proceeds from the sale of the country's most profitable Government asset went to pay the overdraft balance at the bank and recurring expenses of the Government, it didn't even go to the payment of the national debt as the Prime Minister said it would.

When a Government cannot control their spending or their borrowing, it restricts the ability for it to allocate moneys to other areas that can directly affect Bahamians for the better. This reckless borrowing and management of the finances of the Bahamas has a real and tangible effect on the lives of Bahamians today, and the future. The Government through its financial mismanagement, uncontrollable borrowing, and reckless spending has limited its ability to invest in new industry and opportunity for Bahamians, expand education, pursue the University of the Bahamas, support our agriculture and fisheries industries. Financial mismanagement of a country limits opportunities for Bahamians.

Recommendation – Taxation and the Economy

I am surprised that after years of expressing my opinion on the financial affairs and scope of the economy, the Prime Minister has finally agreed with my position all along with respect to the tax policy and ability to raise revenues to support the Government. I have been saying for years that the tax base is too narrow and as the population grows, the Government will be unable to raise the necessary revenues to support the country. Last year this FNM Government didn't want to listen and thought increasing taxes across the board, without meaningful policies of economic expansion, would raise necessary Government revenues. This policy failed, and now there is recognition that the tax base, in other words, the economy is too narrow. Our population is growing faster

than our economy, which means that our Government spending is growing faster than its ability to raise revenue from taxes.

This Government, however, having recognized a problem has failed to put forth any solutions. In fact, they have put forth policies counter to need to expand our economy. The FNM Government, instead of putting forth solutions to the problem of too narrow an economy, has in fact put forth policies to further shrink our economy, policies as I have described destroy Bahamian owned agriculture and agri-business, policies that limit fisheries.

Furthermore, it seems that although recognizing the problem with tax collection and policy, this Government still only wants to focus on collections. This FNM Government seems to be creating the IRS of the Bahamas. They are creating a central tax enforcement agency, the Tax Administration Division. What is untold is what powers will this Tax Administrative Division have? Will they operate like the IRS in the United States? Is this a predicate foundation for an income tax in the Bahamas? These are open questions that deserve answers.

You cannot and should not implement step-by-step Tax policies without discussing with Bahamians the implications, and total picture of tax reform. I say, Bahamians beware, this Government has never been transparent in its tax policies. It tables and debates a Business License Bill BEFORE public consultation, this Government has a trend of imposing customs duty changes without consultation of industry. An example of this is increasing duties on car imports last year. There was no consultation with the industry, and I am told that when industry requested consultation, the attitude of this Government was that they are the tax collectors, they don't need industry to tell them what to do. Shame on you – and I warn again, Bahamians beware of the tax policy

changes of this Government, they will not consult you before changing the tax policy of the country.

I call for the Government once again to establish a committee representative of the Government, the Opposition and the Private Sector to properly analyze the tax policy of the country, how economic expansion will result in a reduced tax rate to Bahamians, and how, as a country, we should design our economy and tax policy in unison. I call for a committee to develop a National Economic Plan taking into account these policies.

Tax Relief for the Ordinary Bahamian

of duty on scooters, road ready golf carts and even small motorcars. We should also consider a tax incentive for the removal and replacement of old, gas guzzling cars in the Bahamas. Tax incentives such as these would be a Budget for ordinary Bahamians, relief for ordinary Bahamians. The PLP would also use this opportunity with the Budget to provide tax relief that affects the day to day lives of ordinary Bahamians. For example, while the promotion of electric cars is all well and good, let us face the reality, they are and will be for some time priced out of the reach of ordinary Bahamians. We should consider the

I also recommend that the Government consider a temporary gas tax holiday. The current tax structure gives the Government \$1.06 per gallon of gas plus 7 per cent Stamp Duty. When global oil prices rise as they have done, to the highest levels we have seen during the spring months, the Government should consider a temporary reduction in these taxes. This would provide meaningful and real time relief to ordinary Bahamians in a time when relief is need most.

Similarly, the PLP recommends the Government meet with the Central Bank of the Bahamas and discuss a temporary reduction in the Prime Rate. The Prime Rate is the measure of interest rates on mortgages. Today many Bahamians are struggling to meet their month-to-month expenses. A significant component of these expenses for many Bahamians is their mortgage payment. A temporary reduction in the Prime Rate would reduce the monthly payments of Bahamians on their mortgage, providing the much need relief many desire just to survive.

Lowering the Prime Rate would not only provide the much needed relief to home owners, but for businesses who might want to expand, or for those looking to start their own businesses, lowering the Prime Rate would make it more financially viable to do so. The demand for commercial loans would likely increase, providing a stimulus to the economy. This is much needed in today's environment. The PLP believes modifications of tax rates and policy in a time of economic recession should be done so to help ordinary Bahamians sustain, and provide necessary stimulus to Bahamian businesses.

The ONLY good ideas in the budget come from the PLP

While we disagree with much in this budget, there are a few good ideas – and they all come from the PLP. We applaud their inclusion, and applaud the government for having the sense, in these very particular matters at least, to know a good idea when they see one.

Small and Medium Size Business Legislation

Since I have had the opportunity to represent the constituents of Elizabeth in this honourable place, I have been calling for Small and Medium Business Incentive legislation. I recognize that the Government has listened to the PLP in this regard and has proposed

legislation to address small and medium sized businesses. The communication on this legislation is very vague, and I fear it is too little too late. I advocated for this legislation more than a year ago, when it was already quite clear how much small businesses were suffering. Incentives at that time were clearly needed. In any event, I welcome legislation for the benefit of small and medium sized businesses. I will fight to ensure that the following real incentives to growing Bahamian owned businesses are enacted:

Access to Capital

Import Incentives

Mentoring and Training

Training Initiatives

Apart from the promotion of tertiary institutions in the creation of the University of the Bahamas, the PLP has long been a proponent of the training and re-training of Bahamians. We advocate programmes for the training of all Bahamians, whoever might want to be a part of the programme. This Government has presented a plan to train and re-train 3,000 people. With the unemployed numbering approximately 36,000, Bahamians the country over deserve more. The PLP has advocated for the training of all Bahamians who desire it. As I have said on numerous occasions, a Government's primary job is to ensure that ALL Bahamians are given an opportunity to succeed. This includes the opportunity to be trained in skills that are relevant in our developing economy. The PLP has always advocated for a training initiative that anticipates the needs of a 21st century economy. We ask for more for the Bahamian people.

The FNM budget, in this and in other instances, fails on specifics -- Bahamians don't want concepts, they want detailed programmes.

Conclusion

This FNM Government is not interested in consultation, no interest in expertise, no interest in citizen opinion. The Opposition has provided this government with a well-reasoned and thoroughly-researched position on the Securities Industry Act. The PLP cares about getting things right, and we care about putting Bahamians First, so we provided this government with numerous ways this Bill could be improved. It is of note that some of the most respected, experienced and knowledgeable members of the Financial Services industry agreed with our positions. But this FNM government always puts politics first, never Bahamians, and so rejected all of our recommendations outright, without consideration of merit. If this FNM Government cannot accept bi-partisan input on a technical Bill like the Securities Industry Bill, how can Bahamians expect that this Government will sit down and accept bi-partisan input on fundamental issues such as crime and economic development.

As we said before, the PLP believes that a budget exercise should be used as a mechanism to put forth economic development plans for the Bahamas. This government has failed to address the medium and long-term sustainability of the economy of the Bahamas and the best interests for Bahamians. Again, in the current budget, there are no plans for the development of the economy of the Bahamas for the best interest of Bahamians. We would use the Budget exercise to present and debate a viable long-term economic plan in the best interest of Bahamians.

.” I don’t have to tell you that you have failed in this year over year, the Bahamian people will, when you ring that bell. This is a failed budget, formulated for one purpose, putting politics above people. The Prime Minister told the Bahamian people his theme across every Budget they have passed: “

The budget does not provide any plans or vision as to the establishment of careers for the youth of the Bahamas. The budget forecast by this FNM Government cannot be trusted. They have a clear trend of inaccurate projections that have put the Bahamas in a precarious financial state. Year after year the budget has forecasted inaccurate revenues, which has put unnecessary financial pressures on the country. Bahamians today are feeling the consequences of inaccurate forecasting through increased taxes, a struggling economy, and few job opportunities. This FNM Government has punished Bahamians through wasteful and unnecessary spending while abandoning initiatives that could help Bahamians.

We need a Government interested in the sustainable and long-term future of the Bahamas. Nothing in this budget indicates that this Government is serious about you, the Bahamian people. The PLP would have approached it differently, would be investing year over year in sustainable economic development for Bahamians, policies that encourage economic growth, not economic destruction. The PLP puts Bahamians first. This is the difference between the PLP and the FNM.

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