

COMMUNICATION

BY

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CONCERNING

THE BAHAMAS AGRICULTURAL & MARINE SCIENCE INSTITUTE (BAMSI)

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**HOUSE OF ASSEMBLY
COMMONWEALTH OF THE BAHAMAS
NASSAU, NEW PROVIDENCE**

As Delivered

Mr. Speaker

When I stood in this place to give my contribution to the Mid-Year Budget Debate, I determined and said that I would bring an update to the House on the project to construct the Bahamas Agricultural & Marine Science Institute (BAMSI) at North Andros. This communication meets that commitment.

Mr. Speaker

The Bahamas, not unlike the rest of the Caribbean, is faced with an exorbitant food import bill because we have traditionally neglected to work towards maximising our potential when it comes to feeding ourselves. The fact that we also have the added burden of literally feeding our tourism product worsens the whole issue of food imports as the challenge here is to feed others as well.

As a Government, we can sing our praises forever, but when it comes to validation, the eye of an objective outsider rings truth. Most recently, the Director General of the International

Labour Organisation (ILO), Mr. Guy Ryder, in referring to the creation of the Bahamas Agriculture and Marine Science Institute (BAMSI) said that The Bahamas has ‘gotten the message’ and is on the ‘right track’ for sustainability.

Mr. Speaker

The message was also echoed several days earlier by the Director-General of the Food & Agriculture Organisation (FAO) José Graziano da Silva, when he urged Heads of Government at the Caribbean Community (CARICOM) Summit to strengthen support to agriculture, to contribute to job creation and tourism revenues, and to protect our economy from external price shocks.

Mr. Speaker

As it stands, The Bahamas imports 85% of the food products it consumes taking our food import bill to nearing US\$1 billion. This is a consequence of failure of successive governments to address the circumstance which negatively impacts our economy. When you consider what we have and will potentially lose in terms of jobs and foreign exchange; when you consider that the profits derived from tourism are substantially expended on food imports, there can be no more innovative mechanism to turning our circumstance around than BAMSI.

While we cannot get away from the vulnerabilities which stem from our national composition of many islands, we cannot sit idly by and not make significant strides toward reducing our dependence on food imports.

Mr. Speaker

When this Progressive Liberal Party campaigned for office, our bold statement in our Charter for Governance was: “Now is the time to lay the ground work for a more healthy and secure nation.” Prior to this Government coming to office, two decades saw virtually no public sector investment in infrastructural upgrade, manpower development and public/private sector partnership of food production. Agriculture was on the decline in terms of interest, acreage, and farmers.

BAMSI represents tangible and meaningful steps toward realising a long-held dream of food production, independence, and security for our country. It is mobilising the core ideal of the Progressive Liberal Party that agriculture is an integral part of our sustainable economic development. BAMSI was and remains this Government’s step in the right direction to maximise our national potential and to materialise this goal.

That is the bigger picture, **Mr. Speaker**

But, if we refine the focus to North Andros alone, **Mr. Speaker**, we are able to see the awakening of the proverbial sleeping giant. Local Government Administrator Ivan Ferguson reports that his office is bustling since the BAMSI project came to town. Government revenues have increased as more residents are applying for business licences and building permits. Applications for building permits have in fact quadrupled! Residents are busy clearing land! They are building! Indeed, Androsians are positioning themselves to take advantage of the economic benefits that BAMSI will bring.

I am advised that one is hard-pressed to find accommodations because everywhere is occupied – small hotels and apartments. Apartments that have been sitting unused for years have tenants – mostly contractors and their employees. Car rentals have outpaced anything that the area has ever seen. In fact, entrepreneurs have had to secure more rental franchises to meet the demand for transportation.

Mr. Speaker

I am also advised that the shipping industry is reaping major benefits – transporting goods and services directly and indirectly related to BAMSI. Airlift, particularly the air charter business, is equally as profitable with the movement of people attached to BAMSI. I am told that the Ministry of Tourism held a reception for winter residents of that area and that the attendance was greatest ever – and invariably, they all were excited about BAMSI.

Mr. Speaker

The excitement about BAMSI is even more tangible among the locals. Store owners are having good sales. More restaurants are opening. Those that exist are taking in the largest sales ever. Farmers that had just about given up on the industry have gone back to cultivating their farms.

This, **Mr. Speaker**, is the Big Picture!

The Opposition went on a fishing expedition to BAMSI the other day. What a production they made about their experience there. What they didn't talk about was the excellent workmanship that the contractors have displayed in their construction. They have not said that these men and women – all Androsians or rooted in Andros – are creating what will be the wonder of the Caribbean. When you go into those buildings, you see the work of ace contractors

– men like Solomon Roberts, Bennett Knowles, Prince Mackey, Hugh Fowler, Cecil Marshall, Sidney Cargill, McGregor Russell, and Brudienell Kelly, among others.

Not one word did they utter about BAMSI having already established 68 acres of banana, papaya, plantain, peanut, coconut, and lime crop in the ground and moving the economy. They are not interested in the fact that harvesting has started with banana yielding over 5,000 pounds per week and papaya yielding 6,000 pounds per week. These two products alone have generated revenue in the amount of approximately \$7,500 weekly. When these crops have expanded in acreage and the additional crops introduced, the projected weekly revenue is expected to be \$52,000. But they are not interested in that!

They have not told us about the land that is being cleared to accelerate the crop production programme, where 150 new acres of crop including banana, papaya, pineapple, and lime. They have not talked about the additional acreages for navel oranges, mangoes, avocado, and sour sop.

I know they have not been listening for any good that this Government can bring, so they missed the fact that an aggressive intercropping programme is on the way to produce acres and acres of watermelon, cantaloupe and honey dew melons.

In total, **Mr. Speaker**

The area under crop cultivation by the end of June will be 450 acres of crop with 200 acres for the rotation cycles and 90 acres in inter and companion cropping. 650 acres will be fully occupied. That is the big picture!

I have not even gone into the livestock, poultry and fisheries aspect of BAMSI, **Mr. Speaker**, and the excitement generated by this revolutionary project is already immeasurable.

We have only just begun with BAMSI and five farmers have already been granted licenses to produce under the BAMSI label. These farmers are producing vegetables such as tomatoes, cabbage, onion, sweet pepper and hot pepper. This is the big picture!

We have only just begun and there are 39 students enrolled at the Institute in various programmes and skills training. There are also 50 Androsians fully employed at BAMSI.

That is the big picture!!

But, **Mr. Speaker**

Chuck Palahniuk once said that “the trick to forgetting the big picture is to look at everything close up.” So it is with BAMSI and the consequential position of the male dormitory

that was gutted by fire, the work of an arsonist. The political pundits and supporters now offer the distraction of chatter concerning the fire. Notwithstanding, we are not distracted and we are not deterred. We will rebuild; and from the ashes of that fire, BAMSI is rising to continue our push forward to feed ourselves.

Mr. Speaker

I know that it is of paramount importance that I should give accurate and truthful information to Parliament, correcting any inadvertent error at the earliest opportunity. When I last spoke, my advice was that “at the contract’s signing, the contractor [for the male student dormitory at BAMSI] had everything that was required to contract work with my Ministry, including Contractor’s All-Risk Insurance.”

Mr. Speaker

The files in relation to this contract was provided to me on Monday, 2nd March 2015. I have reviewed them and the following details are now presented as verifiable facts.

On 30th January 2014, Government approved construction for the BAMSI project and noted that the construction of the student dormitories, among other buildings, was critical to the Institute’s opening for September of that year.

Consequently, on 6th February 2014, my Ministry issued a Letter of Intent to contract Mr. Audley Hanna, trading as Paradigm Construction, to build the male student dormitory for the base amount of B\$2.6Million. The contractor was notified that formal contract documents would be prepared; and that mobilisation payment would be processed as soon as the Ministry was in receipt of the contractor’s Business Licence, All Risk Insurance and National Insurance Compliance Letter.

On 10th February 2014, the contractor requested 20% mobilisation payment. The normal course of action provides that at mobilisation, that is the first payment toward satisfaction of a contract, the following must be available:

- A Contract **or** Letter of Intent duly signed by the Permanent Secretary;
- The **original** claim letter from the contractor, requesting payment. The letter shall be duly signed by the contractor;
- A copy of the Bill of Quantities/Scope of Works/Schedule of Works, which is part of the contract document;

- The original “Contractors All Risk Insurance”, including Public Liability of not less than \$1,000,000.00;
- Copy of current business license;
- Current “National Insurance Board” (NIB) compliance letter; and
- The original Contractor’s Performance Bond, if applicable.

The contract was duly executed on 21st February 2014 at North Andros.

Mr. Speaker

There were several indicators that led me personally examining the relevant file concerning the insurance of the male dormitory. I am now in a position to say that the contractor provided all that he was required, save a **certificate** for All Risk Insurance. What the contractor did provide was only a quotation of cost from RoyalStar Assurance for All Risk Insurance for a six-month period from commencement of the project. It is noted that mobilisation was issued thereafter. What the file does not tell me is **who** took the decision to advance the mobilisation without the requisite insurance, **what** intervention, if any, was made to ensure that this requirement was met once identified, and **why** the contract, which has been substantially delayed, was allowed to continue without this critical requirement.

Mr. Speaker

In the Construction Industry, large-project contractors generally maintain some type of all risk insurance – even when not engaged in any projects – so as to ensure that when an opportunity arises, he is ready for competition. Smaller contractors, on the other hand, are usually not able to afford continual insurance as many of them live from project to project and those projects may be few and far between. They, therefore, tend to engage insurance on a project-by-project basis, lasting the projected length of a contract.

Mr. Speaker

This Government has historically been about giving those in need a hand up. However, there can be no plausible explanation for an administrative error such as that which has occurred in this case. I should not speculate that any agreement existed, but *if* there was an agreement for the Ministry to advance the premium to the insurance company from the contractor’s mobilisation payment, this should have been done. I mention this because I am advised that this has been done in the past to assist contractors’ qualification for contractual works. In this case,

however, it was incumbent on the contractor, having been paid full mobilisation, to ensure that the insurance premium, which was a mere \$23,746.65, was paid immediately. If he had done so, a certificate of insurance would have been included on our file. From the outset, therefore, the contractor was in breach.

So, Mr. Speaker

This is where we are. Given the fact that the dormitory was not complete and has not been turned over to the Government, by contract, the contractor stands fully liable for the construction outlay to date, which totals \$2,550.864.15. My Ministry is now making a determination as to how we will recover this loss from the contractor.

Since the fire, two options have been determined. The first is to gut the building to its foundation and rebuild, given the fact that the fire tested the entrails of the building. The second is total demolition to rebuild a new structure. Estimates in hand target the reconstruction cost at around \$5.5Million. The increase in cost takes into consideration the cost to reconfigure the units from single to double occupancy, ordinary inflation, and VAT.

Consequently, the net cost to Government will be the cost of reconstruction, less the expenditure for the structure destroyed by fire. That is to say, just under \$3Million.

Mr. Speaker

I am constrained to call out the actions of technical officers whose duty it is to be good stewards of the people's money and to lessen Governments' exposure to potentially embarrassing situations.

Given the experience of my technical team and the checks and balances of our bureaucracy, there was no reason to suppose that such an administrative error would be missed for so long. Beyond that, the public fully and rightly expects all Government officials to be above reproach in protecting the public's interests. These citizens, our constituents, depend on officials to act in the public good, to know their roles well, to do their jobs efficiently, and to be honest in their handling of public resources, avoiding even the opportunity for, or the appearance of, impropriety. The Public Service provides the remedies that should ordinarily flow from matters such as this, particularly how best to manage them and how best to learn from them.

For my Ministry, notwithstanding its difficulty, I should hope that this matter is taken as a learning tool. Bringing BAMSI to the point of service as initially envisioned by Government remains our top priority. Taking in the holistic challenge presented by the BAMSI project, my

Ministry has engaged the service of a Project Management firm and is in the process of engaging an Employer's Representative to guide this process to completion expeditiously.

Mr. Speaker

While what has transpired is an avoidable error on the part of the Ministry, I do not think that any reasonable person would find malicious intent. On the other hand, that cannot be said with respect to the arson, which, if proved, was criminally intended to deprive the Bahamian people of the full benefit and impact of a vision that is becoming reality.

But try as they may, **Mr. Speaker**

This Government's visions and dreams and hard work toward realising them will not be destroyed. BAMSI's dawn has been unveiled. We look forward to it reaching its full potential, contributing to the change that we envision for The Bahamas and the Bahamian people.

Mr. Speaker

As I conclude, for the sake of transparency, I table copies of the following documents:

- The Contract for the Construction of the Male Student Dormitory for the Bahamas Agriculture & Marine Science Institute with Paradigm Construction Company
- Mobilisation Payment Certificate Routing Sheet with its annexes to include:
 - Letter of Intent to Contract Works
 - Letter of Acceptance from Contractor
 - Letter from Contractor Requesting Mobilisation
 - Business Licence for Paradigm Construction Company Ltd
 - National Insurance Board Letter of Good Standing
 - Contractors' All Risk Insurance Quotation from RoyalStar Assurance
 - Architectural Unit Request for Mobilisation; and finally
- Balance Sheet for Male Student Dormitory at BAMSI (Paradigm Construction) from commencement to the date of the fire.

Thank you, **Mr. Speaker**.