



COMMONWEALTH OF THE BAHAMAS

**2021
2022**

BUDGET COMMUNICATION

FY 2021/2022

BUILDING THE FOUNDATION FOR A NEW DIRECTION

PRESENTED TO THE HOUSE OF ASSEMBLY BY THE HON. PHILIP DAVIS
PRIME MINISTER AND MINISTER OF FINANCE
ON WEDNESDAY 27TH OCTOBER, 2021





COMMONWEALTH OF THE BAHAMAS
2021/22 SUPPLEMENTARY BUDGET STATEMENT
PRESENTED TO THE HONOURABLE HOUSE OF ASSEMBLY
BY
THE HONOURABLE PHILIP DAVIS
PRIME MINISTER
&
MINISTER OF FINANCE
WEDNESDAY OCTOBER 27, 2021



COMMUNICATION

I. INTRODUCTION

Madam Speaker,

I rise before this Honourable House to present the 2021/22 Supplementary Budget, and to table the corresponding supplementary appropriations.

This supplementary budget, with an effective date of 1st October 2021, will bring our government's budget in line with our vision for progress, and will not increase the national debt more than forecasted in the May 2021 budget presentation.

As my Government's Blueprint for Change states, we face a health crisis an economic crisis, and had a governance crisis. The Blueprint lays out our vision, policies and plans for a new direction – for a better way forward. We have been clear that we believe the country needs big and transformative change.

Our first priority is to lead the way out of crisis. A turnaround for our country's COVID response is long overdue. Policy missteps have led to tragedy and have slowed our economic recovery. We view implementing our COVID-19 Action Plan as an urgent priority.

In addition, decisive action is required to both stabilize the nation's finances and to provide relief to those most in need; our proposed, immediate actions in these areas are the subject of this Supplementary Budget Statement for the 2021/22 fiscal year. The Statement aligns the Budget with our Government's vision for change, and also accounts for the critical unbudgeted commitments left behind by the previous administration.

On September 16th, the Bahamian people went to the polls and voted decisively for a new day and a new direction. They voted for hope. The Budget Statement that we present today -- "Building the Foundation for a New Direction" -- is designed to put our country on the path to change and progress. While we cannot immediately or completely reverse all of the damage of the past 4 ½ years, this budget provides a foundation for creating a more dynamic, more inclusive, more resilient economy that delivers for the people.

Madam Speaker,

Let me be clear: the era of mismanagement, shoddy fiscal discipline and indecisive governance is over. We are going to share with the Bahamian people what we have learned about the choices made by the previous government – after all, these were choices made in their name. But we will not waste valuable time or energy rehashing in great detail their sins of commission and omission.

My administration is focused on overcoming the multiple crises we face and securing a better future for all Bahamians. Ours is a message of hope. I am confident that my Government has the ingenuity, the expertise, and the determination to increase revenue, stabilize our finances, strengthen the country, and usher in a new era of economic dignity for our people.

II. REVIEW OF CURRENT CHALLENGES

Madam Speaker,

Before turning to the concrete measures that we propose, to address the different challenges and crises that we met upon coming to office, I will briefly outline the nature and extent of some of these challenges:

- In the aftermath of Hurricane Irma in 2017, which did significant damage to our southern islands of Ragged Island and Acklins, very little progress has been made to rebuild these communities or the Government infrastructure;
- In the aftermath of Hurricane Dorian in 2019, very little has been done to restore Grand Bahama or Abaco -- or to shore up these and other islands to be more resilient to future storms;
- During the COVID-19 pandemic, the worst global health crisis in a century, which to date has claimed more than 640 lives in The Bahamas, very few measures were taken to expand our nation's health care capacity;
- In addition, despite oft-repeated rhetoric promising accountability, the previous Government failed to present the state of our nation's finances to the Bahamian public in a transparent manner.



One example of many: the difficulties faced by the Fiscal Responsibility Council when they attempted to report on the Fiscal Strategy Report and the national budgets in a timely fashion, due to a lack of cooperation and assistance from the Ministry of Finance.

Madam Speaker,

My Government has articulated plans to rebuild our islands, strengthen their infrastructure and build more resiliently.

Through our Covid-19 Action Plan, we will expand access to testing and to vaccines, implement new risk mitigation strategies, and improve public health capacity in clinics and hospitals.

As for our approach to fiscal management, as Minister of Finance it is my solemn duty to enact fiscally prudent policies and to report to the public how their money is being used. My Government will amend the Fiscal Responsibility Act to strengthen the provisions concerning information and assistance to the Fiscal Responsibility Council.

As the Minister of Finance, I requested, upon coming to office, a full accounting of the government's fiscal position. To this end, a renowned accounting firm has been reviewing information provided by the Ministry of Finance with respect to liabilities of the Government as of 30th September 2021, which is approximately one month following the issuance of the pre-election report.

Madam Speaker,

The numbers provided by the Ministry of Finance for the period ending the 30th September 2021 reveal a \$1 billion difference from the numbers provided by the previous Government in their pre-election report.

I want to repeat that to be sure everyone hears it – there is a \$1 billion dollar difference between the numbers provided by the previous Government prior to the election and the truth.

It is painfully clear that the pre-election report was an incomplete presentation of the Government's contingent and real liabilities. For example, it excluded

over \$100 million of contracts executed by the Ministry of Works, for which no funding has been provided in the budget. It omits under-funding of pension and gratuity payments for public officers, which is now being addressed in this supplementary budget.

The pre-election report omitted a loan assumed by the Government for which the only source of payment is BPL, an entity with significant financial challenges.

It excludes amounts owing for taxes for a star witness in a criminal case of a former Cabinet Minister.

This very unusual arrangement is supported by a Promissory Note signed by a senior official of the Ministry of Finance. It excludes court judgements made against the Government, for which funding now has to be provided in this Supplemental Budget. It makes no mention of potential liabilities emanating from contract breaches committed by the former administration.

Once I have the final report it will be presented to the House, but suffice to say not all of these obligations can be accommodated within the existing framework. The important thing is that many of these entities are satisfied that our Government firstly acknowledges that funds are owed and secondly is committed to resolving these matters in an amicable manner.

Madam Speaker,

The Fiscal Responsibility Act requires the pre-election report to be signed by both the Minister of Finance and the Financial Secretary. I will leave it to the Bahamian people to judge whether a \$1 billion difference between the report and the reality reflected an honest and true commitment to fiscal transparency.

Madam Speaker,

Hurricane Dorian and the COVID-19 pandemic did present extraordinary challenges to our country. Both events have had, and continue to have, a significant impact on our nation's ability to collect revenue.

Unfortunately, this difficulty was exacerbated during the last four-and-a-half years by the limited attention paid to improving revenue collection and administration.



COMMUNICATION

In one budget after another, the previous Government claimed that revenue administration reform and modernization were top priorities.

However, the facts as we met them do not support these claims.

Take, for example, the Department of Inland Revenue, which is responsible for the collection of more than 40% of the total revenue of the Government.

On coming to office, we found a Department without a permanent head or deputy since 2017. A Department with a staff complement of 215 employees, of which 114 are contractual employees.

Of those contractual employees, 90 of them are working with no contracts. No Bahamian employee contracted to work at the Department under the previous administration has a valid contract or has been made a part of the permanent establishment. This meant that Bahamians who worked at the Department for the last four years were being sent home jobless without any notice or recourse.

It is no surprise that morale in the Ministry of Finance and its agencies was so low when we assumed office.

Madam Speaker,

The Customs Department is the nation's second largest revenue-collecting agency. There, the situation is no better. Young officers engaged by the previous PLP administration are still awaiting reclassification after four long years. The Department operated for four years with an executive team of two individuals.

Just prior to the elections, long-awaited promotions were released, but given the number of supersessions at the senior level, the morale of the Department -- and by extension its efficiency as a collector of revenue -- is at an all-time low.

These matters will be addressed.

Madam Speaker,

This brings me to the matter of borrowing.

Government must always be prudent and judicious in its borrowing and ensure Bahamian interests are protected first and foremost.

I am afraid to report that the previous administration did not take this obligation as seriously as was necessary. One only has to look at some of the recent examples of Government borrowing:

- First, on the matter of the IMF Rapid Financing Instrument: while The Bahamas and the Bahamian people are grateful for the support of the IMF in making financing available to us during such a difficult period, the management of this financing by the former administration was seriously deficient. Indeed, in August 2021, the public learned from the Auditor General himself that a key condition of the IMF facility was to disclose publicly who received contracts from the borrowed funds, yet the former administration completely ignored that requirement and, as it left office, had still failed to provide the necessary disclosure. I have now been advised by the officials within the Ministry of Finance that this loan was entered into without a legal opinion to confirm whether the Government could comply with the terms, and there was no provision made on an ex-post basis to comply with the terms of the financing.
- Second, the financing provided by the \$100m World Bank Hospital Loan to expand our hospitals in Grand Bahama and New Providence was poorly planned and managed by our predecessors.

As a result, the interest and fees associated with this loan were placed on the backs of the Bahamian public, even though no architectural drawings had been completed, final costing had not been completed, and no contract had been signed. This is like borrowing for a mortgage, getting all of the money from the bank, and putting it under your mattress while you dream about the type of house you want to build.

- Third, the Rate Reduction Bond for Bahamas Power and Light: This long-awaited offering promised a minimal increase in electricity costs



to consumers to allow for improvements to BPL facilities which, in turn, would reduce electricity rates over the longer term. I am advised that, due to the delays in the offering, issuing the bond now would increase electricity costs by as much as 20%. During a time when many Bahamians are still rebuilding their communities from Hurricane Dorian, at a time when many persons are still unemployed due to the impact of COVID-19, at a time when many Bahamians have little or no financial recourse, a 20% increase in the cost of a basic necessity such as electricity simply CANNOT be justified. To add insult to injury, the costs associated with the floundering attempt to obtain the bond I am advised is far in excess of \$20million.

How very unfortunate for our country that the previous Government failed to implement a financing mechanism that would have offered Bahamians real and significant reductions in electricity costs over time.

Madam Speaker,

The borrowing legacy of the former Government is further tainted still. During times of heightened global economic uncertainty, with global interest rates changing rapidly, during times of weakened government revenue receipts limiting our fiscal flexibility, and during a time of low tourist arrivals, the former administration also made the decision to change the structure of The Bahamas' debt profile and draw down millions of dollars in foreign currency over the past three years. Yet, in its August 2021 Monthly Economic and Financial Developments report, the Central Bank of The Bahamas reported liquid assets in the domestic banking system of over \$2.4 billion dollars -- one of the highest levels of liquidity experienced in recent times.

Despite billions of Bahamian dollars sitting in banks, the former administration opted to borrow approximately \$2.0 billion, or 64% of all government borrowings, in foreign currency loans over the recent fiscal year. Unfortunately, with visibly poor fiscal management, confidence in the Bahamian government weakened in international markets and our Government bonds are trading at distressed

levels, five notches below the level indicated by our credit ratings. That has resulted in an increased burden of interest payments on our debt.

Madam Speaker,

Foreign currency borrowing at the levels experienced in the last three years is not sustainable. The domestic market has a much larger capacity to support Government debt issuances. We need our domestic financial institutions to show faith in the economy by participating significantly in the domestic financial market – and not just to lend money to the Government and its entities, but to make loans to Bahamian firms to allow them to invest and to grow.

Domestic financial institutions choosing not to participate in the domestic market are in effect betting against the success of the economy. This economy cannot grow without domestic credit expansion.

Madam Speaker,

My Government appreciates the gravity of our debt situation and is determined to restore our fiscal credibility and the confidence of international markets. Since assuming office both The Minister of Economic Affairs and the Financial Secretary have been holding meetings with ratings agencies, financial institutions, and lenders to carry the message that the risk of default is non-existent and this administration is ready to guide this nation back to fiscal stability.

Madam Speaker,

As part of this effort to guide this nation back to fiscal stability, I am pleased to announce the formation of a Private Sector Debt Advisory Committee to advise the Ministry of Finance on the nation's debt strategy.

The Committee will be chaired by Mr. James Smith, the former Minister of State for Finance, and will have representatives from domestic as well as international financial institutions based in The Bahamas.

To assist the work of the Committee, the Government will engage an independent international debt advisory firm.



COMMUNICATION

One of the first and most urgent issues for the Debt Advisory Committee is to assist The Bahamas in tapping into greater levels of domestic and green financing.

As I foreshadowed during my recent speech at the United Nations, this shift in policy will begin with The Bahamas attending the COP26 conference next week where we will participate in discussions regarding financing opportunities for Small Island Developing States. Countries such as ours bear almost no responsibility for climate change but are uniquely vulnerable to its impacts. Climate adaptation and mitigation finance are mechanisms for allowing countries such as ours to transition to renewable energy and to build for resilience.

In addition, carbon credits have the potential to bring in very significant revenue. There are some exciting developments underway and I look forward to reporting back to the Bahamian people after our meetings in Glasgow.

III. CURRENT AND PROSPECTIVE ECONOMIC DEVELOPMENTS

Madam Speaker,

In their October 2021 World Economic Outlook, the IMF indicated that the growth of all countries and the strength of their recoveries have been driven by several factors, most importantly the opening of borders and the uptake of vaccines by their populations.

Our initial opening of borders in July of last year did not last long, with our country forced to close again quickly as sufficient resources were not in place to stop COVID outbreaks from spreading in a deadly second wave.

Since reopening on 1st November, 2020, tourism arrival numbers have increased, particularly for the high value-added air segment. Sea arrivals are likely to make a strong comeback as the cruise sector readies itself to emerge again. The Airbnb data are also demonstrating positive signs of growth across the country.

Unfortunately, we have ranked near the bottom of our region in COVID vaccinations.

Expanded access to vaccines is an important priority for this government. 3.8 billion vaccine doses have been administered worldwide, with the vaccines having proved remarkably safe and effective. If you are vaccinated, your risk of COVID infection is lower, and your risk of severe disease is much lower.

Vaccines reduce the chance you'll spread the infection to others. And, finally, getting vaccinated isn't just an investment in your personal health, and the health of those around you, but an investment in our nation's economic recovery. Vaccinations reduce outbreaks, reduce the strain on our health care system, and increase confidence in the safety of our country. In addition to expanding access to vaccines, we are preparing and will launch a new public education campaign so Bahamians can get answers to their important questions about the vaccines.

Madam Speaker,

While the outlook is certainly improving, there is still widespread suffering. Unemployment remains high. Many businesses have closed their doors. I want Bahamians to know that we understand times are very hard for many of you. We are committed to making sure that Bahamian families and businesses receive the targeted support needed to rebuild and move forward.

The World Tourism Organization of the United Nations indicates that tourism-based economies should pursue five critical policy priorities:

- mitigating the socio-economic impacts of the pandemic on livelihoods;
- boosting competitiveness and building resilience;
- advancing innovation and digital transformation within the tourism sector;
- fostering sustainability and green growth; and
- capitalizing on partnerships that promote sustainable development goals.

I am pleased to report that all five of these policy priorities are featured prominently in our Blueprint for Change.



Madam Speaker,

The Bahamian economy has emerged from a steep double-digit contraction in 2020 and is poised to achieve some gains in real growth in 2021. Both the IMF and the technical experts at the Ministry of Finance forecast a return to positive real growth of roughly 2.0 percent in 2021, increasing to 8.0 percent in 2022 with a return to trend growth of 1.5 percent by 2026.

While this forecast is in line with the one presented in the May Budget, we believe it does not represent a significant enough increase in growth to sufficiently reduce unemployment, enhance living standards, and return the burden of public debt to more sustainable levels.

Our country's public debt levels rose from roughly 61 percent of GDP in 2018/19 to almost 100 percent of GDP by 2020. Such a level is clearly unacceptable for a country as small as ours and our credit rating has deteriorated as a result. We have fallen to non-investment grade status, or as it is commonly known, "junk status". What this means to Bahamian taxpayers is that our cost of borrowing and our interest payments are swallowing up an ever-greater share of Government revenues. Our plan will tackle this problem head on and reverse the damage inflicted by the previous administration.

Madam Speaker,

The Government will implement our Blueprint for Change and grow the Bahamian economy at a more rapid rate than described in current growth projections.

Let me tell you how:

We will increase the level of public investment through a combination of direct Government expenditure and public private partnership.

We will create a Sovereign Wealth Fund to monetize the concessionary access to Crown Land and Seabed leases already provided to foreign investors.

We will create a National Wealth Fund to hold

the Government's equity in various commercial enterprises. The book value of the Government's various equity investments exceeds \$1 billion but the annual return is currently less than 1%. This is clearly not acceptable.

We will make The Bahamas 5G ready through the establishment of a national fiber network.

Government support is necessary to achieve 5G connectivity in the medium term. Without world-class communications infrastructure, the country's growth potential is stunted.

We will retain a greater share of foreign currency earnings by increasing the amount of renewable energy produced and consumed in The Bahamas and reducing fuel imports for power generation.

We will increase the proportion of Government expenditure allocated to small and medium businesses by amending the Procurement Act to protect local businesses against unfair competition.

We will stimulate domestic demand by providing incentives for investment by the Bahamian Diaspora in the second home market in the Family Islands.

These are only some of the steps we intend to take to increase growth in the medium term, recognizing revenue growth alone is insufficient to address the current debt situation.

IV. BUILDING THE FOUNDATION FOR A NEW DIRECTION

Madam Speaker,

Prior to the election, I promised the Bahamian public that if elected, my government would deliver a new day:

- one where tax relief could help families and stimulate the economy
- one where direct relief is provided to families most in need of support, and
- one where the government is more proactive in stopping the current downward fiscal trend.



COMMUNICATION

It brings me great pleasure, Madam Speaker, to state to this Honourable House and to the Bahamian people that this Budget Statement lays the foundation for us to achieve these goals.

A few short months ago during the 2021/22 Budget debate, my colleagues and I did not hesitate in pointing out our concerns with the Budget. We warned that the Budget:

- contained unnecessary election-related spending;
- did little to demonstrate how government would restore our fiscal health; and
- did little to meet the needs of the Bahamian people experiencing hardships during the current economic and social conditions.

Today is a new day.

This Supplementary Budget Statement:

- reprioritizes unnecessary budgeted expenditures to areas where they are most needed;
- restores the fiscal health of the country over the medium term; and
- ensures that government continues to respond to the needs of the most vulnerable in society.

Madam Speaker,

While the former administration's Food Distribution Task Force and unemployment assistance administered by the National Insurance Board were efforts in the right direction, they have simply not done enough to provide sufficient, tangible relief to suffering families.

More than seventeen thousand Bahamians are currently receiving COVID-19 unemployment benefit assistance administered by the National Insurance Board. Many of these individuals are a year and a half into trying to stretch \$100 per week to pay their bills and feed and support their families.

Last Christmas, as I spent time in communities in New Providence and the Family Islands, including in my own constituency of Cat Island, Rum Cay and San Salvador, I spoke with many Bahamians who had little means to celebrate and whose suffering was evident.

This Christmas will not be the same. For every person currently receiving \$100 per week from the COVID unemployment assistance program, we will provide a \$500 lump sum payment this Christmas.

There is no way to alleviate entirely the suffering you have experienced over the past 18 months, but the hope is that this payment can mark the beginning of a new, more hopeful time for you.

Madam Speaker,

The Government must also be considerate of another vulnerable group of persons, namely the pensioners in our society. Let me remind this Honourable House that it is the public service pensioners who long kept our country running.

This group includes retired teachers, nurses, doctors, police officers, corrections officers, and retired clerical and administrative staff.

These pensioners receive no cost-of-living adjustments and many of them have a combined income of less than \$500 per month. It is therefore not surprising that these individuals have suffered greatly during the economic downturn.

On behalf of a grateful nation, I would like to say a heartfelt thank you for your service. Our gratitude will be reflected by an increase in public service pensions; a sliding scale will be used to make sure the increase correlates with the need.

I want to be clear: the intent of the public service pension increase is to support those in need.

This list does not include pensions for former politicians or senators, nor does it include pensions for former judges or holders of the office of Governor General or their surviving spouse.

Madam Speaker,

We will increase public service pension payments, effective 1st December 2021, as follows:

For the 742 persons receiving less than \$500 per month in monthly pension, they will receive an



increase of \$100.

For the 2,012 persons receiving more than \$500 but less than \$1000 in monthly pension, they will receive a monthly increase of \$75, and for the 4,432 persons receiving a monthly pension of greater than \$1,000, they will receive a monthly adjustment of \$50.

Madam Speaker,

The annual cost of this adjustment is \$6.4 million, which is less than the amount owed in business licence fees by one developer in New Providence, who received the assistance of the former administration to avoid paying what was legally owed to the Government.

The previous Government chose to help one wealthy developer. We choose instead to help thousands of Bahamians who have served our country well, Bahamians who deserve economic dignity in their senior years.

Madam Speaker,

Increments which are paid to rank and file public officers will also be reinstated this fiscal year.

The increments, which are nominal adjustments in earnings for the majority of public officers of no more than \$700 per year, were withheld by the previous government -- even as lavish public contracts were awarded to family members of Cabinet Ministers.

This inequity is now being addressed. The effective date for the increment reinstatement is July 2021 and the payment date is January 2022.

This reinstatement, which will cost \$8 million this year, is being funded from the increase in revenue over forecast experienced in the 1st quarter of this fiscal year. Arrears will be paid once additional savings have been identified.

Madam Speaker,

One of the most discussed and anticipated aspects of my Government's Economic Plan is the decrease in the nominal rate of Value Added Tax (or VAT) from 12% to 10%. This reduction in VAT was proposed to

offer modest but important relief to Bahamians.

I am very pleased to announce we are moving forward with this reduction in the VAT rate.

I believe it will help Bahamians and help our economy.

And the reduction is being managed in a way that is fiscally responsible.

The Ministry of Finance team has worked long hours, along with some of the brightest minds at the University of The Bahamas and the Government and Public Policy Institute, as well as with international consultants, to perform extensive modelling and financial analysis to ensure that the VAT reduction does not adversely affect our fiscal position.

With the reduction in the VAT rate, we are eliminating the zero-rating under VAT on a variety of items.

Price controls are in place to ensure breadbasket items will be fairly priced.

The VAT exemption for electricity bills and the special economic zones are untouched.

Madam Speaker,

When VAT was first introduced in The Bahamas in January 2015, it was designed as a broad-based tax similar to the New Zealand model, deliberately simple in design and ease of administration with relatively few exemptions. The implementation of VAT in The Bahamas was efficient, and we were praised internationally for our very successful launch. In recent years, however, the country's tax policy has moved far away from the original plan and intent. Indeed, through the actions of the previous administration, the VAT base has been eroded by the implementation of many classes and types of items being zero rated.

These changes were considered by experts to be ill-advised and poorly executed, who believe zero rating schemes are an ineffective and inefficient way to provide relief to the vulnerable in society.



COMMUNICATION

Instead, there is a preference for targeted relief such as conditional cash transfer programmes. My Government is committed to increasing direct cash transfers to families who need the support with the reintroduction of the RISE programme, about which you will hear in more detail from the Minister of Social Services and Urban Development.

Based on the modelling and analysis conducted by my team, we are confident that with the elimination of zero-rating categories, and the economic uplift to consumers, government revenues are protected. The model and the analysis of the results will be published on the Government's budget website. I requested that the modelling with respect to the 2018 increase in VAT also be published but I have been advised that it is conveniently no longer available.

Madam Speaker,

This Budget Statement begins to lay the foundation for a fairer and more equitable system of taxation.

My Government intends to be aggressive in taking advantage of the global recovery and more buoyant growth in our own economy to develop an overdue full-fledged reform plan for our tax system.

Government clearly must have access to adequate financial resources if it is to successfully pursue its Blueprint for Change policy agenda in a fiscally responsible manner.

We are announcing the objective of achieving a revenue-to-GDP target ratio of 25% by the end of our first five-year term in office. At the time of the Mid-Year Budget, we will present further details of our tax adjustment strategies, which will be implemented in upcoming fiscal cycles.

However, the path to restoring our fiscal health begins today with the re-establishment of a fully resourced Revenue Enhancement Unit, whose purpose is to increase the tax base by minimizing tax avoidance and fraud.

Within 24 months, we expect that this Unit will account for \$200 million in additional taxes.

Madam Speaker,

I am a firm believer that problems are best solved when we consult and collaborate, and when we allow for the expression of diverse voices and opinions. This belief is reflected in my Cabinet and in my choice of Senators, and today I am announcing that this preference for diverse voices extends to those who advise us on our revenue challenges.

Madam Speaker,

I would like to formally announce that the Ministry of Finance is reconstituting the Government's Revenue Policy Committee. Our predecessors in office took the approach that expert advice on tax matters was not needed, so this Committee ceased to function in 2017.

The Committee will not be constituted by politicians or political appointees. Instead, it will be made up of experts who understand the challenges of revenue collection and revenue policy, including the Financial Secretary, the Controller of Inland Revenue, the Comptroller of Customs, and representatives from other agencies. This Committee will be tasked with reviewing and providing recommendations on areas of revenue leakage, fee adjustments, and other areas where government revenues can be improved.

Madam Speaker,

As additional measures to strengthen fiscal credibility and enhance accountability, transparency and integrity, I wish to presage forthcoming amendments to the Public Financial Management Act, the Procurement Act, the Public Debt Management Act, along with the already mentioned amendment to the Fiscal Responsibility Act.

This compendium of legislation, which was rushed through the legislative approval process without any or little debate, was also rushed through the internal approval process in the public sector. These are badly flawed pieces of legislation.

There are no regulations for any of the legislation recently passed. There are no procedural manuals, and internal processes have ground to a halt and legal



opinions have to be sought constantly for what used to be ordinary every-day transactions. For example, if one were to interpret the Public Procurement Act literally, the Royal Bahamas Police Force could now take a minimum of 7 days to buy replacement tires for their patrol vehicles.

This is what happens when fundamental legislation is rushed and put into place without due care and attention.

V. CONCLUSION

Madam Speaker,

Today's Budget Statement sets the foundation for a new era in the country's development.

All Bahamians share a strong desire to finally exit this time of crisis and begin shaping a better future.

We have big dreams for our families and for our country.

And we want to see our fellow citizens treated with respect; every one of us deserves to lead a life of dignity and purpose.

Our Blueprint for Change will put the country on a path to a more prosperous and more inclusive future.

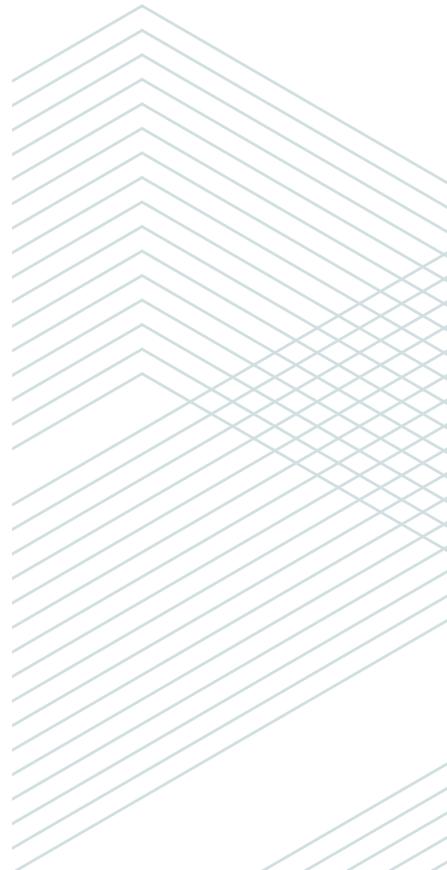
We are ready to harness new opportunities, in green financing and carbon credits, ready to embrace new ideas and new technology, ready to rework our tax code to reflect our values and priorities.

We are not afraid of change, instead we claim its promise.

We were sent here to make a difference.

The foundation has been set. It is a new day for ALL Bahamians.

May God forever Bless the People and Commonwealth of The Bahamas.





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