



COMMONWEALTH OF THE BAHAMAS

Remarks

The Hon. Kevin Peter Turnquest
Deputy Prime Minister and Minister of Finance
of the Commonwealth of The Bahamas

Grand Bahama Chamber of Commerce
Freeport, Grand Bahama
The Bahamas

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Protocol

Ladies and Gentlemen,

Good morning.

It is a pleasure for me to be among friends and to speak to you today at a time of great challenge but also great opportunity in our country and indeed on our island. In this regard, let me thank the Chamber for its continued advocacy over the many years in support of small and large businesses. I wish to confirm that you have a friend, indeed many friends, in this Government.

The work of this Chamber spans the length and breadth of our wonderful island. Grand Bahamas has the distinction of being the only island in The Bahamas which can boast both a modern city with some of the best planned infrastructure in this region, in addition to the tranquillity of a family island setting all on one island. We should be proud, but likewise, justly disappointed that

to date we have not been able to capitalize on this tremendous asset.

Ladies and Gentlemen,

I wish to set out in this presentation, some of the key elements of this administration's agenda over the next five years and I want to focus on the particular needs of Grand Bahama.

Overhauling Government

Ladies and Gentlemen,

Our first order of business, as a government, has been to put in place a structure for good governance. Your Government is focused on fiscal discipline and sustainability, transparency, accountability, getting results in what we do as a government and ensuring that there is strong performance within the public sector.

Our aim is to ensure that there is trust in government and that people believe what we say. We want our business community

and residents to know that government will provide an objective environment to help them grow and achieve wealth, safety and happiness in a well regulated and progressive economic ecosystem, free from over regulation and interference. We will amend and replace the Freeport Incentive Act with a more progressive plan.

Now, you have to do your part, also. Businesses must follow the rules as you would expect us to. Government contracts must be awarded on the basis of merit and ability, and at competitive rates. Conflicts of interest will be frowned upon and not tolerated in a modern governance structure. More serious situations, such as acts of bribery or attempted bribery, will be dealt with according to the law. We must be a government and people of integrity in order to safeguard the public trust and their future prospects.

Ladies and Gentlemen,

The rule of law will prevail and no one is above the rule of law. Indeed, the very far majority of us are law and rule abiding

citizens in our everyday dealings. We do the right thing, as a matter of course and so this strengthening of the enforcement of anti-corruption measures will be of no concern.

Getting the Fiscal House in Order

Ladies and Gentlemen,

Fiscal responsibility and reform is a second priority of my administration and an issue that is directly in my portfolio as Minister of Finance.

The bedrock of a sound fiscal regime is a modern system of tax and customs administration executed by committed and honest actors in the positions of public trust. Unfortunately the system has not always worked and thus the government has recently launched measures to address non-compliance with tax and customs laws. These programs have been piloted in Nassau with great success and will be extended to Grand Bahama and the family islands in the very near future, having full regard for the provisions contained in the Hawksbill Creek Agreement.

These measures are risk based and focused on levelling the playing field between those that operate within the rules and those outside. In this context we believe these programs will be welcomed by the business community as they will help eliminate distortions caused by shadow operators that are not paying their fair share and we welcome dialogue with the community as we move towards implementation. We must not allow Freeport to continue to be used as a smuggling gateway to the rest of the Bahamas to avoid tax responsibility and to avoid detection of illegal activity.

Having said that, sometimes effective enforcement of our Customs laws is in conflict with our monetary and economic growth objectives. For this reason, the Government must continue to diversify its tax base away from customs duties and encourage domestic production of goods and services for local consumption and export.

As we shore up the tax base, we must also look at ways to be more fiscally effective. A study was done in 2010 to examine the areas of weaknesses within the Ministry of Finance. Chief among these deficiencies was the absence of timely information, whether fiscal or economic, to allow for informed decision making.

The Government is taking the necessary measures to reform outdated processes which restrict the operations and ease of doing business in the country, contributes to the rate of the increase in debt relative to GDP and, hence constrain economic growth.

Ladies and Gentlemen,

Just earlier this week, I launched the Public Finance and Performance Management Programme within the Ministry of Finance. This project addresses many of the complex and vexing issues in public finance and results based management, and will result in meaningful change.

As I provided in Nassau, I wish to give Grand Bahama an overview of the project.

Overview of the Project

Component I of the project focuses on improving the government's capacity to, in plain English, "get the job done!" More formally, the component will introduce a Centre of Government or Delivery structure which will provide focused capacity to monitor priority projects and ensure that individual ministries, department and agencies are allocating resources to projects that are in line with the government's national development agenda.

Under this component, we will also provide a framework for the Monitoring and Evaluation of the National Development Plan as well as the restructuring of the Bahamas Investment Authority to ensure that foreign direct investment projects are also in line with national development priorities.

Ladies and Gentlemen, it is about achieving results for the People of The Bahamas!

Component II focuses on the creation of a National Statistical System (NSS). The NSS will be equipped to respond to the increased demand from the public and policymakers for high quality, relevant and timely economic, fiscal and social data. Key to its implementation is the introduction of an autonomous and properly resourced Government Statistical agency. Good, reliable data is a critical element of any modern economy and society. Data is also important for increased transparency and accountability.

Component III is the largest Component of this project and focuses on strengthening the Public Financial Management System, which will allow the Government to properly account, in a timelier manner, for public funds. Governments must have reliable information about its liabilities and expenses as well as its projected income flows, in order to properly understand its financial position and make sound fact based decisions. The

overall goal is to reengineer business processes, integrate new technologies and ultimately improve the accuracy and efficiency in the Public Financial Management System, which will strengthen the Bahamian economy overall. This will be accomplished through a new business model for Public Financial Management in The Bahamas accompanied by a new Integrated Financial Management Information System (IFMIS).

Finally, **Component IV** focuses on strengthening the public procurement system by promoting competition and transparency in procurement for goods and services to the government, in an effort to ensure value for money. We will be introducing a new E-Tendering and Supplier Registry System and a Public Procurement Department, which we expect to produce tangible financial benefit in the millions.

As I reminded my audience in Nassau -- Small and Medium Sized Businesses are an area of special interest and this administration is committed to ensuring that they will get increased opportunities to do business with the Government, including GB businesses.

Ladies and Gentlemen,

As you can see this is a very ambitious project in line with our Government's national reform agenda.

Grand Bahama

I now wish to turn to some particular challenges that we deal with in Grand Bahama and to outline a part of the strategy for Grand Bahama around the following issues:

- Creating an enabling environment for the sustainable development of Grand Bahama as a whole; and
- Revitalizing the Grand Bahama Economy by supporting existing business and industries and by strengthening the economic foundation on Grand Bahama.

Reconstructing Grand Bahama

Grand Bahamians,

We have had a very difficult 20 years. Just as we were starting to get back on our feet, Matthew came and the process had to begin again. The rebuilding process is “no-where” near complete! But we must do what is necessary to prepare for the next disaster. Which includes:

- Having a clear identification of vulnerable flood zones and make the necessary recommendations for building in those zones and emergency response plans well ahead of any storms or events. One of the lessons learned from the last hurricane is that ‘haste makes waste’ as you try to develop and manage a disaster plan in the middle of a crisis.

I am therefore pleased to say that the Minister for Grand Bahama, Sen. Hon. Kwasi Thompson has already issued instructions to NEMA and related agencies in this regard

Speaking of the last hurricane, we know that there is still tremendous rebuilding and repair needs throughout the island. We are continuing to mobilize the limited resources

at our disposal to assist as best we can and ask for continued patience in a difficult circumstance;

Revitalizing the Grand Bahama Economy by supporting existing business and industries to support our People

Grand Bahama requires a well thought through and carefully executed stimulus package and masterplan to address many issues including:

- Strategic interventions to stabilize livelihoods through targeted programmes that encourage employment, skills acquisitions and self-employment.

To this end, we will continue to support the Shipyard apprenticeship programme as well as other training opportunities that are available.

- Develop of an industrial policy for Grand Bahama to identify potential areas of opportunity and products is a priority and we have received impressive investment proposals for industrial developments for different parts of the island. For

this reason, we are establishing a satellite office of the Bahamas Investment Authority in Grand Bahama, which will focus on these and other proposals for our island.¹

- We must examine the particular needs of Small and Medium business in Grand Bahama. To this end, I am delighted to inform of the pending establishment of a Small Business Development Centre in Grand Bahama attached to the University of The Bahamas and supported by the Ministry of Finance. Indeed, my Cabinet Colleague, the Minister of Grand Bahama, the Sen. Hon. Kwasi Thompson, is right now in Washington, speaking to the US Small Business Administration about the introduction of the model to New Providence and Grand Bahama.
- We must strengthen the developmental effectiveness of the Free Port Trade Zone. We may not often think about it in that way, but Freeport is a specialized trade zone – one of the first in the world – design to attract businesses and industry.

¹ This came up in a conversation with Director of Investments. I am not sure if it has been approved yet.

For this reason, special concessions were provided. We should be proud of Freeport and the innovation that this model brought to Grand Bahama. But we must also challenge the model to produce the development results that are needed to support the hopes of Grand Bahamians.

To this end, we have challenged the GBPA and its partners to develop or refresh its development plans for the Port Area, in conjunction with stakeholders, and present a concrete development plan with clear benchmarks that can be monitored.

- We must capitalize on the long term investment opportunities in trans-shipment, maritime, and the cruise sectors. This is an important industrial cluster, of which we should be proud. We have been advised of significant investments in this sector and we look forward to some positive announcements soon that will further establish us as the premier maritime location in this hemisphere.

- As a government, we will focus great attention on developing sustainable tourism models for Grand Bahama outside Freeport, which focuses on defining our product, target markets, pricing and communications strategy.

I am delighted that we have received positive indications of tangible actions towards renewed investment in West End for example and, we are developing the strategy for East GB, which will include the cruise port development in a responsible and inclusive manner.

- Now I know that you all want to know what is happening across the street at the Our Lucaya property. It is still too early to make any announcements, but I want to assure you and the wider public that we are working diligently on this project and that we have a back stop plan if the negotiations drag out further than we intend. At the end of the day, we want a deal that we can stand behind in full daylight and any transparency tests, which will not place unacceptable burdens on the Bahamian people, but gives us an opportunity for Bahamians to obtain a stake in the industry for any tax

dollars given, and a world class operator that will bring value to our destination long term. We believe we are close and that you will be pleased.

- Finally, we have serious expressions of interest in a second cruise and stay ship to call on our island once arrangements can be worked out with the government. We are very interest in this proposal as we believe it will deliver heads in beds and boost our arrival numbers significantly. More will be said on that at a later point as we hopefully reach acceptable terms.

Conclusion

In closing, I would like to commend the Grand Bahama Chamber of Commerce for its work over the years. You have a partner with me and this Government. As you would have heard in the Speech from the Throne, Grand Bahama features prominently in this Governments plans and will continue to feature prominently in our agenda for reform.

Thank you.