



Communication for House of Assembly

Debate on Mid-Year Budget

**Hon Dr. Hubert Minnis
Prime Minister**

Tuesday, 20 March 2018

Nassau, Bahamas

Mr. Speaker:

I rise today to make my contribution to the debate on the 2017/18 Mid-Year Budget Performance Statement.

I do so on behalf of the wonderful people of Killarney, whom I have the privilege of serving in this chamber.

I wish to address today a number of important national issues, as well as a number of items in my portfolio.

I will address the successes of my Government, and our vision for the country, and acknowledge where we have committed errors, and made miss-steps, which need to be corrected.

We will be honest with the Bahamian people about where we failed, and what we will do to improve governance.

A recent editorial in The Nassau Guardian dated 14 March, 2018 noted:

“The Minnis administration has had successes. The economy is growing. It did not during the Christie administration, drifting from stagnation to recession. Last year it grew by 1.8

percent. This year 2.5 percent growth is projected. That's good news."

The editorial continued: "We've had a violent crime problem for a decade with five murder records occurring between 2007 and 2017.

"As of early March, murders were down 45 percent, compared to the same period in 2017, continuing a trend that began at the end of 2017.

Work being done by the police force, Ministry of National Security and the courts, seems to be leading to positive results."

The editorial continued: "The Minnis administration has also done well to bring order to the chaotic, irresponsible spending of the last Progressive Liberal Party (PLP) administration – the worst government The Bahamas has ever had.

“Many millions of dollars’ worth of contracts, were granted to PLPs for the benefit of PLPs, and not the Bahamian people.

A change of government stopped the PLP’s raid of the treasury to the benefit of taxpayers.

We might not have had a Bahamas left if the PLP continued in power.”

The editorial further noted:

“The government is close to generational change at the New Providence Landfill;

it wants to address the shantytown issue;

it wants to transition the state energy supplier to new forms of power generation;

it wants to continue luring investors in order to keep growing the economy.

“This government has done good things and has the potential to lead transformative policy.”

Nassau Guardian 14th March, 2018¹

I would add to this list the approximately 1,000 Bahamians who have gotten jobs as a direct result of our “Labour on the Blocks” Initiative.

I commend the Ministry and the Department of Labour for the good work they have done with this innovative program.

Those who have criticized the program for political reasons, should be embarrassed for attacking an initiative, that is empowering so many Bahamian families.

The editorial also noted the need to address the Oban Energies Project.

Mr. Speaker:

My government committed to Grand Bahama, and to The Bahamas to do all within our power to bring economic

¹ Editorial - Nassau Guardian, 14th March, 2018

development, and growth, to Grand Bahama as a matter of urgency.

This has been our focus at all times. We intend to fulfill this commitment. It is one of the keys to our overall growth as a nation.

The Oban Energies LLC project was intended to bring growth, and jobs, to Grand Bahama.

In our haste to boost the economy of Grand Bahama, we made a number of mis-steps in the Oban Energies Project.

While our heart was in the right place, these mis-steps should not have happened.

We must, we can, and we will do better.

Mr. Speaker:

I wish to highlight some of the history behind the proposed Oban Energies LLC Project.

Our records show that there were two approvals in principle, by NEC for the project, one in 2009, to Mid-Atlantic Project LLC.

Mr. Speaker:

By 2016 the name of the company was changed to Oban Energies LLC, and the beneficial owners are the K Family Irrevocable Trust.

Mr. Peter Krieger was the Chairman and Chief Executive Officer. He has no beneficial interest in the K Family Trust.

It is this Company that was given the second approval in principle by the former administration on 15th November, 2016, at a National Economic Council meeting.

Most Cabinet Ministers were present at that NEC meeting, including members who are now the Opposition in both houses of Parliament, here and in the Senate.

Mr. Peter Krieger was C.E.O. and Satpal Dhunna was President of Oban Energies LLC.

As early as 2009, a draft Heads of Agreement was submitted to BIA, and sent to the Office of the Attorney General for its review. This document was not executed.

On the 30th of March, 2017, the second proposed Heads of Agreement was forwarded to the PLP Government by Mr. Obie Pindling of Pindling & Co., the Bahamian Attorney for Oban Energies LLC.

This was sent to the Office of the Attorney General on the 30th March, 2017, for review.

It should be noted that in this Heads of Agreement, Mr. Peter Krieger was to sign on behalf of Oban Energies LLC.

The PLP never got around to signing this agreement. Note that the PLP agreed to the development, despite the hypocrisy they are now displaying.

A 2016 video shows Mr. Peter Krieger, and Dr. Michael Darville, then PLP Minister for Grand Bahama, relevant government officials, Oban Energies' Bahamian attorney at the

time, Mr. Obie Pindling, at the original site for the proposed development.

And yet the Member of Parliament for Englerston referred to the principals of Oban Energies LLC as a “cornucopia of crooks”.

Well, these are the same “cornucopia of crooks” with whom some of her Cabinet colleagues, and the PLP Government sat down and negotiated.

Furthermore, one of them visited the site in Grand Bahama (which the nation can see on a video), approved the project, and was about to sign the Heads of Agreement. But we all know they were very busy after the 30th March last year.

But we are now the government.

Mr. Speaker,

We should have done more comprehensive due diligence, and we should have engaged in wider environmental consultation.

Mr. Satpal Dhunna, President of Oban Energies LLC, arrived in The Bahamas on 6th February with the expectation to sign the Heads of Agreement on the 7th February.

The document was not ready for signature, so he remained in The Bahamas until 10th February, at which time he signed the agreement and then left the country to attend other business.

The Heads of Agreement was subsequently signed by the Secretary to the Cabinet.

In recognition of its promise to keep Bahamians informed, the Government arranged for a ceremonial signing on the 19th February, 2018.

We accept that we should have clearly indicated on the 19th February, 2018, that it was a ceremonial signing.

It should be noted that it is not unusual for a Heads of Agreement to be signed before a ceremonial signing, so as to ensure that there is a firm agreement between the various parties.

Mr. Speaker:

It is unfortunate that at the ceremonial signing, Mr. Peter Krieger wrote the name of Satpal Dhunna, whose name was printed under the signature line, in the space provided for the signature of Mr. Dhunna.

He should have noted that he was signing on behalf of Mr Dhunna, and signed his name as the authorized representative of the **K Family Irrevocable Trust** on the ceremonial document.

Mr. Speaker:

I am advised that effective the 1st of March, 2018, Mr. Krieger has resigned from the company.

The government decided to make the effective date of the Heads of Agreement the 19th day of February to conform with the public ceremonial signing.

Mr. Speaker:

The Grand Bahama project, must go hand in hand, with the protection of our environment, and the conservation of our natural resources.

Accordingly, the government will do a more comprehensive review of this matter.

This review, will include our due diligence process at BIA, and all environmental, and land use issues, including laws relating to Environmental Impact Assessments, and consultation processes, including with residents of Grand Bahama in particular East Grand Bahama.

I note that in the Heads of Agreement there are penalties under the Environmental Management Plan.

The penalties are noted in 5.3 in the Heads of Agreement. The Agreement notes that “the Minister responsible for the environment, shall make the determination, whether to continue the penalties, or cause the discontinuation of

the operation, or equipment producing the Environmental Infraction, and any other Relevant Governmental Agency may determine to suspend the permit for the operation of the Terminal or Oil Refinery, as applicable.”

Mr. Speaker:

The Bahamas Investment Authority (BIA) is a unit within the Office of the Prime Minister. It is an investor’s one stop shop. The unit assists with investment policy formulation, investment promotion, investment proposal review and analysis, and post-approval monitoring and support.

As the administrative arm of the National Economic Council (NEC), BIA co-ordinates investment matters with all agencies of the government, simplifying the process for the investor.

The role of the Authority includes:

- Administering the National Investment Policy of The Bahamas, which encompasses receiving and reviewing investment project proposals;
- Providing assistance to international investors during the implementation of approved investment projects;
- Arranging local and international investment promotions for investors interested in business opportunities in The Bahamas;
- Co-ordination of investment matters with other agencies of Government; and
- Ensuring the effective administration of the range of incentives available under legislation.

I thank the staff of BIA for the hard work they do.

To improve our process, the Government has selected a consultant to advise on the work of the BIA.

This will include: reviewing the investment policy framework; streamlining BIA's operational methodologies; the

development of a more dynamic approach to investment promotion and facilitation; and redesigning the current organisational structure, and technical frameworks, to allow for an improved effective use of FDI, and national investment, and overall economic growth.

This consultancy will be financed through the IDB's project "Public Financial Management/Performance Monitoring Reform" for, *inter alia*, a revised institutional and technical framework for the operations of BIA.

The consultancy is for a duration of six months and is expected to begin 4th April.

The Government of The Bahamas will proceed with an institutional change and results-based framework.

Mr. Speaker:

Having listened intently to the contributions of the Members of this honourable House over these past several days,

I am pleased with the vitality and vision expounded by government members.

I note the contribution of the Minister of National Security, who detailed our program for combatting crime and violence, one of the top priorities for my administration.

We will continue to supply the Royal Bahamas Police Force with the resources they need, and we will continue to pursue reform of the criminal justice system.

Through the Citizen Safety initiative and other social intervention measures we will continue to aggressively address the causes of crime, gang activity and at-risk youth.

For five long years, the current opposition dithered at the helm of government, mostly oblivious to the needs and aspirations of Bahamians, spending the country into massive debt.

But we are now the government and we must be held responsible. The Bahamian people want us to govern.

Our task is to:

- enhance prospects for much stronger growth, job creation and prosperity for all segments of society;
- get our country's public finances in order; and
- reduce the onerous burden of government debt on both this generation and that of our children and beyond.

Mr. Speaker:

In the ten months since coming to office, we have begun to implement our vision for the future, with concrete action plans underpinning this vision.

While the time since our election has been relatively short, our team has been working hard.

The key messages that were presented in the Mid-Year Budget Statement reflect both the work that we have

undertaken to date, and our approach to tackling the economic and fiscal challenges going forward.

It is evident for all to see that our domestic economy, while rebounding gradually from many years of weak if not negligible growth, is still performing well below its potential.

Let us begin by looking at the growth of the economy over the past five years. Both in absolute terms and relative to other economies, the performance of our economy has been poor.

The economy actually shrank in real terms in 2013, by 0.6 per cent.

It contracted again in 2014, by 1.2 per cent.

The year 2015 was even worse with a further decline in economic activity of 3.1 per cent.

Finally, in 2016, our economy stopped shrinking but posted only negligible growth of 0.2 per cent.

The United States of America is by far our most significant trading partner.

It is little surprise that there has been over the years, a relatively close correlation between the rate of growth of the U.S. economy and our own rate of economic growth.

However, following the great recession of 2008-09, that correlation has broken down and the performance of the Bahamas economy has been much weaker than that of the U.S.

As well, as was documented in the last IMF Article IV staff report, our economic performance has also lagged significantly behind that of both the other Caribbean tourism intensive countries and non-Caribbean small states.

Over the period from 2012 to 2016, the Bahamas economy shrank from \$10.7 billion to \$10.2 billion, a decline of some \$500 million, or 4.7 per cent.

The key driver of that decline was a sharp reduction in gross fixed capital formation, or investment.

Over this period, it fell by over \$600 million.

That comprised a decline in spending on buildings and infrastructure of over \$400 million, and a fall in spending on machinery, and equipment of some \$200 million.

In contrast, total consumption expenditure grew by almost \$140 million, and exports rose on the order of \$175 million. Imports rose by \$250 million.

These developments are especially worrisome for it is generally acknowledged that buoyant investment is critical to stronger, sustained long-term growth.

Looking at the longer historical record, one is struck by the period of the early 1990s when the Bahamas economy traversed a very difficult period indeed.

In 1991 and 1992 the economy shrank by roughly 8 per cent followed by very tepid growth of 0.3 per cent.

If that sounds eerily familiar, it should. One need only look at the last term of the previous administration.

Under the new FNM Government elected in 1992, real economic growth was successfully rejuvenated and averaged

4.7 per cent in real terms over the seven-year period from 1993 to 2000.

Growth actually reached a stellar rate of 7.1 per cent in 1999, which may well have been unprecedented at the time, and certainly has not come close to being repeated since.

Of particular note, in the context of this renewed and buoyant growth, the policies implemented by the FNM administration to improve the business environment led to a sharp increase in investment in the economy.

Indeed, the ratio of investment to GDP increased from a low of under 20 per cent in 1993, to reach some 30 per cent in 1998.

In tandem with stronger growth in investment and the economy, the national rate of unemployment plummeted from 14.8 per cent in 1992, to 7 per cent in 2000, and 6.9 per cent in 2001.

Those are easily the lowest rates recorded in at least the last 30 years.

Based on experience and looking ahead, if we wish to successfully, and meaningfully, enhance the potential growth rate of our economy, we must focus our policy interventions on influencing the key factors that underpin the rate of potential growth, including the quantity and quality of capital.

On the capital front, it is vital that we achieve higher rates of saving, and investment domestically, as well as promote The Bahamas as an attractive locale, for strategic foreign direct investment.

To those ends, we are striving to enhance the business and investment environment, primarily by moving to ease the burden and cost of doing business in The Bahamas.

Specifically, we established an Ease of Doing Business Committee whose mandate was to review the various factors that impinge on the ease of doing business, and to formulate appropriate recommendations for policy action on the part of government.

In line with the recommendations of the Ease of Doing Business Committee, and as the Minister of Finance highlighted in his opening contribution to the debate, we have formed a cross-agency committee to examine the Business License regime with the aim of making that system faster, easier and better.

The business license process is being streamlined in three phases to be completed by January 2019, which will allow much faster approval times through the greater use of digital platforms that will support the integration of systems, between agencies, and offer complete online service.

Other recommendations of the Committee will be implemented, with some measures to be introduced in the upcoming 2018/2019 National Budget.

As micro- and small- and medium-sized enterprises (MSMEs) are a prime engine for job creation in the economy, the

Government has developed a seven-pillar strategy that is specifically focused on the promoting the development of MSMEs,

These pillars include, among others: creating a more enabling environment, providing direct financing with a commitment of \$25 million over five years, and establishing the Small Business Development Centre, to provide business development support.

As well, we have also announced a one-year waiver of Business License fees for small businesses, with turnover under \$100,000 that is to commence in the new fiscal year.

New public procurement legislation will also provide for specific bids to be set aside solely for small Bahamian businesses.

We are also reviewing legislation and policy, including Tax Compliance Certificates, to facilitate and better support the starting-up of businesses as well as the conduct of business.

Through initiatives such as the Commercial Enterprises Act, we are promoting and supporting Bahamian

entrepreneurship, investment and ownership as a driving engine for growth and jobs.

The Act also seeks to enhance foreign direct investment through the liberalization of the granting of work permits.

Finally, on the matter of promoting investment, and capital formation for stronger economic growth, it is equally vital that government provide the suitable and effective public infrastructure that supports increased productivity, competitiveness and private sector growth.

The Minister of Finance was clear that, while we have had to hold the reins on capital expenditure, so far this fiscal year, infrastructure development, is an area of government activity that will require priority attention going forward, to ensure that public infrastructure responds to the economic, and social needs of a modern and competitive Bahamas.

Growth friendly and growth enhancing public investments will need to be a particular priority.

We will be fully cognizant, however, of the need to arrange for the fiscally prudent means of financing such investment, including an appropriate role for public-private partnerships.

We intend to make provision in the new budget year, for substantial expansion in the capital investment of the Bahamas government, to bring our national infrastructure up to standard.

We need new modern schools, new modern hospital and clinic facilities.

We need improved digital infrastructure.

We need to repair and rebuild our airports, our roads, our docks and our sea defenses throughout the country.

We have a structured program of road improvement for New Providence.

Unlike the other side, who spent \$1.5 billion in capital works, over their last term, with precious little to show for it, all Bahamians, young and old, will be able to see, and touch, and

experience, where their money is spent on public infrastructure works.

As I mentioned earlier, labour plays a key role in our national economy, and it is critically important that it be utilized to its maximum potential.

We must place particular emphasis on bolstering human capital, and addressing the gap that exists between the specific skills requirements of employers, and the sets of employment-related skills of job seekers.

So, a central policy challenge, in striving to bolster both potential, and actual economic growth, is not simply ensuring the availability of adequate supplies of workers but, more importantly, the appropriate availability of skilled workers to underpin the expansion of the private sector.

We thus believe that the key to stronger growth and prosperity that is available to, and shared by, all Bahamians is the creation of a knowledge-based society.

Accordingly, my Government is aggressively pursuing the many actions that it has identified to fundamentally reform, and strengthen our system of education and training.

Our nation requires an educational system that is efficient, and effective in properly preparing our children and youth, for the challenges, of competing in the global economy of the 21st century.

Our vision for the future in this area was clearly set out in our 2017 Manifesto as well as in the Speech from the Throne. Some of our key action plans include:

- Implementing specialized programmes to equip youth with essential job-related skills and promote employment opportunities;
- Mandating pre-school learning for all 2.5 year olds;
- Ensuring the availability of adequately staffed and equipped pre-school facilities in all Family Islands, where practicable;
- Establishing a National Apprenticeship Scheme;

- Enhancing the provision of Specialty Education; and
- Expanding technical and vocational education.

It is our intention Mr. Speaker to ensure that we do not neglect our young Bahamians.

The upcoming budget exercise will speak to tangible steps that my government will take, to substantially increase our investment in opportunities for young people to get an education, get trained in a commercial, and artisanal skill, or obtain the funding to start or expand their business.

Our young people will see what a caring and compassionate government can get done to create real opportunities for them to succeed.

Mr. Speaker:

It is more than evident that such a relatively weak potential rate of economic growth is completely inadequate to the

needs of Bahamian society and workers, both those seeking full-time employment and those entering the labour force every year.

Our overriding philosophy, that inspires the action plans, that we are implementing, is that it is not mostly government, but rather the private sector and, entrepreneurs who drive growth.

That growth is to be driven primarily by Bahamian investment and creativity – especially that of Bahamian small businesses, in tandem with strategic foreign investment.

To that end and, as I mentioned earlier, we are moving to significantly improve both the ease of doing business, and the business environment.

We seek to transform our economy into one that is productive, and competitive, and capable of competing successfully in the global environment.

We will transform our public sector to make it efficient and client-centered.

In that vein, we are reforming and modernizing the state-owned enterprises to make them efficient and self-sustaining.

We will invest in public infrastructure that spurs economic activity.

We will redress the public finances and promote fiscal discipline.

My Government has a clear and well-articulated vision for the future.

As set out in our 2017 Manifesto and the Speech from the Throne, our vision and action plan will bring stronger economic growth, and employment opportunities for the benefit of all Bahamians.

And I do want to stress the word “all” here.

Indeed, we have been clear that addressing the dire conditions in our inner communities, and giving them access to public services, comparable to those offered to citizens elsewhere in our country is a central priority of my Government.

Mr. Speaker:

I wish to offer an update on restoration efforts for Ragged Island.

The well-known Rocky Mountain Institute has completed techno-economic modeling for the Ragged Island electrical grid.

This modelling is known as the HOMER model.

HOMER models, are widely accepted as one of the most trusted, and advanced methods, for modeling the addition of renewable energy resources, into existing micro-grids.

The proposed solar array, and battery storage system, will provide 95% of Ragged Island's electrical needs, with the existing diesel generators, remaining functional for backup power, when solar production falls short due to poor weather.

The budget for the proposed system is \$2 million USD.

Savings incurred from reduced fuel consumption and operating costs will be roughly \$370,000 per year, achieving system payback in less than six years.

I will advise later on how this matter proceeds.

We are determined to make Ragged Island a model for renewable energy as we rebuild that island.

Mr. Speaker:

In an effort to transform one of the most challenged areas of New Providence, the Government of The Bahamas, through the Office of the Prime Minister, and in close coordination with the Ministry of Finance, and other ministries and agencies, launched the Over-the-Hill Community Development Partnership Initiative in late 2017.

We have devised our Over-the-Hill initiative to include historic neighbourhoods from Nassau Street to Collins Avenue, and as far north as Delancey Street and south to Wulff Road.

This project seeks to prioritize government investment and revitalize the area with a focus on:

- Economic empowerment
- Social empowerment

- Green technology
- General restoration
- Smart technology
- Intergenerational empowerment; and
- Promoting Bahamian heritage and culture.

While the program is still in its initial phase, which includes assessment and smaller restoration efforts, the project has already begun to produce tangible results in the Bain & Grants Town and Centerville communities.

I wish to re-emphasize that this is a government, and non-partisan initiative.

It is one in which there is collaboration with academia, civil society, the church, and the residents of the various communities.

In the first phase of the restoration and clean-up effort, launched in January 2018, the project provided employment opportunities for over one hundred (100) residents,

and for businesses in the Bain & Grants Town and Centerville areas.

In fact, on the first day of the clean-up exercise, more than 13,000 square meters of bulk waste was removed from the area, enough to cover what I am told may be six football fields.

As promised, legislation is in the final stages of drafting to ensure residents, and businesses, in the inner city are provided with the opportunities to thrive.

This involves providing tax concessions, and other benefits, to the Over-the-Hill communities.

This initiative will be detailed in a forthcoming White Paper outlining the strategy to revitalize the Over-the-Hill community.

Mr. Speaker:

I can say that OPM officials have been working closely with my office, and the Financial Secretary, to ensure that the tax proposals will be meaningful, yet prudent.

We have compared the offerings of other initiatives like the Historic Nassau Rejuvenation initiative, and other initiatives that have benefited downtown, and the Family Islands.

We will offer concessions with respect to stamp duties, for property purchases, property taxes for participating residents, and business owners, and customs duty exemptions, to construct and rehabilitate buildings.

We must, of course, also be mindful of the potential for fraud.

Hence, the programme will not seek to inadvertently encourage black markets for goods for sale, or assets that are easily moved from location to location.

We will also have to expend, for technology, to monitor that exemption approvals are being properly used.

Mr. Speaker:

This project is a transformative one.

As such, this government has made a commitment to allocate at least \$5 million per year, towards this initiative as of the new budget year starting on 1 July 2018.

Mr. Speaker,

The Minister of Finance dealt at length with the state of our public finances, and the fiscal mess that was left to us by our predecessors.

As such, I will focus my remarks in this area on a few select matters.

It is an undeniable, though unfortunate reality that the fiscal hand that has been dealt to us by our predecessors, severely limits our room to maneuver in the very near-term.

Indeed, if we are to secure and strengthen the international standing, and the future prosperity of this nation, we are giving immediate, and urgent priority, to a fundamental and durable, restructuring of our public finances.

Doing so is critical to securing the Government's ability to implement its reform, modernization, and growth agenda

in a responsible and fiscally sustainable way during the course of our five-year mandate.

Mr. Speaker:

The crux of the current fiscal problem, is a level of government operational spending on programmes, and services that is out of line with the revenues that are available.

This gives rise to the unsustainable fiscal position that we inherited.

Its resolution requires determined action, in the near term, and going forward to bring spending, and revenues, back into balance.

Over time, as our growth agenda begins to bear fruit in the form of more buoyant economic growth, and job creation, revenues will of course also be bolstered.

This will pave the way for fiscally sustainable higher levels of spending on critical programmes and services.

This brings me to a brief discussion of my Government's plan of action to redress the imbalance between spending and revenue.

Mr. Speaker:

In the Mid-Year Budget Statement, the Minister of Finance, laid out a number of new initiatives that my Government is implementing to this end, during the course of this fiscal year.

For the sake of brevity, I will focus on two of these major initiatives, namely: the review of expenditure programmes, and Fiscal Responsibility legislation.

Mr. Speaker,

As the Cabinet mandated, in July of last year, ministries and departments are implementing a 10 per cent reduction in operational spending, from projected levels going forward.

They are engaged in an in-depth, and fundamental review, and assessment of government programmes, and services across the board.

Many of these have been on the books for years, and are well overdue for a fresh review, as to their effectiveness, as well as to the efficiency of their delivery.

Mr. Speaker:

I cannot stress strongly enough, the importance of this exercise, and how committed my cabinet colleagues and I are to its success.

Achieving such a permanent level of savings will admittedly be challenging.

It will require tough decisions and trade-offs.

Thus ministers, individually, and Cabinet, as a whole, will drive this process directly, and decisively, in order to secure the needed fiscal savings that have been identified.

Mr. Speaker:

During the term of the previous administration and, in light of the persistent and alarming fiscal deficits that they incurred, we heard repeated calls for the introduction of Fiscal Responsibility legislation.

My Government, believes that such legislation, can usefully serve to constrain the ability of Governments, to engage in excessive spending, above and beyond the levels approved by Parliament, and also serve as a legal check on the ability of a government, to run up unwarranted annual deficits above, and beyond, budgetary projections.

Accordingly, we are striving to finalize Fiscal Responsibility legislation, for tabling in Parliament, at the time of the next Budget Communication.

I would only wish to emphasize at this time my Government's firm resolve, to implement such a law as a practical constraint, on governments that will facilitate, and secure, the move toward the elimination of the GFS Deficit, and the return of the burden of government debt to lower, more sustainable and appropriate levels.

I believe, that a law of this type, will serve to improve the government's budgeting process, by instilling a greater sense of realism, and urgency into the exercise.

Mr. Speaker:

The Land Unit within the Office of the Prime Minister, is mandated with the responsibility, of facilitating the acquisition of private land for essential public purposes.

Some of the essential public purposes for which private land is acquired by the Government are as follows:

- ❖ The construction of schools, police and fire stations

- ❖ The construction of hospitals and clinics
- ❖ The construction of affordable housing
- ❖ Major touristic developments
- ❖ Harbors to promote the country's touristic traffic
- ❖ Road development
- ❖ Expansion of open green spaces
- ❖ Public parks
- ❖ Public recreational facilities
- ❖ The protection of monuments

The Land Unit, also has the responsibility, of facilitating the disposition of Government land, vested in the Treasurer of the Commonwealth of The Bahamas within the guidelines specified in the Ministry of Finance Act.

It should be noted that both the acquisition and disposition processes require a considerable amount of coordination between relevant government agencies.

According to the records of the Land Unit at the commencement of the 2017/18 fiscal period, it was estimated that an excess of \$6.7 million dollars was owed as a result of compulsory land acquisition for the purpose of road improvements for various corridors.

The estimated figures were as a result of land acquired as far back as 2011.

However, it should be noted that in an effort to ascertain a better scope of money, owed for land acquisitions nationwide, a further investigation of all records is necessary given the myriad matters pending.

It is proposed that in view of the inordinate amount of time, elapsed from the date of some of the earliest compulsory acquisitions that, unused parcels acquired by the government, are returned to affected individuals.

It is proposed that wherever it is deemed to be feasible, the government will seek to return land acquired, that has not been

utilized, back to claimants who are determined by the Office of the Attorney General to possess clear and marketable titles.

Mr. Speaker:

A decision has been made to include a representative of the Land Unit, to serve as a part of a specially formed land committee, for the purpose of identifying suitable available Crown and Government Land, for use within the government's new housing initiative.

I also note that the Government will:

- discontinue sale of Crown Cays to private individuals;
- preserve the seabed for the Crown (approving only leases of the sea bed);
- retain for the Crown, a Crown reserve between ocean/sea, front/inland lake property, granted for private development, where un-alienated Crown Land exists at the seashore, to preserve windows to the sea, and

open green and beach front spaces for the enjoyment of the public;

- regularize long term occupation of Crown Land developed or cultivated by individual Bahamians, and/or families at concessionary rates;
- make Crown Land available to Bahamian nationals for residential, commercial and touristic development, particularly in the Family Islands;
- make Crown Land available at appropriate rates to developers, domestic and foreign, with a demonstrated ability to finance and carry-out, economic development projects, with significant economic benefit to the Bahamian economy; and
- the transfer of Crown Land to the Minister responsible for Housing, to facilitate the development of Government residential subdivisions, particularly in communities, and on islands with housing shortages by the Ministry of Housing.

A new Land Reform Unit will be established to examine, organize and monitor all activities related to our reform agenda.

This will include:

- (a)The execution of policy guidelines provided by the Minister responsible for Lands & Surveys.
- (b)Assessment of the current application, review and approval system.
- (c)Liaison with other Government agencies concerning the reform of land statutes.
- (d)Design of criteria for considering applications based on policy directives to effect economic empowerment and social development through the grant and lease of Crown Land.

It has been agreed that the Land Unit will maintain a presence on the Government's new Land Committee that, has

commenced with efforts, to identify available parcels of Crown Land, for use within the new Housing Policy.

Mr. Speaker:

Grand Bahama has been a major focus of my Government.

We will continue to work toward the complete restoration of the island.

If we truly want the Bahamas to succeed, Grand Bahama must succeed.

The results of the most recent Labour Force Survey of the Department of Statistics for Grand Bahama, for May 2017, to November 2017, does indicate some progress.

We saw in Grand Bahama, a slight decrease in the unemployment rate from 12.4% to 12.1%.

There are still too many unemployed, but the rate is trending in the right direction.

It should be noted that there was a significant increase in employed individuals in Grand Bahama.

The number of people employed in May 2017, in Grand Bahama, was 26,160, and that number increased to 27,240 in November 2017.

We still need more job growth, but it does suggest that 1,080 more people are working, which means the numbers are moving in the right direction.

We also successfully negotiated with Bahamas Paradise, on the return of the Grand Celebration, and the introduction of a new vessel, the Grand Classica, which will bring additional stopover visitors and even more opportunities to Grand Bahama in April.

We also negotiated an airlift agreement with Sunwing, and now have the return of Vacation Express.

It has been announced that a total of eight non-stop flights departing from various US cities, will begin their flight schedules in May 2018.

Flights from Detroit, Chicago, Nashville, Pittsburgh, Newark, Baltimore, Cincinnati, and Dallas, will be operated by Swift Air LLC.

The Ministry of Tourism projects yielding a potential 16,800 passengers.

The Grand Lucayan deal is progressing. In December, the Paul Wynn, and the Wynn Development Group, signed a Letter of Intent and immediately began negotiations with the Government on a Heads of Agreement.

These negotiations are not yet complete and involve putting together not just the sale of assets but the right components, which will provide a unique destination for the island.

It involves arriving at an agreement on a number of complex issues that must be resolved.

The government is confident that it is doing all it can to complete the deal and move to renovations and full opening of the Grand Lucayan.

My government is especially energized about ventures in East, and West Grand Bahama, including the former Ginn project, acquired by the Grand Palm Beach Acquisitions.

Grand Beach Acquisitions Ltd., proposes to construct, repair, revitalize, develop, and operate 246 rooms in three hotels, a banquet facility, 116 branded hotel residences, 1,000 other residences, a hotel/casino site, approximately 150,000 square feet of shops and restaurants, a spa and wellness retreat, two marinas, an 18 hole golf course.

My government has granted an approval in principle, and are in active negotiations on a Heads of Agreement.

There are also a number of smaller developments in tourism, light manufacturing, financial services, entertainment, and a 20 million dollar expansion at Pharmachem, one of our major industrial companies that are well on their way for Grand Bahama.

We are also pleased to see Bahamian business expansion in Grand Bahama, particularly the Pirates Cove Zipline, along with other businesses expanding and hiring staff.

My government has embarked upon a major mission diversify our economy, provide employment for Bahamians at home and abroad, and provide that critical mass or population for Grand Bahama, by establishing The Bahamas, particularly Grand Bahama Island, as a leading technology hub.

This past November, through our first ever Grand Bahama Technology Summit, we started on the path to realize this goal.

It was simply inspiring not just for me, but my government, private businesses, entrepreneurs and students.

As a result, Grand Bahama has already begun welcoming tech companies who have answered the call, and we look forward to even more technology companies choosing Grand Bahama as a home.

In December the Government appointed a Tech Hub Steering Committee, which was tasked with making full recommendations for the Government.

I am pleased to say they have completed, and have made the recommendations to government.

Mr. Speaker:

The Government is currently considering recommendations, which involve legislation for a Headquarters Encouragement Act; streamlining the application processes for business licenses for tech companies; making it easier for Bahamian tech startup companies to access funding; amending our education curriculum to focus on technology; making our local University of the Bahamas campus the nations technology center; and marketing Grand Bahama as a technology hub.

The government is also presently using ways to attract tech companies, not only with our proximity and infrastructure, but also allowing companies to bring their highly skilled and specialized talent to come with the company.

This will provide training opportunities for Bahamians, and will provide incentives for Bahamians abroad to come home.

Based on the success of our first Grand Bahama Technology Summit, the Government along with the Technology Steering Committee, has committed to making the conference an annual one in November.

To date, The Office of the Prime Minister GB, along with the Ministry of Youth, Sports and Culture, has hosted two groups of the Micro & Small Business Grant Program.

Applicants interested in starting a business, or growing their existing business had the opportunity to participate in a two-week long Business Readiness Training Course, where they gained

insightful business management tips like bookkeeping, customer service and marketing.

Upon completion of training, program participants were invited to pitch their businesses to a panel for the chance to be awarded up to \$5,000 for their business.

So far 45 start-up and existing businesses were awarded grant funding, and have been assigned business mentors.

Mr. Speaker:

The Government is reviewing the proposal for the redevelopment of the Southern Recreation Park.

The works include, building repairs and refurbishment of existing structures, new playground equipment, parking lots and drainage for the park.

We are proceeding with plans for the removal of several shantytowns.

Mr. Speaker:

To better ensure that my Government's vision is enacted, I have created a Delivery Unit in the Office of the Prime Minister.

In 2016, the Government of The Bahamas agreed to receive a loan facility from the Inter-American Development Bank for the Public Financial Management – Performance Monitoring Reform Loan.

The main objectives of the Loan was twofold:

(1) to improve financial management in the public sector
and

(2) to increase the government's capacity to monitor and implement key projects.

There are four components to the loan: national statistics; public financial management; public procurement; and performance management.

The government's establishment of the Delivery Unit, in collaboration with the IDB, is in fulfilment of the performance management component of the Loan.

It establishes, at the centre of government, in the Office of the Prime Minister, a better capacity to monitor and coordinate priority projects and programmes of the government more effectively.

The Delivery Unit, and the ICT system, will support our government ministries in their planning processes, to deliver key projects, problem solving, capacity building, coordination and monitoring of the progress on the government's delivery of public service priorities.

The initiative is meant to drive performance, and embed a culture focused on outcomes.

As part of this, the government will develop a state-of-the-art information, communications and technology system, to facilitate the collection, collation and analysis of data, as well as the monitoring, and evaluation of national priority projects.

It will allow us to measure what has not regularly been measured, and will provide a real-time, independent view of performance to the prime minister and his ministers.

This delivery approach is not being invented for The Bahamas.

It is a methodology employed with success by governments throughout Europe, North America, Latin America and here in the Caribbean.

The Delivery Unit will be staffed with the best talent from within the public service and private sector.

The first tranche of key priorities for the Unit are, in no particular order:

- the Over-the-Hill initiative;
- land reform;
- energy reform and infrastructure;
- the ease of doing business;
- education; and
- safety and security.

Mr. Speaker:

In life, the mistakes we make are not the end of the story for an individual, a group or a nation.

The test of character and vision is how we overcome our challenges.

The test of character is our capacity for growth.

As a government, we must admit error, and make the necessary changes to improve our governance.

We do so not primarily for political reasons.

We do so because we have a mandate, and solemn obligation, to improve the lives of our citizens, and to improve opportunities for new generations.

We do so in order to build a better Bahamas.

I thank my ministers, fellow parliamentarians, and public officers, for all they have done in the past year to move the Bahamas in a new direction.

I am proud of our good work.

Let us resolve to do even better on behalf of those who reposed their confidence in us.

I thank you, Mr. Speaker.

And may God bless the good people of the Bahamas.