

**Press Release**  
**Right Hon. Perry G. Christie**  
**Leader, Progressive Liberal Party**  
**A tax and Pain Budget**  
**26<sup>th</sup> May 2010**

**Please check against delivery**

The PLP reiterates for the record that one of the pressing issues facing this country today and adversely affecting the quality of life of literally thousands of Bahamians is the need for the creation of some 50,000 jobs over the next five years. The budget communication presented by the Prime Minister this morning, 26<sup>th</sup> May 2010 does nothing to meaningfully address this pervasive crisis which continues to have far reaching economic, social, and behavioral consequences for the people of the Bahamas.

This is a tax and pain budget. It is the Prime Minister singing a sad story as he describes the problems, but without any ideas about how to grow us out of this crisis and without accepting any responsibility for the state we are in under his stewardship. The poor will suffer more with the increased taxation and the resultant depressed effect that there will be on spending. The government now sends out a signal to the private sector that they too must cut back; this is a recipe for further contraction of the economy in the short term; this is sad and sorry.

Where are the suggestions and policy initiatives to prime the economic pump to increase economic growth, employment, and productivity in the economy? The proposed increases in real estate taxes will further depress that market in addition to the construction industry. How does it make sense for the government to increase the cost of the Bahamian tourist product at a time when tourism arrivals are declining and hotels suffered a ten percent decrease in their room occupancy last year?

Where is the strategy to cause import substitution growth in agriculture and a strategy to reduce our dependence on traditional fossil fuels? Such strategies will create new industries, create new investment opportunities for Bahamians, create well paying jobs for Bahamians, and sustain the economy; sadly and regrettably we heard of no such strategies in this budget.

The proposed tax hikes on financial institutions will put a damper on the growth prospects for the financial services industry. The Prime Minister managed to raise taxes in the two main economic engines of the economy, Tourism and Financial Services. What was he thinking?

The proposed salary decreases for Parliamentarians is a public relations scam and will do little to reduce public expenditure.

The proposal to increase the taxes on beers will have a negative social impact as beer contains the least amount of alcohol and its taxes were increased by 50%, making beer less attractive to purchase. Taxes should be levied based on alcohol content.

The proposal to reduce health insurance premiums for some civil servants creates further hardship on that group responsible for the delivery of vital public goods and services.

It is incredible that private schools will suffer a reduction in their subsidies. Does the Prime Minister really know what this will cause? What was the thinking behind this decision?

In the area of fiscal management, the Prime Minister contradicts the Central Bank on the national debt. The PM repeated twice that the debt at December 2009 was \$3.5 Billion and not \$3.9 Billion as reported in the central bank reports. We further note that the measures proposed to reduce the debt to GDP ratio will not result in a downward trajectory until at least 2013.

Further, we note that the PM went to great pains to say things are improving and that we can expect more revenue over the next 2 years. The fact is that the PM has not gotten his projections even close to the actual figures reported over the past 3 years and therefore has proven himself incompetent.

He predicted a GFS deficit of 3% for the current fiscal year and the actual percentage turned out to be 5%. His revenue projections were off by almost \$100 million, yet he predicts optimistically.

This budget is the result of failed economic policies. We have increased the national debt by \$1 billion in 3 years and have nothing to show for it, absolutely nothing.

This Prime Minister is out of touch with reality. He preaches sacrifice but does not help to grow the economy. That is the great failure of the budget. It is a no growth, tax and pain budget.

The Bahamian people are being asked to pay for the Governments incompetence.