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PART 1: A. ROLE OF GOVERNMENT

- To Create the Economic Environment to Facilitate Employment

Before The Bahamas was impacted by the financial crisis, structural unemployment for the preceding 15 years had averaged 10.2%. An unemployment rate of 10.2% is very high at any point in the economic cycle and is hardly the picture of a thriving economy, but more one of an undiversified economy that has been focused only on the tourism and banking sectors.

- To Create the Business Environment to Facilitate Entrepreneurship, Innovation & Local Ownership

An American think tank, the Kaufman Group, indicated that the United States economy, which is suffering in a low growth environment like The Bahamas, must push to develop and fast track entrepreneurship as the engine to drive growth in their economy. Similarly in The Bahamas, we too must find ways to fast track the entrepreneurial spirit in our Commonwealth. The fact is that we cannot borrow our way to a better tomorrow. We must grow our economy through innovation and local ownership in every single sector of our economy.

- Control Cost of Living

The financial crisis of 2007 and the ensuing great recession have greatly impacted the global economy and thus the standard of living of people all over the world. The Bahamas is no exception as never before has this country ever faced such a profound and prolonged recession, seemingly with no definitive end in sight. There are a number of things driving up the cost of living in our Bahamas:

1. A regressive tax structure
2. The High Cost of Capital
3. The High Cost of Energy

- National Security

Crime in The Bahamas is out of control, out of order and it appears the past two administrations are out of ideas as to how to solve this problem. The negative economic impact of crime is as profound as it is immeasurable. Millions of dollars of valuable resources are used each year by both the private sector and the government, not only towards fighting crime, but managing it.

- Infrastructure

Proper infrastructural development is a prerequisite that underpins all economies. Infrastructure in this context refers to physical, educational, institutional and capital. Simeon Townsend, a senior partner at KPMG and a local expert on infrastructure at The Business Outlook Symposium, in 2010 stated that The Bahamas needed \$2 billion worth of infrastructural work to bring it up to the level where it needs to be in order to support and sustain economic growth. This presents somewhat of a dilemma, because of a lack of proper long term, infrastructural planning, implementation and maintenance of the majority of government projects and buildings. Physical infrastructure consists of buildings, roads, bridges, sea and airports and the provision of utilities (water, electricity, telecommunications and technology).

- Economic Empowerment for All

The Bahamas today is no different from The Bahamas 30 years ago in terms of the distribution of wealth. About 90% of the wealth is in the hands of 10% of the population. It is no great mystery as to why the middle class in countries like Canada, have succeeded. One thing all these countries have in common is great education systems. This has provided opportunities for their citizens to increase their earning power and, the more money people earn, the more disposable income they have and the more the consumer can save and invest, all of which promotes a strong economy.

- Fiscal Sustainability

There is no country in the world, including The Bahamas, that can continuously consume more than it produces, spend more than it receives in revenue and borrow more than it can afford to pay back. Every year from 1973 to the present, successive Bahamian governments have achieved this dubious feat. What this means in economic terms is that we have never exported more than we have imported and thus, we have always had a trade deficit which ultimately has to be financed through increasing debt.

- National Development Plan

If you're not going anywhere, then no road can take you to that destination. However, for a country to move into the 21st century, we must be prudent in our choices and chart out a course for getting us there. The full economic plan of the DNA will form the basis of a new highway to empower our people, to grow our economy, to put our people back to work and to leave a vibrant and robust economy upon which our children can thrive.

PART 1: B. CURRENT CHALLENGES

HIGH LEVELS OF UNEMPLOYMENT & UNDEREMPLOYMENT

The shrinking of the Tourism industry and Financial Services has impacted two major pillars in our economy with insufficient replacement to fill the void.

The structure of The Bahamas has always been an economy in which there have been two main engines driving growth. The structure was set up in the 1960s. In fact, Sir Lynden Pindling said as much in an interview upon becoming Prime Minister in 1967. In 2001, a package of bills passed in the House of Assembly has effectively and significantly damaged our financial services sector. Subsequently, our tourism industry is showing flat growth over the past two years.

HIGH COST OF LIVING

Import duties significantly increase the cost of goods etc.

HIGH COST OF CAPITAL

HIGH COST OF ENERGY: Price of fossil fuel driving price of electricity is astronomically high.

INSUFFICIENT BAHAMIAN OWNERSHIP

The current national economic policy speaks specifically to businesses, which Bahamians cannot participate in, for example, the hotel industry and offshore financial business, such as Mutual Funds and Hedge, etc. As Bahamians, we came extremely far in a very long time. We have Bahamians in active roles throughout the world. We have Bahamians locally with vast amounts of expertise in these areas. As such, all areas of the Bahamians economy should be opened for qualified Bahamians to engage in.

GOVERNMENT IS MAJOR EMPLOYER - INSUFFICIENT PRIVATE SECTOR ACTIVITY

- In progressive countries, 80% of employment is driven by small business
- Private sector not incentivized sufficiently to grow businesses

MISMANAGEMENT OF NATIONAL DEBT & LACK OF ACCOUNTABILITY IN GOVERNMENT SPENDING

THE NATIONAL DEBT: \$4.1 Billion and growing

BAHAMIAN DREAM NOT REALIZED FOR MANY

Within the heart of every Bahamian burns the desire to achieve the Bahamian Dream of home ownership, to raise a family and teach them principles, to have access to affordable and quality healthcare, to access quality education for their family and to retire with dignity. The policies of successive governments are slowly making it less likely that our children and grandchildren will be able to achieve the Bahamian dream.

SOLUTION - DIVERSIFICATION OF THE BAHAMIAN ECONOMY

The DNA Government will actively pursue creating, funding and promoting the following industries:

- Energy Solution Industries
- Hi-Tech Manufacturing & Assembly
- Motion Picture & Creative Arts
- Agriculture Husbandry, & Fisheries
- Science, Technology & Medicine (Robotics)
- Banking, Finance & Legal Field
- Cultural Tourism (Junkanoo Village/Bahamian History Theme Parks)

PART 1: C. BROADENING OF THE ECONOMIC BASE

You have heard of our economic challenges as a country and the solutions needed to fix our economy. Well, the DNA recognizes that it is also key to enlarge our economic pie; as a developing country we need to do more to adequately provide for our people.

FINANCIAL SERVICES

One of the areas that we recognize has opportunity for expansion is our Financial Services arena. The Bahamas no longer occupies the premier position in this area, but we have some of the best-trained professionals in the region to service this industry. However, we have experienced challenges in attracting financial services business and other direct foreign investment in The Bahamas—we have made it extremely difficult and frustrating to do business in The Bahamas.

SOLUTION – FINANCIAL SERVICES AUTHORITY

In this vain, the DNA will create a Financial Services Authority, which will be a 'one stop shop' for doing business in The Bahamas. The Authority will interface with all other departments and stakeholders to ensure that all appropriate checks and balances are in place, and this process will be seamless to the investor. The Authority will have predefined criteria for entry into the various sectors of our society.

So, when we say to a potential investor these are the criteria to be met, we can be very clear and transparent. Once the criteria is met we should then be able to provide specific timelines for notification, approval or otherwise. This is how 21st century progressive organizations do business. We must move away from backward practices that tie decisions into personalities and their views from time to time.

SOLUTION – TARGET NEW MARKETS

We also want to target new markets such as BRICs (Brazil, Russia, India and China) and other emerging markets. Interestingly enough, countries like Brazil, India and China have been able to pull themselves out of near bankruptcy or, in some cases, bankruptcy, to become leading attractive world markets. There is great hope for us in The Bahamas. There are opportunities to expand in Hedge funds, private equity funds, captives and mutual funds. Besides simply servicing these markets, we want to encourage Bahamian ownership in this sector. Bahamians currently own less than 1% of these businesses. Sir John Templeton, a world-renowned mutual fund manager that lived and worked in The Bahamas

for many years, trained one of our own, who is also now internationally recognized. Why can't we use this model to encourage more Bahamians to follow this route and multiply what they have been able to accomplish?

SOLUTION - AGRICULTURE, HUSBANDRY & FISHERIES

Other industries we intend to use to broaden our Bahamian economic pie are Agriculture, Husbandry and Fisheries. We must stop paying lip service to these industries and tap into this \$600 million potential. We are currently spending the money. Why can't we produce these food items and enrich ourselves in the process? We must reengineer our mindset to find ways to prosper the Bahamian economy and not the economies of the world. If only we'd tap into 25% of this market in the next 5 years—that's more than \$150 million that stays at home and also hundreds, if not thousands of jobs for Bahamians. We would welcome joint venture opportunities with foreign entities to acquire new technology and methodologies to enable us to produce top quality products, but we must have significant Bahamian involvement. That needs to be a part of our national strategy.

SOLUTION – CULTURAL TOURISM

Our age-old economic staple, tourism can also provide new opportunities for us to broaden our economic pie.

We are particularly interested in cultural tourism, as the DNA believes that it will place significant emphasis on culture in our National Development Plan. We believe that our Bahamian culture is worthy of being captured, packaged and presented. First for our Bahamian populace to know and appreciate what it means to be Bahamian, then to the millions of tourists who visit our shores every year dying for a truly Bahamian experience. We want to encourage dance theaters, native shows, symphony orchestras, Junkanoo villages, Bahamian history theme parks to showcase our matchless Bahamian culture. We need to promote our local talent and entertainers such as Ronnie Butler, Funky D, Nehemiah Hield, Dynamite Daisy, Gino D, K.B. and Terez Hepburn. The list is too numerous to mention them all, suffice it to say these all are our ambassadors—they help us to tell our story.

We will also capitalize on our ecological assets, such as:

- a) 2nd & 3rd Largest Barrier Reefs In The World
- b) Deepest Blue Hole In The World
- c) Most Pristine Marine Park In The World
- d) Largest Collection of Flamingos In The Region

Other opportunities to expand Tourism that will be explored, including, Sports Tourism and Medical Tourism, which includes medical schools, clinical trials, less expensive procedures and therapeutic convalescence. After all, it is better in The Bahamas.

SOLUTION: NATIONAL LAND BUREAU

As Bahamian people—our most precious resource, land is our key natural resource. Today, it is one of the most underutilized and mismanaged asset that we have. Yet, there are thousands of Bahamians who cannot afford a piece of the rock. The old maxim reminds us that: He who has the land has the power. Well, we want to ensure that we have more of The Bahamas for Bahamians.

The goal is to administer what we today call Crown land for the benefit of the Bahamian people. This will become state land and transferred to an agency called The National Land Bureau. This agency will be charged with overseeing: The rezoning of all state land: Touristic, Commercial, Farmland, Residential and Forestry and Wetlands. This will facilitate proper Town Planning. Certain zoned land, like Touristic Land and Farmland will only be leased to foreigners—not sold.

Residential and commercial land will be for the Bahamian public for purchase with affordable financing to be provided by a recapitalized Bahamas Development Bank and the Bahamas Mortgage Corporation. Low interest rates will be provided by these entities to ensure that a wide cross section of Bahamians can afford to purchase and own land.

A significant portion of State land will be used to expedite our national development plan, which calls for the strategic placement of various projects in Family Islands, for the development of the entire Bahamas and not just New Providence.

For example, the creation of Flagship Schools called for in our Educational Plan with (Science & Technology and Film & Creative Arts) earmarked for Grand Bahama and (Agriculture Science and Marine & Environmental Science) in Andros. To facilitate the development of these schools we will need to provide land for those persons qualified and identified for working in these schools. Therefore to facilitate these strategic developments and to build the surrounding communities, the National Land Bureau will provide free land to those persons employed by these developments. This land will be provided with restrictive covenants to ensure that the land is developed within a specified time. For

example, with the construction of a residential home financed by the BMC, which must also be occupied for a specified period. This is not paying lip service to developing our Family Islands; this is putting our money where our mouth is!

This is also part of the plan for these initiatives to encourage the relocation, over a period of time, of tens of thousands of Bahamians from New Providence to our Family Islands.

Our vision is to have all of The Bahamas developed and prepared to be economically prosperous and socially mobile for the 21st Century.

PART 2: SOLUTIONS FOR OUR ECONOMY

SOLUTION – JOB CREATION

1. EMPOWERMENT OPPORTUNITIES:

A DNA government will allow human creativity access to adequate funding while reducing the cost of doing business. This will encourage new businesses, create niche markets to diversify the economy and generate jobs. The DNA's purpose is to foster the environment to allow our people to create jobs and own their economy.

2. SMALL BUSINESS ACT ENCOURAGE ENTREPRENEURSHIP:

- A. A DNA government will mandate that a percentage of all government contracts be awarded to small businesses. A DNA government will work to put lower cost of funding in the hands of entrepreneurs, thereby, reducing cost of doing business. We will encourage the focus on niche markets. We will work to reduce the barriers that make it almost impossible for Small Medium Businesses (SMEs) to access international funding. We will work to promote and encourage e-commerce activities. We will focus on providing new SMEs with more market information about various industries. Encourage a partnership between businesses, The College of The Bahamas and the Inter-American Development Bank to perform more market research on the economy of the Bahamas;
- B. A DNA government will give similar concessions to Bahamians as those given to foreigners. Just as we give the red carpet treatment to those from abroad, we must give Bahamians the golden carpet treatment. Make no mistake, however, we will continue to welcome and encourage foreign investment to grow our economy;

- C. A DNA government will allow Bahamians to participate in high-end industries. For example, off- shore medical schools, high-end marinas, offshore insurance and drug manufacturing.

It is sad to think that after 38 years of independence, there is still no equity ownership by any Bahamian individual or entity in any major hotel. The same is true for the cruise ship industry; collectively this is why 85% of all tourism revenues either never enter the country or if they enter it leave it. Again the same applies to the banking industry where the big three Canadian banks own 80% of the sector and repatriates the bulk of their profits back to Canada. In offshore banking, only two of the 253 offshore banks have any Bahamian ownership.

Bahamians are not the owners of their own economy and no economy can grow when all of its capital is sucked out, year after year, while successive governments have maintained this status quo. The problem with this is, when the foreign entities decide to move on to greener pastures, the proverbial buck will come to a full stop. Thus the need for Bahamian ownership and entrepreneurship, so that Bahamians can have the opportunity to become economically independent and, a chance to better influence and determine their own destinies. The DNA will bring an end to the days of economic slavery.

- D. A DNA administration will ensure transparency and fair play in the awarding of Government contracts. Internationally accepted standards require that contracts between the government and public or private entities should be clear and publicly accessible.

Contracts are often awarded with little, if any, sense of an obligation by government to say why one contractor was favored over others. We must end the apparent practice where contract go to the same people year after year. An IMF report indicates that The Bahamas government can save \$150-\$200 million each year by creating a transparent purchasing and tendering of contracts process.

- E. A DNA government will eliminate government interference to the Bahamas Electricity Corporation (BEC), Water and Sewerage, Bahamas Air and the Broadcasting Corporation of The Bahamas. We believe this will improve the efficiency and financial viability of these corporations for the benefit of Bahamians.
- F. A DNA government will encourage Bahamian ownership through spin off opportunities from public corporations, increasing empowerment and creating jobs.

SOLUTION – NATIONAL DEBT MANAGEMENT & GOVERNMENT ACCOUNTABILITY:

“WE ARE IN URGENT NEED TO REDUCE GOVERNMENT WASTE”

A local newspaper in October reported that the International Mutual Fund (IMF) reads, The ‘Bahamas on cusp of Bad Territory’ and that soon this country will have to generate a surplus to lower its \$4 billion debt. The debt to GDP ratio is close to 60%. (GDP is the Gross Domestic Products, this is the total goods and services produce in an economy over a specified period).

What does this mean? We are near to having to borrow just to repay debt with no clear vision of where we are going. This is not fiscally prudent. We are not growing our economy. We cannot continue to have budgets deficits that do not have any growth components to create jobs.

We are running deficit budgets year after year and increase debt to the tune of ½ billion dollars in one year. This mounting debt is caused primarily by waste and mismanagement. We have not grown our economy and we are relying too heavily on two sectors.

To address these challenges a DNA government will:

- Reduce waste in government. No more secret deals
- Establishment a National Procurement Agency. This agency will be:
 - Mandated by Government
 - Operated by the private sector irrespective of political allegiances for the benefit of all Bahamians.
- Oversee all Government purchases. The process will be transparent and adhere too acceptable international standards for purchasing and tendering of contracts. As indicated earlier, the IDB reported that by doing this kind of change, we can save \$150 - \$200 million a year to invest in development, create jobs while cutting the deficit in half.
- Aggressively review government expenditure and procedures to reduce expenses, by
 - Improving performance measurement standards and accountability across government, while ensuring proper compensation to those that perform,
 - Ensuring accountability, for example, there is no way we should be paying \$320,000 for the toilets at a beach.

- Establishing a national strategy for the Management of National Assets covering maintenance issues as to reduce expenses.

SOLUTION – RE-ESTABLISH THE AUTHORITY, INDEPENDENCE & POWER OF THE AUDITOR:

A number of proposed changes to the FAAA 2010 will result in the dilution of the powers of the Auditor General. Right now, we have two Internal Audit Departments in government performing duplicate functions. In the 2009, governments audit report there was some \$81 million in account balances on the books with no money to match it in the banks. Where is the money? We need better accountability and waste reduction, to decrease our national deficit and debt.

SOLUTION – COST OF LIVING REDUCTION:

In consultation with Bahamians and stakeholders, the DNA government will gradually replace customs duties with a sales tax and service tax. We will educate Bahamians on what it means to change the tax structure and how it will lower the cost of living. We will bring all the willing financial minds together, irrespective of party affiliation, to work as one Bahamas on this goal.

In addition, the DNA will also undertake to reduce the cost of capital, that is, we will work to reduce the cost of funding a business and borrowing. Also,

- We will examine ways to reduce interest rates,
- Encourage harmonization of monetary and fiscal policy during financial crisis, and
- Review the Exchange Control legislation and regulations in consultation with regulators, bankers and business owners to determine how we can facilitate easing of rules governing the restrictive flow of investments by Bahamians abroad, access to project funding from abroad and the inflow of return on investments from abroad to The Bahamas. We will do this while keeping the overall fiscal, banking and monetary stability at the forefront of this process. All in all, we want to reduce the cost of business and encourage Bahamians with investment abroad to bring their money back home.
- Grant more domestic banking license to qualified Bahamians.

These changes will reduce cost of capital. If we have access to lower cost funds and investment, it will grow the economy and by so doing, create jobs.

SOLUTION – NEW ENERGY SOLUTIONS:

- Solar,
- Wind,
- Waste of Energy
- Ocean Current (hydro)
- Bio-diesel and others

Approximately, there are 6,000 Bahamians without electricity in their homes. To lessen and, then eliminate those numbers, a DNA government will:

- Reduced Electricity Bills
- Reduce cost of Hotel Room Rates
- Cleaner environment
- Put more money in the hand of everyone to grow demand and jobs

This will make it less expensive to live and do business.

SOLUTION – TRANSFORMATION OF THE BAHAMAS DEVELOPMENT BANK INTO AN INVESTMENT BANK FOR BAHAMIANS:

A DNA government will recapitalize the Bahamas Development Bank by private and public funding to support venture capital, loans and guarantees to support entrepreneurial projects, which support the National Development Plan. It will be properly managed and ventures will be provided with adequate funding and advisory services to improve the success rate of ventures. The goal of this institution will be to create businesses and, by doing so, will generate jobs within one year.

To complete this venture, the DNA recognizes that (1) the legislation is in place to accommodate private and public investment in the Development Bank and (2) so is the Reserve Fund of The Bahamas Government to facilitate these kinds of investments.

This one change will be the catalyst to support diversification and growth of the economy.

We, in the DNA, believe that we will create jobs when we put confidence in our people and provide them with the tools to transform The Bahamas into a genuinely democratic, economically prosperous and socially mobile 21st Century nation.