



## Ministry of Finance

### Public Consultation on the Draft Public Debt Management Bill, 2020

October 5, 2020

#### I. INTRODUCTION

1. The Ministry of Finance is seeking public feedback on the draft Public Debt Management Bill, 2020 (the PDM Bill), which aims to strengthen the institutional and operational frameworks for management of public debt in The Bahamas, and promote accountability, transparency and effectiveness in these operations. ***For instructions on how to provide feedback, see section IV (Feedback Guidelines).***
2. For context, it should be noted that the PDM Bill was drafted by the Commonwealth Secretariat following extensive consultation on the substantive issues with the Ministry of Finance, the Central Bank of The Bahamas, the Law Reform & Revision Commission and the Public Financial Management and Performance Monitoring Reform Project Office. The exercise also benefitted from the review and input of the International Monetary Fund and its regional technical assistance arm, the Caribbean Regional Technical Assistance Centre, as we sought to ensure alignment with the provisions of the Fiscal Responsibility Act, 2018 and the proposed Public Financial Management Bill, 2020. The objective of this consultation, therefore, is to invite the views of stakeholders and interested parties on the broad policy thrust of the PDM Bill and to provide any additional perspectives that will help us to improve the clarity and coverage of this important legislative initiative.

#### II. BACKGROUND

3. Currently, the legal provisions for the management of public debt in The Bahamas are spread across many statutes, namely, the Financial Administration and Audit Act, 2010, the Development Loans Act, 1990, and the Bahamas Registered Stock Act, 1973. Apart from fragmentation, many of the legislative provisions have become outdated and there are observed gaps and inconsistencies with international best practices for transparency and accountability in public debt management activities.
4. The PDM Bill provides for the establishment of a modernized and cohesive framework for debt management in The Bahamas—consolidating provisions from the existing

legislation and modifying them to align with prevailing practices in public debt management. The PDM Bill is expected to enter into force during the final quarter of 2020, and will reinforce The Bahamas' commitment to establishing a strategy for prudent management of its debt which is an imperative for achieving the broader fiscal stability objective.

### III. PROPOSED LEGISLATION

5. The salient features of the PDM Bill are to:
  - a. outline the objectives of public debt management;
  - b. establish and define the responsibilities of the authorities and institutions involved in public debt management, namely, the Minister of Finance, the Financial Secretary, the Debt Management Office and the advisory Debt Management Committee which collectively, will serve to strengthen capacity to manage public debt effectively;
  - c. institutionalize the preparation and implementation of a medium-term debt management strategy and the Government's annual borrowing plan;
  - d. provide transparency with respect to the debt management function through appropriate reporting, publication, and audit requirements;
  - e. outline the sole authority of the Minister to borrow and the purposes for which he may do so and the liability management transactions that the Minister may authorize to support efficiency in debt management operations;
  - f. provide a framework for the establishment of sinking funds and their management;
  - g. establish governance frameworks for activities relating to Government lending and granting of guarantees; and
  - h. set out modernized arrangements for the issuance of Government securities, including the establishment of a central securities depository and related structures and activities that will provide for efficient and safe settlement of these transactions.
6. The statement of objects and reasons at the end of the PDM Bill provides a brief explanation of the various legislative clauses.

### IV. FEEDBACK GUIDELINES

7. The Ministry of Finance appreciates your participation in this important initiative. To ensure that the consultation is productive and focused, we ask that you kindly observe the following guidelines:

- a. Utilize the template provided to organize and submit your feedback.
  - b. Identify yourself and, where applicable, the organization you represent to enable us to contact you, should clarification be needed.
  - c. Be clear and concise in your comments—referencing the specific clause.
  - d. Focus your comments on how the legislative amendments can be better written to make them clearer. If possible, provide alternative formulations on the clause(s) in question.
8. Completed templates should be forwarded to:
- Email: [MOFCONSULTATIONS@BAHAMAS.GOV.BS](mailto:MOFCONSULTATIONS@BAHAMAS.GOV.BS)  
or
- Mail: Ministry of Finance  
Cecil Wallace-Whitfield Centre  
West Bay Street  
P.O. Box N-3017  
Nassau, The Bahamas  
**Attention: Financial Secretary**
9. All comments received during the consultation will be reviewed and, if accepted, will be incorporated into the final bill for consideration of the Cabinet.

## V. CONSULTATION PERIOD

10. The public consultation is from October 5 to November 17, 2020. Comments received after November 17, 2020 will not be considered.

## VI. SUMMARY OF RESPONSES

11. The Ministry of Finance will publish a summary of the main comments received on the Government's official website [www.bahamas.gov.bs](http://www.bahamas.gov.bs), together with its responses, by November 30, 2020. The identity of respondents will not be disclosed in the summary.

## VII. DOCUMENTS TO DOWNLOAD

12. For reference, interested persons may visit the Ministry of Finance website at [www.bahamas.gov.bs/finance](http://www.bahamas.gov.bs/finance) to download a copy of the relevant documents for this public consultation.