



Mid-Year Budget Communication

The Most Hon. Dr. Hubert Minnis

Prime Minister

Monday, 24 February 2020

Mr. Speaker:

I rise today to offer my contribution to the debate on the 2019/2020 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.

Mr. Speaker:

As many of my fellow honorable members stated in their prior contributions,

the devastating impact of Hurricane Dorian is unprecedented in the history of our country

Damages, losses, and additional costs are estimated at \$3.4 billion dollars.

Beyond the financial and economic impact, this catastrophic event has forever changed the course of the country in terms of public policy and public administration.

Mr. Speaker:

A tragic and calamitous event such as Hurricane Dorian, which had an unparalleled impact on our country, requires an unmatched and purposeful response by the Government.

Today, Mr. Speaker, I can say with great honor that my Government is doing exactly this.

Unlike our immediate predecessors in office, who experienced four hurricanes during their term and failed to adequately restore this country and our people, my Government is implementing a host of fiscal and economic policies to help our citizens to rebuild their communities and restore their lives.

We established, for the first time in the history of this nation, Special Economic Recovery Zones (SERZ) for the affected

areas, which allow residents to benefit from tax exemptions and concessions on business licences, VAT, real property tax, and the free importation of approved items under this program.

No Government has ever done this in the aftermath of a natural disaster.

It is an unprecedented policy accommodation, and one that is essential to restoring the lives of our fellow Bahamians.

Mr. Speaker:

My Government also ensured that hurricane victims were able to access cash resources to begin restoring their lives.

One of the ways we accomplished this objective was by facilitating the expansion of the National Insurance Board (NIB) unemployment benefit from 13 to 26 weeks.

The Government's allocation of an additional \$11.4 million toward this initiative

means that eligible victims who lost their jobs as a result of the Hurricane can continue to receive financial support for a longer period.

In addition, my Government allocated approximately \$10 million to Micro, Small and Medium-size Enterprises (MSMEs) through our Small Business Development Center (SBDC) to assist businesses that were impacted by the hurricane.

To date, the SBDC has approved \$3.2 million in funding to these recovering businesses—that is \$3.2 million dollars going directly into the Bahamian economy to restore sustainable livelihoods; \$3.2 million dollars helping to reignite the dreams that Dorian attempted to steal; \$3.2 million dollars invested in and for the Bahamian people.

Mr. Speaker:

With our response to Hurricane Dorian, this Government has distinguished itself from the previous PLP administration.

We initiated a comprehensive assessment of damages and costs within two months of the storm, unlike others.

Once the assessment was completed, we disclosed the results for everyone to see, and showed how the impact would alter our fiscal projections for the current fiscal year.

This is presented in our Fiscal Adjustment Plan as mandated by the Fiscal Responsibility Act, and in the Supplementary Budget.

We have also presented our additional contingency spending in a transparent manner, unlike some other administrations.

An outline of these spending imperatives is included in the draft estimates for the Supplementary Budget, as well as in the

2019 Fiscal Strategy Report, tabled in this Honorable House in November of last year.

In contrast with preceding administrations, my Government chose to present the fiscal impact of Hurricane Dorian in a Supplementary Budget.

While we had the option to simply adjust our projections during the Midterm Statement, we chose to deliver on our promise of transparency and accountability by detailing how the spending of each

ministry, department or agency would be altered, and by detailing how revenue collections for the central government would be impacted.

I cannot, Mr. Speaker, say the same of our predecessors.

At the time of the 2016/2017 Budget Communication, the previous Administration projected a deficit of \$100 million.

Hurricane Matthew hit several months later, in early October 2016.

Later that month, they brought to Parliament a resolution to borrow an additional \$150 million that was supposedly to be used to defray recovery costs associated with both Hurricane Matthew, and Hurricane Joaquin from the year before.

By March of 2017, when they delivered their midterm budget the fiscal deficit had

already jumped passed projections by nearly three-times, at \$275 million.

Again, they attributed this to Hurricane Matthew.

They changed their estimate not once, not twice, but three times.

Their projections for the full year were later revised to \$350 million.

As if that is not enough evidence of incompetence, the story gets worse!

At the end of fiscal year 2016/17, the deficit jumped to a whopping \$660 million, nearly twice the size of their revised projection at the midpoint of the fiscal year!

The Christie-Davis Administration failed to accurately and competently assess the economic and fiscal impact of Hurricane Matthew.

Even up to five months following the storm, they also failed to inform the

Bahamian people of how the hurricane funding would be spent, and the failed to properly account for how it would impact the country's fiscal health.

I would also add, Mr. Speaker, that even four years after the storm, the Bahamian people still do not fully know how the hurricane money was spent.

In fact, I can announce today that people are still writing to the Ministry of Finance

inquiring about payment for services they performed for the Government related to the 2016 hurricane.

On our watch, programs such as the Small Home Repair program are ensuring that individuals and families receive direct funds to facilitate their repairs, thereby mitigating the risk of mismanaged funds by some on behalf of the Government.

We, on this side, will ensure that the public receives a detailed report on how hurricane related funding is being used, including donations and pledges.

Mr. Speaker:

At the outset of the 2019/20 budget, my Administration projected a deficit of \$137 million, which has now been expanded to \$677.5 million to account for hurricane recovery spending, revenue loss, and a number of other spending imperatives.

Our government debt, which was forecasted at some \$7,6 Billion, is now anticipated to stand at approximately \$8,2 Billion at end-June 2020.

We realize that these figures may seem daunting, but I can assure this House, and the Bahamian people at large, that my Government has a plan to restart the economy, and restore the lives of our Abaconians and Grand Bahamians.

Apart from the massive package of tax breaks and economic incentives that we granted in the wake up of the storm, this Government has pioneered a number of Foreign Direct Investment (FDI) projects that will create jobs for Bahamians.

These projects will produce new and exciting activities that will attract more tourist to our shores, and ultimately help to propel our economy to a full rebound.

Our commitment to restoring the lives of our fellow Bahamians goes well beyond this fiscal year.

As outlined in our Fiscal Adjustment Plan, we expect that fiscal recovery will take approximately five years, although economic recovery is expected to continue beyond that horizon.

The return to normalcy is no small task. But my Government is certainly up to the task.

Our brothers and sisters will feel the solidarity of this Government beyond this year, until their lives are restored with all that Dorian attempted to strip them of.

We will uplift our people and equip them with the necessary resources to achieve restoration, building greater resilience.

Mr. Speaker:

We will continue to invest over the medium-term in key infrastructure in Abaco, the Abaco Cays and Grand Bahama, but also in the other Family Islands.

We recognize that, as a Government, it is our duty to create opportunities for economic growth.

Investing in capital projects and critical infrastructure is one way we are doing this.

These measures will provide some buoyancy to the economy, and mitigate the extent of the projected slowdown in economic activity caused by Hurricane Dorian.

Our prospects are promising, and we have full confidence in our overall economic recovery strategy.

But most importantly Mr. Speaker, our hearts are set on achieving stability in this

country, and building a resilient and sustainable Bahamas.

Our track record shows that we are capable of proper, prudent and responsible fiscal management.

Today, I can assure the Bahamian people that this Government will remain committed first, and always, to their needs.

We will not waver in our efforts to rebound from this tragedy, but will press

onward, marching together, to a common loftier goal.

Mr. Speaker:

When we look at the headwinds facing some of our economic sectors, there is, in the near term, increasing reliance on performance in our tourism sector, which continues to be vibrant.

Last year we broke the seven million mark in our number of visitors.

We are embarked on a number of innovative and exciting initiatives to accelerate our tourism business.

This includes establishing preclearance facilities in Florida to enable pilots to fly directly to their destination of interest in the Bahamas instead of being diverted to one of our relatively few ports of entry.

According to the operators of the two locations planned for these facilities, they

expect a 15-25% increase in incremental traffic to The Bahamas.

We expect to see more activity in a number of our more remote Family Islands as a result and increased incomes and benefits to our citizens who live in those areas.

Mr. Speaker:

We are boosting nonstop air services from new markets and increased frequency

of services from existing markets as we seek more ways to stimulate more business and satisfy demand for existing interest in traveling to The Bahamas.

At the same time, we are seeking ways to improve the quality and level of services at a select number of Family Island airports, and will be reviewing proposals for private public partnerships in the development of those airport facilities.

We have been told that The Bahamas has more airports per capita than any other country in the world and we are exploring ways to develop those airports faster without relying entirely on the public purse to get them up to the required standards.

Mr. Speaker:

I have heard and read commentary that it is highly improbable that we can get unemployment down to six percent.

Mr. Speaker:

We need to think boldly and with greater vision and imagination, which is lacking in the Leader of the Opposition and his visionless party.

We need to rethink and innovate when it comes to economic model that some rigidly propose for tourism development.

We need to update our thinking about the economics of tourism.

According to some, the only path to rapid employment is the construction of a very large resort.

Fortunately, Mr. Speaker, the economic model that assumes this is not the only path to rapid employment in the tourism sector.

Many may be surprised to hear that there is an existing property with wonderful amenities and 6,300 vacant rooms that sits empty every night in The Bahamas.

Here is how we make that property visible.

There are approximately 18,000 hotel rooms available in The Bahamas for the accommodation of visitors.

With annual occupancy of these rooms hovering around 65%, that means that we have, on average, 35%, or 6,300 rooms vacant every night throughout the Commonwealth of The Bahamas.

Mr. Speaker:

Some assume that maximum average annual occupancy of hotel rooms across the Bahamas cannot exceed 65% and when that level is reached, the country needs to start looking for new investments.

That is a wrong assumption.

We need to remind the skeptics that not so long ago, properties on Paradise Island

with more than 1000 rooms regularly ran occupancies of 85% year round.

Those skeptics also need to digest the fact that cruise ships arrive in the port of Nassau with near 100% occupancies YEAR ROUND!

We must focus even more to make the adjustments to move the occupancy needle beyond 65%.

Suppose, Mr. Speaker, we move hotel occupancies from 65% to 85%, not 100%.

Eighty five percent (85%) occupancy would mean an additional 3,600 rooms occupied every night in the Bahamas.

That is equivalent to filling a property one and half times that size of Baha Mar every night.

An additional 3600 rooms occupied every night at double occupancy would mean an additional 438,000 annual stopover visitors with an average length of stay of six nights.

With each visitor spending the average \$1500 per visit, moving occupancies from

65% to 85% would mean an additional \$657 million in incremental visitor expenditure in the Bahamas.

When we look at the data showing the number of direct, indirect and induced jobs that would be created by such an outcome, the 6 percent level of unemployment is achievable from tourism sector expansion alone. **And without building one more room in the Bahamas.**

Furthermore Mr. Speaker, when we increase the occupancies of existing properties, at satisfactory room rates, more investors make money, and The Bahamas tourism sector becomes an even more attractive place for local and international investments.

While we will continue to attract new investments in the tourism sector as you will have heard as recently as two weeks ago, we really do not need any new investments

in mega resorts in order to get the reduction in unemployment targeted.

But Mr. Speaker, this is not all.

The fastest growing segment of accommodations in the Bahamas is not being provided by hotels.

The fastest growing segment is the peer-to-peer accommodations being provided by such companies as Airbnb.

What we are discovering and what our visitors are enjoying in Airbnb type bookings

is a commercial form of our highly successful and much celebrated People-to-People program.

We are seeing more visitors in traditional neighborhoods walking around in areas than we have seen in decades.

They are not only enjoying accommodations in these many areas, they are enjoying the other amenities in their locale.

The Hotel Licensing Unit is already exploring ways to ensure that the, safety, the

location, the condition and the hosts of these properties add to the positive reputation of The Bahamas and also ensure that the appropriate taxes are being collected.

Again Mr. Speaker, we need to recognize that these visitors are being hosted by Bahamians with accommodations that are already built.

They are accommodations that have always existed awaiting a way for them to be put to productive and commercial use.

Many Bahamian hosts are entering the tourism business directly and receiving revenue directly in ways that used to happen decades ago although not as efficiently.

Yes, there are now people whose full-time self-employment is the hosting of visitors in this rapidly growing sector.

And many more of our visitors are getting to know our people not only in hotels in the traditional tourism zones but also within our communities across the country.

It seems that the community tourism that we have hoped for is beginning to happen in a way that we did not anticipate.

We must focus on finding ways to remove the impediments in the way of increasing utilization of the thousands of rooms that go unused on average in the Bahamas every night.

Some of the impediments that we have identified are more entrenched than others and will require more effort. But these efforts are underway.

Mr. Speaker:

We are touching the future and helping thousands of Bahamians by promoting greater access to Crown Land and through bold new initiatives in education.

Our mission is to ensure that Crown land is used in a fair and equitable manner, having due regard to the need for appropriate environmental and sustainable practice.

The Department of Lands and Surveys continues the surveying of Crown Lands to ensure outstanding freehold (Crown Grant) documents are concluded, and to identify suitable tracts of Crown Land for transfer by Crown Grant, to the Minister responsible for

Housing to facilitate the development of Government serviced residential lots provision programme, in the Family Islands and New Providence.

The Department is also identifying suitable Crown Land tracts for residential subdivision purposes in post-Hurricane Dorian Abaco, to be surveyed and subsequently granted to the Authority for design, and infrastructure provision and home construction.

The Department of Lands and Surveys is seeking to incorporate electronic/computer advances such as online access to Department services.

Also, new, modern surveying equipment and training in the correct use thereof, and vehicles are being procured to ensure efficiency in the workplace, and improve service to the public and to reduce the backload of applications.

In consultation with the Land Reform Commission, the Department of Lands and Surveys has continued to review the Land Surveyors Act, 1975 and its associated Regulations which have not been revised since 1975.

The Department of Lands and Surveys is seeking trained personnel so that both the needs of both Government and the public may be addressed in a timely fashion.

It is envisaged that this will include the development of training programs in conjunction with education institutions to attract young persons into the land field and utilizing, for example, scholarships in areas of drafting, land surveying and land management.

Mr. Speaker:

The PLP promised to double the national investment in education and training.

They never did.

Indeed, on the Christie-Davis watch, the education budget was cut.

The FNM is distinctly and fundamentally different.

Last August, my government fulfilled a pledge to increase tuition-free access to tertiary education for qualified Bahamians through the Government Tertiary Education Grant Programme.

To date, approximately 2,900 of almost 5,000 students enrolled at UB are benefitting from this program.

Of that number, 178 are receiving the additional \$500 per month residential grant to help defray the cost of housing for qualified students who must relocate to attend UB.

We are:

- Providing free tuition for qualified UB + BTVI students
- And a \$500-dollar monthly stipend for Family Island students attending UB and BTVI
- We Launched the Universal pre-school initiative;
- The FNM added classrooms to accommodate more preschoolers;
- We partnered with 44 approved private preschools to accommodate an additional 800 preschoolers;

- Our policies helped improve GLAT scores in Language Arts by 5% - from 2018 to 2019;
- We distributed more than 2,700 tablets, 100 laptops and 100 projectors in public primary and preschools;
- The FNM started a tablet pilot program at Anatol Rodgers High School;
- The FNM launched a \$17 million technology upgrade in public schools;
- We are developing tech-smart campuses with WIFI capability;

- The FNM completed construction of new schools in San Salvador and Rum Cay;
- The FNM expanded five schools in New Providence with new classrooms, computer and science labs and art rooms;
- We are upgrading the BTVI campus.

Mr. Speaker:

With hard work and God's guidance we have rescued The Bahamas from the calamity, the corruption and the disaster of the Christie Davis years.

The PLP, which is still smashed and battered from colliding with the reef of scandal and poor governance remains a broken party, with past scandals seemingly exploding again.

Every time the FNM comes to office we have to rescue The Bahamas from the PLP.

We have rescued our Bahamas and we are rebuilding it for the benefit of all Bahamians not just an entitled PLP elite and their cronies.

We are lifting all boats and building a fairer Bahamas.

Ove the next two years we will continue to grow and to recover from the economic wasteland left us by the Christie-Davis Administration.

It is our privilege, it is my privilege to serve the Bahamian people.

I thank you, Mr. Speaker.

May God continue to bless and to guise our Bahamas.
