



**UPDATE ON THE GOVERNMENT'S STIMULUS
MEASURES IN RESPONSE TO COVID-19**

Presented to the Honourable House of Assembly

By

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Mr Speaker,

I rise to provide an update on the Government's stimulus measures to support our citizens during this challenging time. The adverse impact of COVID-19 has touched every single person in the country, and most significantly, the poor and vulnerable amongst us need the support of the Government to cope with the impact.

To all Bahamians I am reminded of the teachings of Isaiah 41, where we learn to fear not, for God is with us. The Good Book states: Be not dismayed for I am your God, I will strengthen you. Yes, I will help you, I will uphold you with my righteous right hand... For I the Lord your God, will hold your right hand, saying to you, fear not, I will help you.

Mr Speaker, these have been words of comfort for me in these challenging days, because it is through our faith that we will face and conquer this battle we are in. The Lord's compassion fails not. His mercies are enduring. Therefore, I hope in Him and fear not about the days ahead.

In fact, Mr Speaker, every day I am inspired and filled with pride at the compassion and dedication of our public servants, particularly those on the front lines, working day and night to protect the community and keep us all safe in the midst of this pandemic. The healthcare workers and providers, the law enforcement officers, the social workers and civil servants keeping the wheels of government turning, and the professionals coordinating our response to COVID-19. I want to say a special thank you to these patriots for doing extraordinary work in these very challenging times.

Mr Speaker,

I am pleased to announce that last week, the Department of Social Services, the National Insurance Board (NIB) and the Small Business Development Centre (SBDC), using the additional resources allocated by this Administration, rolled out their social and economic support programmes. This means, Bahamians are gaining access to much needed food assistance and financial support to lessen the economic burden on their households.

I am also pleased to advise that the Government is expanding its recently announced social assistance programme, targeting a broader category of self-employed persons, and introducing another programme geared at protecting current employment levels. I will speak to these measures later in this statement.

SOCIAL ASSISTANCE FOR WORKERS ON REDUCED WEEKS

Mr. Speaker,

We set aside \$4 million for disbursement through the Department of Social Services, for food assistance and social support for displaced workers directly impacted by COVID-19. The

Department started administering this programme earlier in the week, and applications are flowing. Since March 22, they have received and are processing some 1,430 applications. Applicants will be advised of the date to collect the food coupons from the Department of Social Services, Sunshine Plaza, Baillou Hill Road with effect from Wednesday, 1 April 2020 from 9:30 a.m. to 4:00 p.m.

The food assistance vouchers under this initiative are valued at \$100. They are to be disbursed every second week, primarily to persons within the hospitality industry who are facing reduced work weeks. This allocation will allow for up to eight weeks of benefit payments but may be adjusted according to need. As the tourism sector was clearly impacted from early March, we have made this benefit available to individuals who were on reduced weeks from March 1. Additional information on the process to apply and receive this benefit will be provided by the Department of Social Services.

EXPANDED UNEMPLOYMENT ASSISTANCE FOR SELF-EMPLOYED WORKERS

Mr. Speaker,

Members would recall that last week the Government introduced a special unemployment assistance programme for self-employed persons in the tourism sector. This program covers sole proprietors and agents without employees who earn most of their income in the tourism sector. Tourism workers such as straw vendors, hair braiders, taxi drivers and jet ski operators will be able to benefit from this assistance. These groups of workers, who are on the front line of our tourism industry, are highly vulnerable to the economic fall-out from COVID-19, given its devastating impact on global tourism.

Self-employed persons do not pay for and are therefore not covered by the unemployment benefit programmes of the National Insurance Board. This is not an uncommon practice for social security programmes, as it is often difficult to determine when a self-employed person is genuinely unemployed due to forces beyond their control.

A national crisis, such as the pandemic before us today where, due to forces entirely beyond their control, thousands of self-employed people who rely on the flow of cruise ship and stopover visitors, are now unable to make a living over the next few weeks.

As such, the Government has partnered with NIB to design a temporary programme that will provide weekly payments of \$200 to persons who meet the eligibility criteria, for a period of up to 8 weeks. That is, an eligible person can receive up to \$1,600 over the 8-week period.

I am grateful that the Board eagerly accepted this challenge and I am happy to advise that on the 26 of March 2020, NIB launched its new online application process for the Government Funded Unemployment Assistance for COVID-19. The portal enables applicants to apply online and to

submit the necessary documents via email to prove their identity and that they work in the tourism sector as a self-employed person. To date, NIB has received 1,563 applications.

Mr. Speaker,

Today, I am pleased to advise that the Government will expand this programme to other licensed self-employed persons who are impacted by the COVID-19 Emergency Orders. Given the aggressive actions taken by the Government in the interest of public safety, these self-employed persons, outside of the tourism trade, are also facing the complete loss of income and the challenge of meeting their financial obligations. They too will receive a benefit payment of \$200 per week for the length of the quarantine period which at present will go at least until April 8th. These self-employed persons must ensure they meet the following requirements:

- The self-employed person must have a valid business license issued by the Department of Inland Revenue
- They must have no additional employees. A sole proprietor with employees can apply for the government's Small Business Continuity Loan programme.
- The self-employed person must have and provide a copy of their National Insurance Board Card or other government ID with their NIB number.
- They must not be in full time employment and thus eligible for other NIB employment benefit
- They must be able to demonstrate active income from their related business in either January or February 2020. This could for example be in the form of a copy of a bank statement showing business related inflow for the month. This provision is to ensure that only persons with active businesses obtain consideration.
- They must either be registered as self-employed with NIB or become registered at application for this benefit.

Mr. Speaker,

For clarity, I wish to emphasize again that this benefit for Self-Employed persons outside of the Tourism trade will be paid for a period corresponding to the period of the ongoing Emergency Orders. NIB will administer this expansion. They will announce the related steps for these persons and applications for this element, which should begin by next Tuesday, April 7.

The Department of Inland Revenue has indicated that there are just over 7,000 self-employed persons across the Bahamas who meet these criteria. The Ministry of Finance is budgeting an initial \$5.9 million to cover these additional self-employed persons impacted by the current lockdown.

Like many other governments around the world, this Administration is compelled to help its citizens through this very tough time. In this first instance, income support is vital to those whose primary sources of income have been eviscerated by the economic fall-out of COVID-19.

Already, NIB has fielded some 17,000 emails related to unemployment benefit claims. The sheer number of applications has put tremendous pressure on NIB resources, both from a financial and operational standpoint. To assist in the administration of payments, NIB enlisted the support of the Public Treasury. Together, NIB and the Treasury, along with the full clearing bank community are assisting with the timely payment to beneficiaries of this unemployment assistance. Given the unconventional nature of this special programme, NIB has also dedicated experienced claims officers to adjudicate these matters as quickly as possible.

Mr. Speaker,

It was important for us to ensure that we make the most efficient use of a very limited budget. For this reason, before any claim is disbursed, NIB will also check with the Department of Social Services and the Small Business Development Centre to ensure that there is no duplication of assistance. As a country, we must be cognizant that this is a national challenge, with massive segments of the population already impacted or soon to be impacted. We must therefore ensure that our limited budgets are used responsibly, to make certain that we are able to assist as many people as possible.

Mr. Speaker,

Bahamians have already shown tremendous ingenuity and flexibility in adapting their business models to the new reality of COVID-19. We have seen the movement to delivery services in the food and restaurant sector and online options for other services. However, for tourism workers, particularly the self-employed, there were few options to adapt. The market to which they sell their goods and services has come to a seismic halt. There is no one to buy a t-shirt, a straw bag, a daiquiri or take a taxi.

As markets reopen, hopefully within the next few months, I am confident that these Bahamian entrepreneurs will bounce back. Until then, it is our hope, however, that the Government's intervention will cushion the economic blow to industry workers.

SBDC SUPPORT FOR MSMES

Mr Speaker,

I now turn to the Business Continuity Loan Program being offered through the Small Business Development Centre (SBDC) to help businesses survive this period of uncertainty. The SBDC also rolled out the Government's \$20 million COVID-19 response last week, targeted to provide loans

to small businesses, ranging from \$5,000 to \$300,000. Approved loans will have a payment grace period of four months.

Partnering financial institutions will facilitate the actual loan processing-- to include the vetting of the required information, the approvals, the issuing of funds, and the collection of payments after the four-month moratorium. These loans are earmarked for operating costs such as paying salaries, rent, insurance, utilities and inventory/supplies.

Existing small businesses – companies operating with a valid business license for one year or more – can apply to the program. To be part of the initiative, companies must agree to retain 51 per cent of their staff and agree to have credit information shared with the Credit Bureau and other banking and financial institutions in the future.

So far, the Bahamas Development Bank, the Bahamas Entrepreneurial Venture Fund, Cash N Go Ltd, Leno Corporate Services Ltd, Omni Financial Group Ltd, Simplified Lending Ltd, and Fidelity Bank Bahamas have agreed to participate in the program. Hundreds of applications have already started coming in through the SBDC.

As of Friday last week:

- 616 micro, small and medium sized businesses (MSMEs) registered for assistance with the SBDC
- Of that, 382 businesses completed the full application process
- These businesses represent 1,082 full-time employees and 243 part-time employees
- In total, they have formally requested approximately \$14.88 million in financial assistance

Mr Speaker,

The \$20 million allocated by the Government for MSMEs will ensure that all businesses who qualify have the support they need to protect their livelihoods and the families represented by their workforce.

The SBDC has also been one of the lead advocates for the deferral of existing loan payments by commercial banks for entrepreneurs who may already have loans with lending institutions. I am pleased to advise that the Bahamas Development Bank, the Royal Bank of Canada (RBC), CIBC First Caribbean and Scotiabank have publicly pledged to defer loan payments for their business clients--although the terms differ by bank.

Mr Speaker,

I want to commend these agencies for the speed in which they have rolled-out these services. Under some very difficult circumstances, civil servants have been going the extra mile to ensure Bahamians have access to the support their government has promised. And I want to salute all the staff working in these agencies who make these facilities available to the public.

I urge all individuals who are eligible for these benefits to apply for the assistance available to them through Social Services, NIB and the Small Business Development Centre and to use the financial assistance wisely over this rough period.

As a reminder, these services are being delivered online, in keeping with the mandates of the Emergency Orders; so we encourage the public to please make inquiries and applications for each agency online.

GOVERNMENT TAX CREDIT & TAX DEFERRAL EMPLOYMENT RETENTION PROGRAMME

Mr. Speaker,

In addition to the Small Business Segment of our country, we do appreciate that medium and large sized businesses will also come under tremendous strain in the near term as consumption across the economy slows down. Businesses will face difficult decisions about managing payroll expenses and the possibility of having to lay off workers.

While the unemployment benefit assistance I discussed earlier will provide significant support to the persons who have been laid off during this period, the government will continue to do as much as it can to assist businesses to retain their employees during this disruption in the economy.

Thus today, I am pleased to advise Members of the government's Tax Credit and Tax Deferral Employment Retention Programme. This programme will provide businesses with payroll support in an effort to retain up to 10,000 jobs. Protecting job security for Bahamian workers in the private sector is a key priority for the Government.

Under this programme, qualifying businesses can receive assistance under a tax credit and tax deferral to help cover payroll expenses. The programme allows businesses to defer the payment of certain taxes and to benefit from a tax credit, up to \$300,000 in each instance. This accommodation is specifically to provide businesses with the cash flow to preserve current employment levels. Businesses will have to commit to utilization of the tax credit solely for the purpose of covering payroll requirements.

A qualifying business will make an application to the Ministry of Finance and will be able to withhold their outstanding business license or VAT receipts collected - up to \$200,000 per month for up to three months. If they qualify at the maximum funding level, then one half of that monthly sum – or \$100,000 – will be in the form of a non-reimbursable tax credit. The other \$100,000 will

be deferred until January 2021 when it will be paid back in equal monthly installments over 12 months.

To qualify, a business must have a minimum of 25 employees. The qualifying amount for a participating business cannot exceed its non-executive payroll for the relevant period. Companies must commit to retaining 80 percent of their staff count as at February 2020. The net effect of this initiative is that for some businesses, the Government will be paying the salaries of half of their employees for the next three months and providing them with the cash flow to pay the remainder.

Naturally, for a business to be eligible for this programme, it must be in good standing with the government agencies responsible for the collection of taxes and fees. There will be certain business sectors that will not be eligible for the programme, such as retail or wholesale grocery, hotel and resorts, regulated financial and insurance entities, regulated telecommunications businesses and gaming businesses.

The Government is budgeting some \$60 million in revenue foregone over the next three months to facilitate this initiative – of which \$30 million will be effectively provided by the government to pay the full salaries of Bahamians over the period. The Ministry anticipates that some 200 medium and large sized entities will take advantage of this initiative that will support the retention of some 10,000 jobs over the next three months.

The full details of this Tax Credit & Tax Deferral Employment Retention programme will be published by the Ministry of Finance by the end of week. Applications for the programme will be available by next Wednesday, April 8.

As a reminder, for businesses that make less than \$3 million annually, the SBDC is currently providing support through a Business Continuity Loan Programme. I am pleased to announce, however, that as an additional measure, specifically targeted towards payroll assistance, the Government is offering a grant of between \$2,000 to \$20,000 for MSME's who qualify for a Business Continuity Loan to assist with payroll. We are allocating an additional \$5 million to finance this initiative.

UPDATE ON OTHER MEASURES

Mr Speaker,

Just as a reminder, the Government continues to adjust, expand and fast-track other existing initiatives as part of its comprehensive approach to managing the economic fall-out. These including:

1. Expanding the Accelerate the Youth Apprenticeship Programme, which includes training opportunities in the construction trade to support rebuilding efforts nationally.

2. Reprioritizing capital projects at the Ministry of Works to increase the number of quickly deployable small-scale capital works to boost small business activity.
3. Accelerating the approvals process for all domestic and foreign capital investments projects currently in the pipeline.
4. Restricting all non-essential expenses including but not limited to travel, and the scale down or postponement of planned events.

I am also pleased that Bahamas Power and Light and the Water and Sewerage Corporation are implementing the new policy of payment deferrals and reconnections.

ASSISTANCE FOR FAMILY ISLAND ADMINISTRATORS

Mr Speaker,

In addition to these measures, we have had to make special provisions to assist the Offices of Family Island Administrators, and I want to acknowledge and thank all of the Administrators and Local Councilors, who are working tirelessly to support local communities with implementing the COVID-19 Emergency Orders.

With airports closed, movement restricted, and income streams being disrupted, many Family Island communities are feeling isolated and afraid. I want them to know that the Government is making the necessary resources available to assist in the execution of the COVID-19 Emergency Orders.

The Ministry of Finance is allocating \$1.8 million to support the Family Islands specifically to be used for any COVID-19 related expenditure. The new allocation is in keeping with the Government's commitment to reprioritize existing resources and to provide the necessary support to keep communities safe.

Mr Speaker,

The allocations for the different islands range from \$10,000 to \$325,000. The average allocation is approximately \$76,000.

Strict financial management protocols have been put in place to administer the use of these funds. Under no circumstances are the COVID-19 Emergency Order Budgetary Allocations allowed to be utilized for the normal, routine Family Island Local and Central Government expenditures. This allocation will enable them to procure any COVID-19 related items, in line with the Ministry of Health's guidance and protocols, to manage this pandemic at the community level. Unused amounts at the end of the COVID-19 emergency period are to be returned to the Treasury Department.

I am advising the House of these allocations to the various Family Island districts to give assurance to all Bahamians across the country that every Family Island community has in its possession the resources on hand to address any immediate need that may arise as we continue to navigate this pandemic. All our communities across the country can be assured as well that additional allocations will be made available immediately upon need should the occasion so arise.

UPDATE ON ECONOMIC FALL-OUT

Mr Speaker,

The last time I addressed this House, I advised that we have serious challenges ahead of us. Just seven months ago, we had an unprecedented blow that hit the Bahamian economy with an estimated \$3.4 billion in damages and losses. We are still recovering from the impact of Hurricane Dorian and are now having to face the COVID-19 Pandemic. Needless to say, these traumatic events are taking a toll on the lives of Bahamians, their finances and the economy at large.

Our original economic estimates for the fall-out from COVID-19 projected \$1 billion in losses in our worst-case scenario. Unfortunately, because of the complete shutdown of the tourism industry, the financial impact on the economy may end up being much more dire than this scenario if the threat of COVID-19 persists over the medium term. There is no doubt about it, Mr Speaker, there are going to be very challenging days ahead for all of us.

Based on the changing dynamics, we are working to revise our fiscal forecasts and to do so as quickly and as comprehensively as possible. This is an ongoing process. Our initial assessment was based on a four-month outlook to the end of the fiscal year. We are reviewing these projections in light of new realities as well as the new Tax Credit and Tax Deferral programme.

We continue to work on longer term assessments, taking us into the new fiscal year and beyond. As is our practice, we will provide an update to the Bahamian people on what this new and evolving situation will mean for our fiscal outlook, with the full understanding that our priority remains first to ensure all necessary resources are made available to support the physical health and welfare of Bahamians and second, to do as much as we can to retain employment, and cushion the unprecedented economic impact of the COVID-19 pandemic.

I want to reassure the public that as stewards of the economic management of the country, the Ministry of Finance is incorporating all of the latest developments and available data into its assessments of the economic and fiscal impact of COVID-19. We are formulating responsive plans that can adapt to the dynamic change environment presented by COVID-19. These plans are informing the Government's economic recovery strategy and social support response, which has as its core, protecting the most vulnerable people and sectors. As we present these plans, we are consulting with a range of stakeholders. For all of us, the aim is an economic rebound that is as rapid as possible.

CONCLUSION

Mr. Speaker,

We must be real about the challenges we face so that we can be effective in addressing them. I assure the Bahamian public that this government is up to the challenge. We are not daunted by the task. The Bahamian people gave us a mandate to lead and we will never shirk from our responsibilities; we will never cower to the might of any storm: hidden or in plain sight. We have a firm grasp on the steering wheel, and you can be assured that the Minnis-Administration will captain this ship until we reach safe harbor.

Our priority is the people – their safety and wellbeing – and we will continue to make proactive decisions, and act aggressively where required to get us through these trying times together.

Mr. Speaker,

Have no doubt, the Bahamian economy will bounce back, and when it does, we want no one to be left behind. We want no one to succumb to the most severe effects of COVID-19. We want everyone to be able to rise together. The policy measures we have put in place so far, are supporting Bahamians in this spirit. And we will adjust and adapt our response as the situation demands.

Through God's grace, when the veil lifts and people return to the normalcy of their lives, we shall recover all that has been lost. So, I encourage Bahamians to stay calm, enjoy this time with family and use this pause as an opportunity to chart a new course for your closest held dreams. Work on that business plan you never had a chance to get to. Create a budget the household and map out your personal financial goals and priorities for the next few years. Explore technology or invest in yourself with a book or online course. Let us not be overcome with despair. Let us see the light and shine through together.