



## **House of Assembly Communication**

### **Tabling of Economic Recovery Committee Report**

**The Most Hon. Dr. Hubert Minnis**

**Prime Minister**

**21 October 2020**

Mr. Speaker:

It is my privilege to table in the House of Assembly the Summary Report of the Economic Recovery Committee.

The Committee's remit was to make specific policy recommendations for the short- and medium-term, which could help with our ongoing economic recovery as we face the worst economic downturn since the Great Depression, 100 years ago.

The Committee was asked to be bold and specific and to suggest recommendations that will help in the current economic crisis we face.

We are in a particular moment in history. We must meet the challenges of the moment now! This is a matter of economic survival and of preparing for a better future.

Our immediate objective is to stimulate the economy as much as possible.

Just as my Government is committed to beating COVID-19 and reclaiming our country's future, we will do everything in our power to restore jobs, livelihoods and our economy.

Mr. Speaker:

I thank the Co-chairs and members of the Committee for their dedicated and hard work in producing this Report during one of the most difficult times in the history of The Bahamas.

I am sure the House will join me in thanking them for their service.

The Committee represented a cross-section of talent and viewpoints from the public and private sectors.

The Co-Chairs of the Committee are the Acting Financial Secretary, Marlon Johnson, and Kenneth Kerr, the CEO of Providence Advisors.

I also thank those who served on the various subcommittees, as well as the general public and the many stakeholders who offered their enthusiasm, ideas and specific recommendations.

In addition to virtual town hall meetings, there were many written submissions from citizens, union officials, general contributors, businesspeople, experts in various policy areas and leaders of non-profit agencies.

The Committee harnessed a number of ideas from the collective wisdom of the Bahamian people.

On behalf of the nation, I heartily thank all of those seeking to offer light and hope during these very difficult times.

As Bahamians, as people of faith, we must always look to the rising sun in order to navigate the often wide and treacherous shoals.

It is often easy to say what is wrong.

It is much more difficult to offer concrete suggestions and advice to address shared challenges.

Mr. Speaker:

The Cabinet had an initial briefing on the Report. This past Sunday, we held another special cabinet meeting to discuss various aspects of the report.

We will hold further meetings to discuss and to deliberate on the various recommendations.

In short order, I will note the unit or group that will be responsible for the oversight of the execution of the recommendations in the report that are accepted.

It is vital that there is a designated entity to oversee the implementation process.

Further, the Cabinet Secretary will arrange for a briefing on the Report for all permanent secretaries.

Today, I will inform the House of some of the policy directions we will pursue.

Let me emphasize that we will not accept all of the recommendations of the Report.

In November, I will provide another update to the country on our deliberations on the Report.

In the interim, I invite the general public to consider what has been recommended.

The Summary Report will be available at **OPM.GOV.BS**

Mr. Speaker:

The Committee has proposed a broad range of reforms and recommendations.

They are intended:

- to seed new industries and economic opportunities or to expand existing ones;
- to make The Bahamas more attractive for domestic and international investment;
- and to make certain bureaucratic systems more efficient and less burdensome for citizens and businesses.

Again, not all of the recommendations will be pursued.

By example, the Government has rejected the recommendation to remove the \$500 Customs Duties exemption.



However, there are many other policy changes and initiatives contained in the Report that can be implemented and that will help to make our recovery and our country more: resilient, dynamic, inclusive and sustainable.

I want as many Bahamians as possible to see this document because we must all be part of the reform process.

The government, labor, civil society, businesses and citizens all have roles to play.

I ask the Bahamian people to make their views known to cabinet ministers and their elected representatives.

Mr. Speaker:

Allow me to generally describe some of the economic realities facing our Bahamas as a result of the widespread global economic collapse resulting from the COVID-19 pandemic.

Early in the pandemic, my Government quickly recognized the devastating effects of the pandemic on our economy in general and on the tourism and hospitality sector in particular.

Because tourism has mostly ground to a halt, our economy is in the worst state ever in our modern history, indeed much worse than the Great Recession of 2008.

My Government's policies had just returned the country to sustainable, consistent growth when the pandemic began.

We had reduced our yearly deficit and we improved public finances.

Before the pandemic, we were experiencing record numbers of tourists.

Sadly, we must prepare ourselves for the reality that these numbers will not return for some time.

We had a record year in tourism in 2019, welcoming more than seven million visitors in spite of the tremendous damage caused by Hurricane Dorian in the northern Bahamas.

The pandemic changed everything.

Tourism is the engine of our entire economy.

During the global first wave in the spring, international travel all but ceased.

Our world-class hotels and cruise ports closed. Seven months later, the pandemic rages on.

Global health experts previously predicted a bad winter in the northern hemisphere.

People are more indoors during colder months. The virus spreads easier in closed environments with poor ventilation.

Already in North America and Europe COVID-19 cases are spiking.

Sadly, the predictions of the health experts are proving correct.

Our tourism industry will come back. Of that I am certain. We will recover to pre-COVID levels.

However, we must have realistic expectations as to when this will happen, and when tourists from our major markets will begin traveling again by air and cruise ships.

It will take time for us to return to vibrancy, Mr. Speaker.

It will take time to get our arrivals numbers back to where they were.

It will take time to get all our hotels open and filled with guests.

Most of this return will heavily depend on how we as a people follow public health guidelines in order to reduce the prevalence of COVID-19 in our country, especially on New Providence.

The pandemic is not close to ending. We will still be in it well into next year.

Bahamians should not think of this pandemic as a short-term diversion in our lives, that when over it will quickly lead to the resumption of how we once lived.

A different world will emerge on the other side of the crisis.  
Even international businesses that were staples may be no more.

Ways of doing things that were the norm before COVID will  
give way to new modes in a new world.

In the words of the Minister of Trade and Industry in  
Singapore: “The world has changed irrevocably.”

He said this past August that there will not be a recovery and  
a return to “the familiarity of the old normal.”

He warned of the “painful truth” that ““we are not returning  
to a pre-COVID-19 world”, that recovery would take time and  
“not likely to be smooth”.

He also warned: “We can expect recurring waves of infection and disruption.”

Given what the Trade and Industry Minister said, with all the tremendous resources and expertise of a country like Singapore, we must all be honest, inside and outside of this chamber, of the many health, economic and social challenges faced by a smaller, less developed and country like The Bahamas.

We must be honest about the nature of this disease and that just about every country in the world is experiencing new waves of infection requiring a variety of emergency measures and restrictions.

While we can learn lessons from countries like New Zealand, Singapore and others, we must be honest that our



economy is not as developed, nor do we have the financial resources of such Commonwealth and other nations.

Mr. Speaker:

In The Bahamas we have an economy overwhelmingly led by tourism with financial services as a second sector.

We are not as diversified as countries like New Zealand and Singapore, though they too have been very hard hit economically.

The near shutdown of global travel due to the pandemic has shown most clearly how critical it is for The Bahamas to do the hard work to further diversify our economy within tourism and in other economic sectors.

We must attract more investment, both domestic and international.

The deep recession we face means that as a people we must embrace different ideas and different industries.

We must be willing to innovate within existing industries to open up to new opportunities and markets, including in tourism.

We must also be open to changing bureaucratic practices that guided us in the past.

Put simply: We must be open to reform and change.

I set up the Economic Recovery Committee because I knew we needed a considered roadmap for reform in the short- medium- and long-term.

This time is like no other recent memory. This is the worst crisis in modern Bahamian history.

Governments across the globe are supporting their populations like no other time since the Second World War.

To emerge better and stronger in the post-COVID world, we must be willing to adapt to the changed environment. We cannot just sit back and wait for what used to be.

Mr. Speaker:

I wish to now advise the House of a number of policy directions for our economy as well as update the House on three economic projects.

Mr. Speaker:

One of the main reasons I entered public life was to create economic opportunities for Bahamian entrepreneurs.

My mission and vision, and that of my Government, is the promotion of Bahamian enterprise and talent through opportunity in areas ranging from education and training to Bahamian ownership in every economic sector.

Bahamians are a creative people. Many of us have multiple income streams.

If given a chance the Bahamian entrepreneur is as industrious and creative as any in the world.

Access to funding has been a barrier to the dreams of budding businesspeople for a very long time.

That is why my Government created the Small Business Development Centre, extending millions in funding to those who want to start or expand a business.

We will now significantly increase the funding to the Centre, embracing a key recommendation of the ERC.

My Government will provide \$250M to Bahamian businesses over 5 years.

A broad, sustained recovery requires Bahamian businesspeople to have the funding required to create jobs.

We need our Bahamian entrepreneurs to have money to create new businesses, or to expand existing ones.

With entrepreneurship comes risk.

Not every idea we lend to will work.

But some will.

And the successes of these Bahamian entrepreneurs will be our shared success.

Through those Bahamian successes we will have new Bahamian businesses poised to be part of the economic success of our country in the 21st century.

I will also ask the Ministry of Finance and other entities to help make Bahamian entrepreneurs even more aware of the many economic concessions available to Bahamians.

Mr. Speaker:

In the past few years the world's view on marijuana has changed dramatically.

Marijuana is one of the varieties of the cannabis plant.

Uruguay and Canada are the two countries that have fully legalized marijuana.

In numerous other jurisdictions there has been decriminalization of the possession of small amounts of marijuana while also legalizing cannabis plants for various medicinal and industrial purposes.

In the United States, for example, marijuana is fully legal in 11 states. Medical marijuana is legal in more than 30. Hemp is legal at the federal level.

The Bahamas National Commission on Marijuana recommended decriminalization of possession of small amounts of marijuana in its report in January of this year.



The Government will begin next year, the expunging of records of those convicted for the possession of small amounts of marijuana.

The Commission recommended allowing medicinal marijuana use.

The ERC has recommended the full legalization of marijuana for medicinal, religious, and recreational purposes coupled with an appropriate but nimble regulatory regime that oversees the production and manufacturing, sale, consumption, and export of marijuana.

There is this consistency in the recommendations of both the Marijuana Commission and the ERC: Our cannabis laws are outdated and must change.

The global legal cannabis market is already in the billions of dollars with significant projected growth in the years to come.

We are reviewing the possible legalization of a hemp industry.

We will report back to the nation following greater public consultation.

A hemp industry would include variations of cannabis low in THC.

Bahamian-owned or majority Bahamian-owned companies must and will lead any new hemp industry in The Bahamas.

Hemp is used in multiple products from clothing to building materials and even in tea bags, such as some Lipton's tea bags.

There are potentially many opportunities for creative Bahamian businesspeople to get involved in this new industry.

Mr. Speaker:

I note that legislation exists to provide for Sovereign Wealth Funds.

In keeping with the recommendation of the ERC, we will review the legislation to determine what amendments might be required to allow the Bahamian people to take advantage of this and how a National Sovereign Fund may be constituted.

Mr. Speaker:

Consistent with the recommendations of the ERC, we will expedite the processing of the Bahamian and Foreign direct investments currently before the Government.

We will restructure decision making on Foreign Direct Investment applications, so that applications under a \$10M threshold would not be required to be submitted to the National Economic Council.

Further, we will expand our National Investment Policy. Some members of the ERC Committee are currently working on specific suggestions in this area which will be presented to the Government next month.

We will review and expedite every serious job-creation idea that will spur growth and economic activity.

Mr. Speaker:

The Government has many capital works projects in train that will help to employ Bahamians. I wish to note some of them.

The demolition work of the buildings on the grounds of the Old Victoria Hotel will begin shortly.

A modern 21<sup>st</sup> Century Central Bank will be built on that site.

I am pleased to report that a new government-operated school on Ragged Island is near completion.

Various bridges and capital works are being completed on Andros.

Mr. Speaker:

COVID-19 has sped up the digitization of our economy, with many services having moved online.

We must go even further and faster to build a broader digital economy.

Toward this end, we will promote the development of a National Digital Marketplace.

This E-Commerce platform can provide opportunity for small businesses and Bahamian entrepreneurs to buy and sell goods online across the Bahamas and provide opportunities for global sales.

We will further digitize the national investment process for domestic and international investors.

We will also bring forward other recommendations to make it easier for citizens, businesses and investors to access and to utilize government services online.

Mr. Speaker:

Through the Small Business Development Center and the Ministry of Agriculture of Fisheries we will give direct financial support to farmers and fishers.

There are a number of Bahamian and international investment projects throughout the Bahamas that will result in jobs for Bahamians at this time, including in the construction industry.

I wish to update the House on three investment projects that are still on track and that will help in our economic recovery, including post-COVID-19.

Even as we look to short - and medium-term measures, such as those recommended in the ERC Report, we must also continue to prepare for the future so that our economy can eventually recover to pre-COVID levels and better.

Mr. Speaker:

Here on New Providence, the Government entered into a Port Operation and Lease Agreement with Nassau Cruise Port Ltd. for the redevelopment and operation of Prince George Wharf and related areas.



The capital investment for the project is approximately US\$200 million.

Environmental studies are complete. Work is ongoing. The demolition of the Customs warehouse has taken place and the demolition of Festival Place is imminent.

A new world-class cruise port will be built so that as the cruising industry recovers, The Bahamas remains a destination of choice for cruise lines.

Mr. Speaker:

On Grand Bahama, the Government executed Heads of Agreement with ITM and RCCL for the purchase of the Grand Lucayan Hotel and related properties; as well as the re-development of a cruise port.

The proposed project will include extensive renovations to the existing hotel and hotel property; and it is anticipated that the re-design will include a boutique hotel, timeshare villas, a commercial village, adventure parks, water parks, a convention centre, event hosting facilities, retail spaces, dining and entertainment.

ITM and RCCL as a joint venture partnership HOLISTICA have indicated their intention to carry out their investment in the Grand Lucayan project and redevelopment of the cruise port.

The Developer has proposed an amended phased approach to the development which is presently under review by the Government.

Mr. Speaker:

The Construction of GoldWynn, Nassau's newest 156 unit condo-hotel and residences on Goodman's Bay is now well underway.

The parade and mezzanine levels of the building are now fully completed and the second level well underway.

Those driving by can see the structure taking shape with roof expected by autumn of this year and the completion and delivery on track for December 2021.

GoldWynn represents an investment by the developers of approx. \$130m.

At present Goldwynn currently has a work force of approximately 150 workers in construction, of which 50 are directly employed by the company and a further 100 by our primary contractor, Bahamas High Rise Construction.

Once the project moves into the finishing stages, employment figures are expected to rise to 250 plus.

Mr. Speaker:

There are a number of other investment projects of which I will continue to report on in the House and in other reports to the Bahamian people.

The policy reforms we are embarking upon through the ERC report are intended to help expand the Bahamian economy of old.

I advise young Bahamians to be creative. They should put together their business proposals.

I advise our young people and all Bahamians: Do not be caught up in the negative spirit of “what is wrong”.

Let us all seek to work in a spirit of hope and unity, to prepare to rebuild our nation.

Those willing to do the hard work to build the New Bahamas will be the successes of the New Bahamas.

We must all have a spirit of “we” should do, not “they” should do.

It is the spirit of “we” that we built our Bahamas. In this spirit we will recover stronger together.

I thank you, Mr. Speaker.

May God bless our Bahamas.

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