



BUDGET COMMUNICATION

By

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MP for Freetown

Minister of Tourism and Aviation

15 June 2021

Mr. Speaker:

I rise on behalf of the great and wonderful and resilient people of Freetown.

Mr. Speaker it has been truly a delight and indeed an honour to serve as the Member of Parliament for Freetown.

We have accomplished a lot but there is still a heck of a lot more work to do within the constituency. There is no doubt that COVID has thrown us off track.

Prior to COVID, the economy was bouncing back, tourism was growing and the people for Freetown were being employed in ever increasing numbers. There was a time when we used to say, back in 2019, that anybody who wanted a job and anybody who wanted to work, could secure employment.

But alas, COVID put an end to all that! And the number of my Freetown constituents that have been thrown out of work by this pandemic has been depressingly high. With the loss of their job,

the stress of making ends meet has caused the misery index to rise precipitously.

Mr. Speaker, there is no way anyone can spend their way out of this calamity! The persons seeking assistance for light, water, rent, mortgage, education, a new job is simply too large to comprehend.

And even though this government has spent hundreds of millions of dollars on income support and social assistance, more than any other government in the history of The Bahamas, ENOUGH IS NEVER ENOUGH!

And, realistically, the only way to fix this problem and reduce the misery index, is to get Bahamians back to work in the quickest possible manner.

Freetown! That is what I have been doing in the Ministry of Tourism. Gathering with my Team Tourism, brain storming, being creative, being innovative, being aggressive about getting the tourists to come back. As I always say to my Team Tourism, make it happen because the people of Freetown are depending

on you TO make it happen. And my job as Minister is to help out where necessary to make it happen!

For when the tourists come back, so do the jobs! And when the jobs come back, so does the income. And when the income comes back, the misery index goes way down as you become able to, once again, breathe a little easier in taking care of your monthly bills and improving your quality of life.

Mr. Speaker, I will speak more about the work myself and my great Freetown team have done in Freetown in the closing remarks of my presentation.

BUDGET

Mr. Speaker, I have been sent to this place by the people of Freetown to review and then either approve or reject the 2022 Budget and the compendium of bills that has been laid in this House by the Member for Killarney.

Mr. Speaker, the Budget Book is 274 pages long, which for many, is simply too overwhelming to digest and comprehend. Mr. Speaker, my training is in accounting and business, and even I need to call on all that education to navigate this book.

The best page in the Budget Book, however, is page 3 where everything is summarized.

Basically, the Budget for next year, 2022, the one before us now, estimates that the government will take in \$2.2 billion in revenues and spend \$3.2 billion on expenses and capital projects. Take in \$2.2 billion. Spend \$3.2 billion, leaving a deficit of \$1 billion.

Wow!

How does that compare to the past three (3) years?

Our revenues have been declining! They were \$2.4 billion in 2019, fell to \$2.1 in 2020 and fell further to \$1.8 billion in 2021. So, clearly, our government revenues have been trending down, caused by the double whammy of Hurricane Dorian and the Coronavirus pandemic.

Conversely, government expenditures have been increasing! They were \$2.6 billion in 2019, increased to \$2.9 billion in 2020 and then increased again to \$3.1 billion in 2021.

So, while our government revenues have been trending down, our government expenditures have been trending up leading to unprecedented deficits.

We had the lowest deficit in a decade of \$200 million in 2019, a deficit of \$800 million in 2020 and the unheard of deficit of \$1.3 billion in 2021.

Mr. Speaker. We all know the reasons for this staggering increase in the deficit. Dorian and the pandemic! To say it was caused by anything else would be political hogwash!

And, Mr. Speaker, this FNM government ain't running from the increase in the deficit. We consciously made the decision to borrow like hell to keep the Bahamian economy on life support as we navigated these two catastrophes.

And the record will show that, since coming to office, we borrowed about \$1 billion, mostly to pay off bills left unrecorded, in every crack and crevice, by the last PLP government and we will have borrowed another \$3 billion to contend with the effects of Dorian and the pandemic.

It is as simple as that!

As such, our National Debt, which stood at \$6.5 billion when we came to office, will increase by almost \$4 billion by the end of our fifth year in office.

Mr. Speaker, this increase in the National Debt is frightening to many, including myself, especially the increase in the annual interest expense as a result of this tremendous run up in debt but, what gives me comfort, what makes me feel a little less uneasy, is the plan by the FNM to reduce that deficit over the next two years.

On that same page 3, Mr. Speaker, is the plan by the Government to reduce the deficit from \$1.3 billion this year to \$151 million in 2024. Lord, I pray that we have no more calamitous weather events or, our people get vaccinated so that our economy can perform optimally and we can achieve our ambitious goals.

But we have a plan! And with all the reporting and disclosure now required by the Ministry of Finance, and with all the plans and targets that must be laid out and adhered to, I am confident that this FNM Government will return our finances back to a more sustainable position.

Mr. Speaker, our record demonstrates that we have done it before. In 2019, this FNM Government had the lowest deficit in a decade, only \$200 million, so we have proved that we can manage the financial affairs of the country prudently. The PLP would have you believe that somehow, miraculously, this record low deficit was because of them and their policies. Englerston was pushing that laughable narrative yesterday. All I know, Bahamas, let the PLP back in, and their record demonstrates, DOG EAT YOUR LUNCH! Back to wasteful spending and lack of discipline and endless downgrades. The Bahamian people should never forget the tens of millions of dollars that was wasted on BAMSI and Carnival and the many construction or clean-up projects started without any contract, any budget and any rhyme or reason, other than to create dubious opportunities for their supporters at the expense of the taxpayer.

In addition, I always think it is laughable when the side opposite expresses disgust at the increase in VAT from 7.5% to 12% without mentioning that they took the VAT from 0% to 7.5%. It is so hypocritical to say that taking the VAT up by 60%...us is somehow worse than taking the VAT up by 750%...them!

Let us all agree that increasing taxes is always painful and every attempt should be made by every government to mitigate its effects on our most vulnerable citizens. That is why the FNM completely eliminated the VAT, taking it from 7.5% to 0% on breadbasket items and that why is the FNM completely eliminated the VAT, taking it from 7.5% to 0% on smallest users of electricity and water.

You know, Mr. Speaker, I have listened to the Opposition and their surrogates complain bitterly that we are NOT spending enough on health care, or we are NOT spending enough on social assistance, both of which are probably true but more, importantly, both of which, in this year of campaigning, are politically popular narratives to be pushing, but what I don't hear is where is the money coming from to support this increased spending! Where in the Budget would you recommend that this money be cut to support such increased spending? Do you want us to eliminate the increments to be paid to public servants to support such initiatives? Or should we eliminate Bahamasair or Bahamas Development Bank or ZNS or the Bank of The Bahamas to make room for this additional spending?

On the one hand, I hear the FNM is fiscally irresponsible, and the deficit is out of control, but on the other hand we are not spending enough! I get so confused listening to them, Mr. Speaker! They want more spending but, yet, they want the deficit reduced. Put your foot on the gas, but at the same time, put your foot on the brake! I get whiplash listening to them! Go big! Spend \$2 billion. Cut VAT rate from 12% to 10%! Yet, control the deficit since the debt is getting out of control. Well, what is it?

Mr. Speaker, they always go on that we don't have a plan, yet the Member for East Grand Bahama, has stated in his Budget Contribution that the Government is sticking to the fiscal strategy plan he left in place. What would have been more useful to this debate is if the Opposition could have laid out their plan, devised an alternate Budget Forecast, so we could really see what their plan would have been for the upcoming year!

But alas, there is nothing! I guess they have concluded that it is safer to say nothing specific, just throw jabs at the Budget before us, because if they were to put all their numbers together, I doubt it would not be very different from what this FNM Government has presented and they could not score the political points they think they are scoring, by saying this is an Election Year Budget mired

in fantasy and overwhelming ambitious revenue goals. Well, if the revenues are overstated, tell me what you would cut to compensate for that reduced revenue OR would you just borrow more money and run up the National Debt even further!

Mr. Speaker, I am optimistic about the future! Very optimistic!

And, as such, I am optimistic that we will hit our revenue goals.

As the Minister with Responsibility for Tourism, I can confidently and resolutely say, TODAY, that our economy will get better and better as 2021 progresses.

Mr. Speaker, on Saturday passed I proudly watched the Member for Bain and Grants Town and the Parliamentary Secretary in the Ministry of Tourism, and Team Tourism, led by Director General Joy Jibrilu and Executive Director, Dr. Kenneth Romer, pull off an historic event.

For the first time ever, a cruise ship, Royal Caribbean's Adventure of the Seas, started a cruise right here in The Bahamas. Not in South Florida. Right here in Nassau.

By starting the cruise here in Nassau, 1,068 passengers and 918 crew flew directly into LPIA here in Nassau to start their cruise.

Mr. Speaker, I want you and the constituents of Freetown and Bahamians at large to think about the economic benefits that we all derived by that cruise starting here in Nassau.

They would have used the airport. They would have used local transportation, a taxi, limo or tour bus! They would have invariably arrived a day or two before the cruise, so they would have used a hotel. In the hotel, they would have used a restaurant, possibly gambled in the casino, shopped in a store or gone on an excursion. In every one of these instances, they would have been spending money, giving out gratuities, positively impacting the income and job opportunities of my Freetown constituents and those of my colleague Parliamentarians.

Mr. Speaker, we are all acutely aware of the hell that has been wrought on the economy of The Bahamas by his Coronavirus pandemic. We are all aware that Tourism represents almost 50% of our GDP and 60% of our employment. Mr. Speaker, our reliance on Tourism is HUGE and, as the Member from Elizabeth would have said in his presentation, we been talking about

diversifying our economy to be less reliant on Tourism for as long as he has been alive. But the reality is, that there ain't nothing going to come close to replacing Tourism's dominance in our economic landscape for the foreseeable future.

So, given Tourism importance to creating jobs and entrepreneurial opportunities for my Freetown constituents and Bahamians up and down The Bahamas, I am so proud that my Team Tourism and I were able to pull off this Home Porting project. We quickly identified the opportunities that Home Porting offered to Bahamas Tourism! And, after countless hours of meetings and Zoom calls dealing with every aspect of home porting, it is truly historic that we were able to pull it off starting last Saturday!

And Mr. Speaker, everyone was excited when that Royal Caribbean Cruise Ship, Adventure of the Seas, pulled into the Nassau Cruise harbor after 15 months of there being no cruise ships at all. Whatsapp and Facebook posts went viral when that ship pulled into the Prince George Dock. We all see and know now, what the absence of cruise ships have meant for the economy of The Bahamas, especially Bay Street. Mr. Speaker, it is painful to walk down Bay Street right now! Very few

businesses open, and the absence of commercial activity in the heart of our country has been gut wrenching!

Mr. Speaker, Royal Caribbean is going to operate these cruises, that start in Nassau and end in Nassau, for the next three months, through the middle of September and will be joined by Crystal Cruises, which will start on July 4th, who will operate for five months, through the beginning of November. All told, Mr. Speaker, I estimate that home porting will bring 30 to 35,000 cruise visitors into The Bahamas in 2021 and, these 30 to 35,000 cruise visitors will probably spend approximately \$50 million during their week long stay in The Bahamas. With these estimates in hand, is home porting going to positively impact the lives of my beloved Freetown constituents? Absolutely! Is home porting going to positively impact the lives of my fellow Bahamians without a shadow of a doubt!

Mr. Speaker, if you don't believe me, believe what was being said on the ground. I was watching a local news channel reporting on the launch of home porting and they interviewed Wesley Ferguson, President of the Taxi Cab Union and, this is what he said: The restart of cruising from the Prince George Dock "is a tremendous shot in the arm and an increase in taxi revenues.

Taxi drivers and the Bahamas Taxi Cab Union is indeed very very happy about this. We are excited and we look forward to great things within the Tourism Industry and the Cruise Industry. Royal Caribbean Cruises Line has worked hand in hand with taxi drivers and we are comfortable about the arrangement they have given to us and we look forward to doing greater and greater things.”

What an endorsement, Mr. Speaker! What an endorsement!

Mr. Speaker. I am also delighted to report that cruises from South Florida to The Bahamas will resume, in many instances, far earlier than we anticipated. As you know, Mr. Speaker, the American Center for Disease Control or CDC, has prevented cruises from restarting for some time and, given the CDC’s seemingly disinterest in helping the cruise industry to get back on track, cruise industry executives were telling me a couple months back that, don’t expect cruises, starting from the United States, to resume until September, possibly November or even just before Christmas.

Well, Mr. Speaker, Royal Caribbean, as an example, issued this press release on 4 June 2021 titled: “Calling all vacationers: Royal Caribbean announces US Comeback for the Summer.” And it goes onto say: “Travelers can once again mark their

calendars and set their sights on a summer full of long-awaited cruise vacations. Royal Caribbean has announced that six of its award winning ships will begin sailing from major US cruise ports in Florida and Texas in July and August. The cruise line's comeback will kick off on July 2 in Miami, the cruise capital of the world, with Freedom of the Seas embarking on a special Fourth of July weekend sailing to Perfect Day at Coco Cay in The Bahamas. By the end of August, 12 Royal Caribbean ships will be cruising once again across The Bahamas, Caribbean, Alaska and Europe. In the coming weeks, the cruise line will announce plans to reintroduce its full fleet around the globe by year's end."

Carnival Cruise Line has announced a similar 'return to service' schedule, and so, Mr. Speaker, I can confidently announce that the road to resumption of cruises in our region is underway, in fact, it is imminently about to happen so, Bay Street and other companies and individuals, especially my people from Freetown, involved in making a living from cruise passengers can begin, FINALLY, to get ready to restart their livelihoods.

Mr. Speaker, in 2019, a record breaking 5.4 million cruise passengers came to The Bahamas contributing almost \$100 million to The Treasury in Head Tax and pumping almost \$400

million directly into the hands and businesses of my Freetown constituents and, of course, other Bahamian companies as well. With the cruise business just starting to get going again, I wanted to remind everyone just how economically impactful cruise passengers were for Bahamians since this \$400 million in spend typically does not pass through some middleman but, passes directly from the visitor to the Bahamian with an immediate ability to spend, as cash, with no monies owed!

Mr. Speaker, everyone can see the tremendous work underway at the Nassau Cruise Port. This cruise port, located at the Prince George Dock, is undergoing a much needed expansion and upgrade. \$250 million is planned to be spent to bring about this incredible transformation. New and expanded berths are currently under construction. An iconic arrivals hall will be built next, followed by a Junkanoo Museum, a Coral Reef attraction and an amphitheatre – all to be used to promote Bahamian culture and emphasize the importance of the environment to the almost 4 million visitors expected to utilize the beautiful new Nassau Cruise Port once it is completed next year in 2022.

Mr. Speaker, this Nassau Cruise Port project, will not cost the Bahamian taxpayer a dime since private sector money will be

used to finance its construction and operation! Only Bahamian citizens from Freetown, and the rest of The Bahamas, will be allowed to own and operate stores/stalls, restaurants and other businesses in the Nassau Port area, not to mention the vastly improved working conditions for taxis, tour buses and other excursion operators.

And finally, Mr. Speaker, the fees earned by the Government from the Port will increase from approximately \$2 million each year to approximately \$6 million each year since the Government will now receive the VAT on the passenger facility charge paid by each visitor to the Port.

So, we getting a new and expanded port, it won't cost the Treasury a dime, the Port will be exclusively available to Bahamian small and medium sized entrepreneurs, ground transportation and excursion operators will benefit from better working conditions, the port will be managed, as it is right now, by an all Bahamian team, the Port will be funded primarily by Bahamians and cruise passengers expecting to use the Port will increase, for example, in 2022, right now, the total amount of passengers expecting to use the Port is 9% ahead of the total amount of passengers that used the Port in 2019, which was the

best year ever, indicating that cruise lines are excited by the prospect of a new Port,.

Mr. Speaker, I am extremely optimistic about the redevelopment of the Cruise Port of Nassau and I am convinced it will be, despite the misgivings of Englerston and only Englerston, a huge success for The Bahamas, ultimately bringing more passengers to Nassau and thereby, positively impacting the lives and livelihoods of scores of my Freetown constituents and Bahamians at large.

Even though, Mr. Speaker, I have talked at length about the improvements in the Cruise Port infrastructure in Nassau, let us not forget the new cruise port planned for Grand Bahama by Carnival and the new port planned for Grand Bahama by Royal Caribbean. Obviously, Mr. Speaker, COVID has delayed their advancement over the last 15 months but both cruise lines have indicated that they are both a GO and will begin in earnest when cruising resumes and cash flows improve.

In addition, Disney is still proceeding with their project in South Eleuthera once again, delayed by COVID and Virgin Cruises, in conjunction with Genting, have completed the construction of a

wonderful, splendid new beach club to cater to cruise passengers in Bimini.

So, once again, as I look down the road over the next 24 months, I expect the cruise component of our Tourism arrivals to experience extremely healthy growth! I am very optimistic!

Mr. Speaker, I am also delighted to report that Tourism is rebounding every day. Everyone sees it! The airports are getting busier! The marinas, up and down, The Bahamas have never been busier. The occupancy levels in the hotels are improving and, most importantly, the tens of thousands of Bahamians who were furloughed as a result of this pandemic are slowly being called back to work. Freetown, your representative is not only working hard, but he is achieving tangible results in getting tourists to come back to The Bahamas. More tourists, means more jobs. More jobs, means more income! And more income means an improvement in your quality of life.

And Mr. Speaker, I have real numbers to back up my claim that tourists are coming back.

In November 2020, the tourism sector re-opened after eight long months of some fairly harsh lock downs. We all know why we did the lock downs! To reduce the spread of COVID and, most importantly, to protect lives.

I cannot say the road to reopening the Bahamian tourism industry was smooth sailing. The world was learning day by day about COVID-19 and its variants, and we faced many obstacles and diversions that forced us to pivot.

But, Mr. Speaker, we had to open.

When we reopened on November 1, we did so with streamlined entry protocols that stood the test of time. Perhaps the most valuable component proved to be our Bahamas Travel Health Visa requirement.

I have previously applauded the Tourism team, led by the indomitable Trevor Moss, that manage the day to day operation of that visa and I wholeheartedly continue to applaud them today. They do a yeoman's job 24 hours a day, 7 days a week, 365 days of year, and I am very proud of their exceptional work. They understand the need for customer service, they get that, in many

instances, people are applying last minute, even at the check in counter, and they operate with the mantra that NO VISITOR IS LEFT BEHIND, once they have the right documents, of course!

Mr. Speaker! Right now, they are processing 6,000 to 8,000 health visa requests a day. And the only way, we can process so many applications on a daily basis is to be constantly fine tuning our technology. Even I, Mr. Speaker, have worked in the Travel Compliance Unit at the Ministry of Tourism, processing travel health visa applications, so that I can better understand the problems and participate in the process to make it work better. Every day, we suggest ways to make it work better much to the frustration of our programmer 'Think Simple', which I am proud to say is a Bahamian Company.

And Mr. Speaker, it is amazing to me how many people have opined on how well our entry protocols have been launched.

Recently, international media have heralded our protocols and the overall experience of visiting The Bahamas:

- **The Points Guy**, one of the top consumer travel websites with a global reach of more than 10 million, said: **“The**

Bahamas is a model for how countries should approach reopening tourism. It's devised an easy-to-understand entry system."

- In April, the **New York Post**, which reaches more than 14 million consumers in one of our most important markets, ran an in-depth feature on travelling to The Bahamas.
 - The headline read: "*Why vacationing in The Bahamas now is a dream come true.*"
 - And the author stated: "It turns out Bahamas was the ultimate luxury, not just because of where I stayed, but because it made me feel safe — and normal."

Safe and normal.

Your hear that, Mr. Speaker! Safe and normal!

That is exactly what travelers are craving after a year filled with so much turmoil. And, with the launch of our new Bahamas Health Travel Visa, they are looking to The Bahamas as the place to find their reprieve.

Anyway, Mr. Speaker, back to the numbers! What the Health Visa has given us is numbers. We know how many people

purchase a health visa on a daily basis and we know where exactly they are coming from.

In January of this year, 22,000 visitors received a health visa.

In February, 30,000 visitors received a health visa.

In March, 64,000 visitors received a health visa.

In April, 68,000 visitors received a health visa.

In May, 110,000 visitors received a health visa.

Mr. Speaker, as you can see, visitor arrivals are increasing by LEAPS AND BOUNDS! From 22,000 to 30,000 to 64,000 to 68,000 to 110,000. And so far, in 2021, almost 300,000 visitors have returned to our shores. 300,000 for the first five months and the rate of increase in their return, as you can see, Mr. Speaker is phenomenal! Freetown, get ready to get back to work! Tourism is bouncing back!

And when you dig into the numbers, Mr. Speaker, 60% of the visitors are coming to Nassau and 40% are going to the Family

Islands. So, that confirms to me that the Family Islands are bouncing back faster than Nassau, so far! since in 2019, 75% of the visitors came to Nassau while 25% went to the Family Islands

And that makes sense, Mr. Speaker. With the onset of COVID, people wanted a low density, secluded vacation at a small boutique hotel or AirBnB, away from crowds and larger properties. And that is exactly what happened.

And when you dig even deeper into the number, 27% of the persons going to the Family Islands went to Eleuthera (mostly Harbour Island), 20% went to Bimini and Cat Cay (mostly by boat from Florida), 19% went to Abaco, which is quite remarkable given the damage Hurricane Dorian put on that island and leads me to conclude that those second home owners are very very loyal to Abaco, and 17% went to Exuma.

Another take away from these stats, Mr. Speaker, is that the wealthier visitors are returning first. The amount of private jets, the amount of private yachts, the amount of persons seeking the most expensive accommodation we have to offer – that segment of the business has returned the fastest.

One hotel owner in Harbour Island said from his lips to my ears, "whatever you'll doing, it working for us!" You would have heard the Member for North Eleuthera say in his remarks that the marina at Valentines is having its best year ever! And, one hotel manager here in Nassau, who caters to the rich and famous, stated that their revenue from the sale of rooms, is better than 2019. Yes! Food and beverage is down, but people are coming, paying more, and are staying much longer! Why? Because where they come from, the management of the COVID situation is far, far worse than what was happening here in The Bahamas, indicating to me, we must be doing something good!

So, Mr. Speaker, while are visitor numbers are down from 2019, I contend that the spending is NOT down by as much.

Mr. Speaker, I heard what Exuma had to say about the revenues in the Budget. Pie in the sky! Not, in any way achievable! But like the good CEO that he is, he knows it is always good to set ambitious targets and push your team to meet those goals and based upon what I see in Tourism, I am very optimistic that they are attainable.

Mr. Speaker, I must say I am blessed to have the best group of public servants that work along with me in the Ministry of Tourism.

Over the past 457 days, since March 16, 2020 when we decided to close our borders to tourists, and I announced in this place that **there would be no tourists** Team Tourism has done an awesome job navigating this nightmare.

I must say we were all shell shocked and depressed at the beginning of 2020 when we were forced to shut down completely and stop building up further the record 7.2 million foreign visitors that had come to the country in 2019.

Travelers from around the world know the refrain “It’s Better in The Bahamas,” but when I first took office in 2017, there was much room for improvement. Indeed, international arrivals to the country were below those of 2016, and tourism segments—especially the key stopover visitor—were not growing.

What’s more, in 2017, The Bahamas and the entire Caribbean region stood at the precipice of a historic hurricane season that brought Irma and Maria, along with a tidal wave of negative media headlines warning of broad sweeping Caribbean devastation.

It was evident that tourism urgently needed a reset to build demand and drive an increase in visitor arrivals. We needed to get the “Better in The Bahamas” swagger back and inspire travelers to fall in love again with the beauty, diversity and wide array of gorgeous islands and cays that our country has to offer.

That’s why, in 2017 my Ministry focused on aggressive efforts to promote our destination. From digital content targeted directly at our key audiences; to effective marketing partnerships with Expedia and Trip Advisor; and the execution of strategic public relations storytelling, media and influencer visits; we fired on all cylinders to separate The Bahamas from others in the region who had not fared as well. Our mission was to spread the message widely, to the right audiences, and leave no doubt that The Bahamas was indeed open and ready to welcome visitors.

The result? Starting in October, after months of lagging tourism numbers, there was a striking reverse in trend. We closed the year with double-digit Year-Over-Year increases in visitor arrivals that projected through the first quarter of 2018. International air capacity began to grow and scheduled direct flights had increased more than 15 percent.

And Mr. Speaker, we were just getting started.

My mission as Minister of Tourism & Aviation has focused on boosting the country's economy and opening doors for my fellow Bahamians, especially from Freetown, to realize business opportunities and enjoy financial prosperity. Specifically, my goal has been to expand airlift and increase the number of stopover visitors, attracting travelers to our islands who will stay for several days and inject money directly into our economy.....right into the hands of the many, many ordinary Bahamians who rely on Tourism for their bread and butter.

Under my leadership, and indeed through the collective efforts of Team Tourism, The Bahamas has made significant progress in growing this stop over segment. The data speaks for itself:

- In the first quarter of 2017, before I took office, expenditure from stopover visitors was approximately \$627 million.
- During the same period in 2018, expenditure grew to more than **\$1 BILLION**.
- **This is a YOY increase of 62.5 percent!**

And again, we were just getting started.

2018 proved to be a banner year marked by incredible growth and a record 6.6 million visitors, the highest number of international arrivals in nearly two decades. International air arrivals had increased 16.7 percent in 2018, with expenditures from these stopover visitors topping \$3.3 billion, an increase of 29 percent from 2017.

This historic increase in arrivals was experienced **NATIONWIDE** – from New Providence to Freeport and in the major Family Islands.

So, YES Englerston! Bahamar may have been part of the reason for the increase in arrivals in Nassau. And I wish you could have gotten the property open earlier instead of allowing it to languish in the courts for two years. Just think how many Bahamians were negatively impacted by that delay! Anyway, I digress...

But the impact of Team Tourism's strategies was felt in almost every island in The Bahamas...Exuma and Abaco and Eleuthera can attest to that, indicating to me, that Team Tourism was on a winning strategy helping all the islands!

Expedia, the largest producer of online bookings to The Bahamas, confirmed a **29 percent increase in room night sales** year-over-year, from January 2018 to January 2019. Hotels in Nassau and Paradise Island were experiencing maximum occupancy levels, and the year ended with **room revenues up 34 percent**, the highest gains in the past 10 years.

The world was taking notice that The Bahamas was on fire, and the accolades rolled in from top-tier media outlets and International Associations alike. In 2018, we were honoured to have landed on many “hot” lists from publications:

- *Caribbean Journal* honoured The Bahamas as Caribbean Destination of the Year, citing our impressive growth, surging airlift and tourism increases being universally realized across the country.
- *Condé Nast Traveler* named The Bahamas the no. 2 destination on their “18 Best Places to Travel in 2018” [list, and The Bahamas was the only Caribbean destination to be included.](#)
- *Travel + Leisure* touted The Bahamas in their “50 Best Places to Travel in 2018” list, declaring the islands a must visit due to

high-end hotels like Baha Mar, Kamalame Cay, The Cove at Atlantis, and The Ocean Club.

- The Bahamas was noted as a trending/growing destination in key booking sites such as *Kayak, Expedia and Airbnb*.
- *Travelzoo* named The Bahamas the no. 1 destination in the Caribbean consumers wanted to visit in 2018.

As we started 2019, Bahamas tourism was reaching superstar status as a premiere travel destination, and we continued to promote the distinct offerings across each of our islands that would appeal to new and repeat visitors.

Straight out of the gate was the launch of **Fly Away**, our multi-channel creative campaign featuring Bahamian American rock legend Lenny Kravitz, set to lyrics of his hit song *Fly Away*. We are immensely proud of this campaign, and it has resonated incredibly well with target audiences, truly underscoring The Bahamas' powerful appeal as a destination and its proximity to the U.S.

Earlier that year, my Ministry landed on the front cover of the coveted **Sports Illustrated** Swimsuit magazine. This annual issue was promoted across print, digital, social and broadcast outlets,

bringing The Bahamas to the attention of more than **70 million consumers**, with extensive photo and video content of breathtaking beach scenes of The Bahamas across SI's online and social platforms driving further awareness about the destination.

As we all know, 2019 was also the year we as a country faced unimaginable devastation wrought by Hurricane Dorian, the effects of which we will feel in our hearts forever.

In the face of that crisis, Tourism had a critically important role to safeguard The Bahamas' economy. It would be easy for travelers to assume the country was in ruins, as those were the headlines and images splashed across media outlets the world over. We now faced the same challenge the Caribbean region navigated during Hurricanes Irma and Maria in 2017. It was imperative to change the narrative.

My Ministry took immediate action to impress upon and educate media and consumers that The Bahamas is an archipelago and 14 of its 16 major islands remained unscathed by Dorian. Myself and my ministry executives appeared on major networks like CNN and travelled to New York and Miami, to Canada, London and Paris, speaking at top tourism conferences and meeting with media and

influencers to spread the message that The Bahamas was open, beautiful and ready to welcome all with open arms.

There was a tremendous outpouring of support from the global community asking how to help – our answer was simple: The Best Way to Help The Bahamas is to plan a vacation to The Bahamas! This sentiment was embraced wholeheartedly, sparking international headlines encouraging travel to our islands.

Our Fly Away campaign shifted to **Still Rockin'**, and this, combined with data-driven, agile marketing, authentic storytelling, and aggressive PR, sales and airlift strategies led us to make an unprecedented comeback.

Indeed, right up to Dorian's arrival, 2019 was showing the highest levels of arrivals with YOY increases every single month. In the weeks immediately following the storm, arrival numbers fell 7.5 percent and the outlook for the rest of the year remained challenging.

But The Bahamas is resilient, and our tourism sector is strong! Despite everything, December arrivals rose by more than 3 percent

and we closed 2019 exceeding the historic **7 MILLION visitors**, the best year on record.

As I have said before, increasing airlift is manifestly paramount for successfully growing tourism. Having plentiful flight options from the United States, Canada and Europe is crucial for attracting stopover visitors.

As such, this Ministry has been relentless in its pursuit of demonstrating consumer demand and instilling confidence with our airline partners to increase seat capacity and open new flights and routes. Our efforts have been successful:

- We have achieved new and expanded airlift from major U.S. carriers such as Delta and American Airlines, strengthening our connections to the key markets of New York, Miami, Charlotte, Atlanta and Chicago.
- Silver Airways and Bahamasair also expanded service from South Florida.
- United Airlines added new, non-stop flights from Denver to Nassau.
- New service from Copa Airlines is bringing travellers from key markets in Latin America.

It is hard to think of what could have been in 2020, had the COVID-19 pandemic not brought the global tourism industry to its knees.

The Bahamas tourism sector was continuing forward momentum, and for the first two months of the year, air and sea arrivals were up 12.3 percent.

This all came to a grinding halt in March when The Bahamas, along with the rest of the world, was forced to close its borders to protect against this deadly virus.

But Tourism did not rest. We prepared.

BAM! Right out the gate, the Tourism Readiness and Recovery Committee was formed to tackle the herculean effort of safeguarding every aspect of our tourism product, across each of our islands, and ensure we produced the gold standard in public health and safety protocols. Nothing was more paramount than ensuring our citizens and visitors alike felt confident that The Bahamas is committed to protecting their wellbeing.

I would like to acknowledge the Ministry of Tourism's global sales team, who remained active and engaged throughout the course of the pandemic, conducting regular updates, sharing inspiring content, making presentations and connecting with prospective travelers through social media and a variety of channels.

Their goal was to keep the pipeline full of prospective travelers, working with airline and tour operator partners to drive demand and stimulate bookings. One such program was with Delta Airlines. The Campaign rolled out in February and March and generated more than 300 new bookings and 2050 room nights with an average stay of 5 nights.

From webinars to virtual events, this team did not rest:

- They trained more than 20,000 travel agents on destination highlights and COVID travel protocol.
- They conducted more than 200 webinars - training travel agents and tour operators on destination highlights and COVID travel protocol updates.
- They participated in virtual versions of industries' biggest trade shows, including World Travel Market, ITB and the Caribbean Hotel and Tourism Association.

- At CHTA, we along with our private sector partners sponsored a destination spotlight that included press conferences, a networking lounge with virtual presentations, and a live people to people session.
- The team attended its first in-person trade show, SUN 'n FUN, Florida's largest annual convention for private aviators, where their collateral materials were grabbed up by the second day, demonstrating the level of pent-up demand for the destination. Over 200,000 persons were in attendance!

The efforts of the sales team are paying off in dividends, and we are seeing the results of their tireless efforts, particularly with Group Sales. The Bahamas is showing an uptick in RFP submissions and contracts for 2021 and beyond. To date, we have already received more than 400 RFPs for groups through 2023, which would potentially translate to over 300,000 room nights. Of this, more than 20,000 room nights have already been contracted.

Mr. Speaker,

I have noted the concern of some of our stakeholders expressing concern about the level of airlift to The Bahamas. They complain

airline prices from our key markets are too expensive! And we are monitoring this very closely,

Resuming airlift has remained of utmost importance and my team monitors airlift closely and are in constant communication with our airlift partners. Our airline partners not only reassure us, but have also demonstrated that as demand picks up, they will add increase seat capacity. And this has indeed been the case. Airlift is approaching pre-pandemic levels, and we are nearing the return of all major airlines from key markets in the United States, Canada, Europe and Latin America. We are starting to see new markets open and partners adding increased capacity to existing routes.

From the United States:

American Airlines announced direct flights from Austin, Texas to Nassau which began on June 5, 2021. Given the success of this service thus far, American just announced that non-stop service from Austin Texas to Nassau will return 4 times weekly beginning 2nd November.

Frontier Airlines has also announced that direct flights from Miami to Nassau will be available four times a week starting at the end of this month.

Southwest has also just announced the resumption of service to Nassau from Ft. Lauderdale beginning 7th October and on 9th October, will resume service from Baltimore, Washington to Nassau with 2 flights per week.

From Canada: Air Canada and West Jet will return with service this coming winter from Toronto and Montreal to Nassau as well exploring a Toronto to Exuma non stop route.

From Europe: British Airways has resumed London/Nassau service as of May 31 with one flight per week, which will increase shortly to 3 flights per week by late June.

Additionally, Air Caraïbes will resume its Paris/San Salvador service in December of this year.

The Ministry is also exploring an Alpitour flight from Milan to Grand Bahama, and a charter from Romania to Nassau in either early fall or winter.

From Latin America: As of last week, Copa Airlines has resumed service from Panama to Nassau with two flights weekly and has increased seat capacity by 12 percent.

In total, scheduled international flights to The Bahamas have increased to 17 commercial carriers with a combined seat capacity from 37 international markets! This is monumental as we are truly bringing the world to our shores.

Mr. Speaker,

The lifeblood of this economy remains the stopover visitor – which is why we are watching with great excitement as **major hotels across The Bahamas continue to safely reopen.**

Atlantis was one of the first to open in December, followed by Baha Mar, Hilton, Sandals Exuma, Viva Wyndham Fortuna Beach and many others.

New developments are rapidly coming online, such as Resorts World Bimini which recently debuted its magnificent new private beach, Margaritaville Beach Resort here in Nassau is set to open in July. The new water park and a huge new beautiful restaurant

will be opening at BahaMar during the July 4 weekend. Many more reopenings and new developments are also on the horizon including the complete renovation and upgrading of Sandals Royal Bahamian which is scheduled to open in the first week of November with almost 1,000 Bahamians returning to work.

As for boating and niche markets, The Bahamas quite simply remains the place to go. For more than 25 years, The Bahamas has maintained a top spot in Scuba Diving Magazine's Readers Choice Awards, and 2021 was no different. The Bahamas won top spots in more than 7 categories, and once again secured the number one spot for Big Animal Encounters.

Our 2021 summer boating flings are almost all fully subscribed, which is an indicator that our boating market will return to previous year records.

Earlier this year, The Bahamas made a historic appointment of fourteen new Diving and Boating Ambassadors. These hand selected professionals are considered the best of the best in their category, and are influential experts in scuba diving, boating, travel, underwater photography, media relations and marketing.

Most importantly, they all share a deep affinity for The Bahamas. The selected ambassadors are all unpaid volunteers who have led many groups to The Bahamas and are committed to further promoting our islands to the media and to their followers to garner further exposure and bookings to the destination.

Mr. Speaker

One of the most incredible accomplishments of Team Tourism has been the complete relaunch of Bahamas.com. Mr. Speaker, more and more of our visitors book their vacations online and almost all of them do their research about possible destinations online. I complained bitterly, when coming to office, that Bahamas.com desperately need a refresh and an upgrade since that would be the first gateway experienced by a visitor thinking about a vacation in The Bahamas.

[As such, 2020 saw the Tourism Communications team go into bunker mode and where they worked quietly and diligently on re-imagining a new website. We saw the:](#)

- Re-launch of Bahamas.com new mobile-first website with new features and functionalities allowing consumers to easily plan their next vacation.

- From immersive new editorial-style features and easier navigation tools to the ability to customize your own itinerary, the new site is a one-stop source for all things Bahamas.
- The site is now translated into six languages, including Portuguese, making our international sales teams better equipped to sell the destination in top feeder countries.
- The website includes booking capabilities to encourage direct bookings with island stakeholders as well as flight information where users can book flights with domestic airlines for travel to and within The Bahamas
- The Experiences section introduces consumers to a detailed list of The Bahamas' offerings.

- From fishing and diving to culture and landmarks, potential travelers can learn more about activities specific to their interests and add those experiences to their itineraries in fully immersive story pages with custom videos and photography.
- From Jan - May 2021, the new website has already boasted over 2 million users visiting twice as many pages with over 6.2 million pageviews.

Mr. Speaker,

It is clear to me that the momentum is building, and The Bahamas stands once again at the foundation of something major. I am quite sure that the good times are back within reach. In fact, Forward Keys recently reported that The Bahamas should attain just over 80% of its 2019 volumes in stopover visitors this summer.

Mr. Speaker, that is amazing! Our numbers are coming back quicker and stronger than we could have ever imagined just three months ago and once again, Freetown, your MP and his Team at Tourism is working day and night to get our economy back on track and as many Bahamians as possible...as many of constituents as possible back to work.

This last year has been excruciatingly difficult for every person in The Bahamas and to have our vital Tourism sector back and thriving is an accomplishment we should all be proud of. I've said before that tourism is everyone's business, and the success of tourism is everyone's reward. Together we have fought and persevered, and together we have much to look forward to.

Mr. Speaker. I am fully vaccinated, both shots plus 14 days. And to ensure that our Tourism led recovery remains on track, it is absolutely essential that as many Bahamians as possible get vaccinated.

As you can imagine, Mr. Speaker, ain nobody wan travel to no country that has high levels of COVID.

And vaccinations keep the level of COVID down. That has been proven in almost every country where vaccination levels are over 70%. In the US, for example, back in January of this year, just 5 short months ago, they were experiencing 250,000 positive COVID cases a day. A day!

Now, with the robust rollout of the vaccine, those cases are now down to an average of 11,000 cases per day and the number of daily deaths has dropped significantly also. So, we see with our own eyes that vaccines work at not only reducing the number of COVID cases but also stopping the spread of the virus. If you are vaccinated and you get infected with COVID, you are over 90% less likely to pass that infection onto someone else, like an elderly and vulnerable parent or grandparent in your home.

Many Bahamians are skeptical about the virus, I have heard all reasons from, I scared of needles to Bill Gates trying to exterminate black people! Whatever your reason, the vaccine has been proven in many countries and communities to save lives. And that is what is all about saving lives. But getting vaccinated to the point where we achieve herd immunity will allow the government to remove these truly annoying and restrictive measures presently in place like curfews and lockdowns and limits of the size of family gatherings. It will also signal to the tourists, our lifeblood, that we gat COVID licked, and we are a safe place to visit.

Once again, more tourists means more jobs and opportunities and more jobs means income and more income means an improvement in one's quality of life.

In closing on this section about Tourism, Tourism is back, improving every day! Once again, Mr. Speaker, I am confident about the immediate future. I am confident that we will bounce back faster and more robustly and be back on track in the shortest possible time.

AVIATION

Mr. Speaker:

I know turn to the second half of my Ministerial Portfolio which is aviation.

Mr. Speaker, clearly the highlight in the aviation sector, was the conclusion of decades upon decades of talks between The Bahamas and the United States about the management of the sovereign airspace of The Bahamas.

On 1 May 2021, The Bahamas assumed, for the very first time, the management of its sovereign airspace.

Mr. Speaker, I heard Englerston yesterday trying to claim some credit for this development, and you know what, Mr. Speaker, if she wants some credit, I will do the honorable thing and give her some credit.

But, as I said before, over and repeatedly, in this place, Englerston had her immensely qualified team of Bahamian negotiators, whom she refers to often, heading down the wrong path and that is why after 10 years as Minister of Aviation, she just could not bring it home.

Calm down Englerston. Remain calm! Don't get excited. The bottom line is this, did you ever, after ten years as Minister of Aviation, did you ever generate one dollar from the use of our patrimony, the airspace above our beloved Bahamaland by foreign airlines?

Anyway, Mr. Speaker. Thank you Englerston but...

Commencing 1 May 2021, aircraft landing in, and departing out of the sovereign airspace of the Bahamas, aircraft flying solely within the sovereign airspace of the Bahamas, and aircraft flying OVER the sovereign airspace of the Bahamas will start, for the very first time, to pay fees to an entity solely owned and operated by the Government of The Bahamas.

Mr. Speaker, for that reason, the air navigation services agreement signed with the FAA on 1 May 2021 was historic. Never before in the history of an independent Bahamas has anyone paid anything to the Government of The Bahamas for the use of its airspace.

Aircraft using the sovereign airspace of the Bahamas paid fees directly to the FAA and, once again, The Bahamas received not one red cent from this arrangement.

In the minds of most right thinking Bahamians, this arrangement was unacceptable and, since assuming office in May 2017, this Minnis led administration, this Minister of Aviation, made it an absolute priority to conclude an agreement like the one on 1 May 2021 to correct the construct that left The Bahamas totally out of the loop as it relates to the management and fee collection for the use of its sovereign airspace.

Mr. Speaker, the details of how we got it done have already been talked about...and I am sure Englerston knows the details...but the most important point is that we got it done.

And not only did we get it done, we convinced the Americans to manage our airspace, for the time being and FREE OF CHARGE, until we could grow the capacity and infrastructure to do it ourselves. Yes! Mr. Speaker, the FAA is going to provide this service to the Bahamian people FREE OF CHARGE except one tiny lil \$80,000 fee for the provision of data. What a deal, Mr. Speaker. What a deal! We get to keep all of the million upon millions of overflight fees for the payment one \$80,000 fee.

I was delighted to hear Golden Isles make reference to as much of this milestone achievement as he was allowed to do, which was not much, but he was right we were finally getting something from one of our greatest natural resources, the sovereign airspace of The Bahamas.

Mr. Speaker, **We don't have to dig, we don't have to drill, we don't have to mine, we don't have to extract, we don't have to dredge anything, we don't even need to pontificate any more. We just need to bill and collect to get what is rightfully ours!**

And while, the numbers have not been finalized, we estimate that we will collect at least \$20 to \$25 million in overflight fees annually. That means that the Government will not be required to find the money to pay for the provision of air traffic control services nor to fund the civil aviation authority. These departments can be paid for from the overflight fees and the amounts that used to be spent on these departments can be used to assist the constituents in Freetown...and other Bahamians in meeting their most pressing needs.

Englerston has now moved her attention to who will collect the fees. Once we get pass, at least we gat fees to collect discussion

the negotiation team, led by lead negotiator and lawyer, Bryan Glinton, is working on the details of how this collection will occur. We first have to understand the process of getting data from the FAA and then how that will be translated into bills that we can then be sent to IATA for collection. IATA is the organization that gets all of the money when a ticket is paid for and then breaks the total amount down and distributes it all of the entities that get a piece of your airline ticket {explain how this works}. Currently, we are using the same consultants that guided us through the FAA negotiations and, since we have not done this before, we want them to help us set up a best in class system that maximizes the amount of money that goes to the Bahamian people.

For the ten long years that Englerston was the Minister of Aviation, there was no real plan to develop a system whereby Bahamians could provide air traffic control services from Freeport in the north to Inagua into the south and from the ground right up into the sky. When aviation traffic returns in earnest over the next two years, the additional monies from overflight fees can be set aside to pay for just such a system. Mr. Speaker, we now have a real funding mechanism to do build an air traffic control system that covers the entire Bahamas. As such, the overflight fees will lead to a whole host of air traffic control employment opportunities for persons in

Freetown and in the wider Bahamas. Those jobs are presently outsourced to the Americans and the Cubans and we really need to bring them home.

Mr. Speaker, we still need to conclude an agreement with the Cubans for the 25% of the airspace that they control but that is in the works and we are hoping to have that signed sealed and delivered soon.

Mr. Speaker, my aviation portfolio includes:

Civil Aviation Authority of the Bahamas

Bahamas Air Navigation Services Authority

Airport Authority

Nassau Airport Development Company

Nassau Flight Services

Bahamasair

In order to centralize these units and augment my overall effectiveness, the Cabinet of The Bahamas formed the Department of Aviation to assist in the management of all of these aviation related entities.

With the support of the Department of Aviation, we were able to bring more structure to the Aviation sector and I thank the Department, headed by Algernon Cargill and his team, and all the Aviation Heads for their continued contribution and support.

Over the past four year, we got a lot done in aviation.

- 1.** We passed legislation to create the Air Accident Investigation Authority in order to separate the lines of reporting for Air Accidents away from the Ministry of Tourism to the Ministry of Transport. In this way, in the event of an accident, the Authority would be free to investigate and report on the accident without the influence of the Minister of Aviation. This unit is now fully functional and has implemented a BEST practice as recommended by ICAO.

By legislation, the Minister of Aviation will not have any Ministerial responsibility for Air Accident Investigations and our Government shifted this responsibility to the Minister of Transport.

- 2.** We created the Bahamas Air Navigation Services Authority (to manage the provision of air traffic control services as well

collect the overflight fees) and we repealed Englerston's Civil Aviation Act, 2016 to replace it with a new Civil Aviation Act, 2021 and a new Civil Aviation Authority of the Bahamas Act 2021 to allow for the regulators of the Aviation sector to operate more nimbly and keep up to date with the ever changing international rules and regulations that relate to the sector. The passage of the new Civil Aviation Authority of the Bahamas Act 2021 has also laid yet another foundation for our Aviation sector to compete in the global arena as a sought after Aircraft Registry state. Our consultants are still busy working and within the next few months, we will introduce to the world, the newest Aircraft Registry state, where The Bahamas will attract Aircraft Registration and exponentially increase the revenues in this sector, or rather, decrease Government's funding from the Aviation sector. Through this process, we have also readied our Aviation sector for an Audit by the International Civil Aviation Organization later this year and while there remains work to be done in order to ensure that we pass this rigorous audit, we are well on the way to audit readiness.

3. Mr. Speaker, Our Airport Infrastructure Program will position Bahamian Family Island Airports as profit centers,

commercial centers, and modern facilities that Bahamians will be proud of.

Already under construction is the Great Harbour Cay Airport that is now about 70 percent completed and will open for business with a new 5000 ft. runway by the end of this year.

We have already broken ground on the Exuma International Airport and this \$65 million project will position Exuma as the hub of the Southern Bahamas and create opportunities for expanded flights to Exuma from North and South America as well as Europe.

WE believe in Exuma, and we can see the enormous potential this airport facility has to not only create employment and expand the economy but create jobs for Bahamians and opportunities for entrepreneurs at the Airport and the area immediately surrounding this nearly 60,000 sq. ft. facility.

North Eleuthera – we have not forgotten you and your airport will come.

We are in the final stages of the land acquisition required to finalize the contract with our consultants and your airport will become a reality.

In the meantime, I am advancing a proposal to provide a temporary solution to expand the sq. footage of your facility that will immediately improve the safety of airport employees and passengers.

Mr. Speaker,

We plan for the future, and this temporary facility will be able to be relocate to any other airport under construction or where there is a need for space – it will be hurricane rated and affordable and will be approved imminently for development.

Long Island – I am not going to keep you waiting any longer! Your airport is out to tender and the tender submissions are due within the next few weeks.

Mr. Speaker, I want to be absolutely clear to the people of Long Island. Your airport going to get built....come hell or

high water! When finalized, you will have a modern \$18 million international facility, known as the Long Island International Airport in Deadman's Cay that will be positioned in our tourism marketing program as offering direct commercial flights to North and South America for the first time in our history. You will no longer have to travel to New Providence to return home or visit an international country – you can do this right from your new facility at Deadman's Cay that will have an 18,000 sq. ft. terminal and a new 6000 ft. runway!

Mr. Speaker – I will now tell you a secret – we have plans for Cat Island! The Department of Aviation is preparing a Request for Proposal to sort through the many offers it is receiving from around the globe to enter into a PPP with a private sector partner to develop the New Bight Airport. I expect that this RFP that is currently under development, will be issued to the market early September 2021.

4. Mr. Speaker – **mark your calendar!** At the end of June 2021, we will hold our first Market Briefing to update the global market on the RFP that is currently under development by the Department of Aviation and our IDB

funded Airport Consultant, Leigh Fisher. This RFP will include our airports in Freeport, Exuma, North Eleuthera, Great Harbour Cay, San Salvador, Abaco and Long Island and provide the opportunity for investors to partner with the Government of The Bahamas in developing, financing, modernizing, and managing these airports similar to the successful model currently in existence at Lynden Pindling International Airport, with the Nassau Airport Development Company or NAD.

We have created two SPVs, Freeport Airport Development Company Ltd or FAD, and the Bahamas Airport Development Company Ltd or BAD that will operate both the Freeport and other already identified Family Island Airports independent of the Airport Authority...in much the same way as NAD manages LPIA.

I am very impressed with the work being done by the Aviation team, led by the Department of Aviation, who also successfully managed the transition of the Grand Bahama International Airport to the Airport Authority.

Mr. Speaker,

I want to now publicly thank all of the employees at the Grand Bahama International Airport, our employees now, who accepted an offer of employment to join the Government's 100% owned Freeport Airport Development Company Ltd for a job well done with this rather seamless transition.

I do recognize that there is more work to be done and some of the immediate plans call for repairs to the Air Traffic Control Tower and the installation of a new elevator, the construction of the Customs Building, and creating more office space at the Facility for our employees. A budget has been reserved for this work and proposals are concurrently being reviewed by the Airport Authority's team.

So, with the acquisition of the Grand Bahama International Airport for **\$1 Bahamian Dollar** by the Government of The Bahamas, WE, Bahamians, now own all 30 airports within our archipelago. I heard the member for Pineridge lament that \$1 plus a \$1 million dollars in severance costs was too much but I can assure him that the assets that the people of The Bahamas received in thousands of acres of land, a recently resurfaced runway and a good much ramps and taxiways plus the buildings that are currently in use

are worth well in excess of \$10 million. No matter how you look at it, the purchase of that airport for the price we paid was a steal. What will hurt us is the operating losses that that airport will incur in the short term and the tens of millions of dollars that must be spent on that airport to get it up to world class standards.

The plans for the development of this airport include rebuilding a resilient facility that can withstand storm surges and monster storms and maximize all the commercial opportunities inherent in a 12,000 ft. runway and aprons at this facility.

I am convinced that this airport should be used as a cargo hub and mirror the marine set up for cargo at the Freeport Container Port. Its proximity to the United States and its wonderful geography nestled in between North and South America and Europe, should make it an attractive location for a cargo hub.

So, stay tuned Pineridge and Englerston to the market briefing when we will update the global market on our plans for Grand Bahama and all our Family Island Airports included in the Request for Proposal that will lead to the selection of Public Private Partners for our airport facilities. The process will be open

and transparent and we expect your inevitable constructive feedback.

So, stay tuned to the market briefing when we will update the global market on our plans for Grand Bahama and all our Family Island Airports included in the Request for Proposal that will lead to the selection of Public Private Partners for our airport facilities.

Mr. Speaker, this is a good opportunity to now expand on the Airport Authority, the unit that owns every Government Airport in the Bahamas. Currently underway at LPIA is a modernized Baggage Handling System and Passenger and Baggage Screening Systems that will collectively cost approximately \$15 million when fully implemented.

This will allow for a seamless transition from the baggage belts at the ticket counter, to the back of the house where more “intensive screening” is completed using the very latest technology that will protect the reputation of The Bahamas as a serious and successful combatant against narcotics smuggling. So, to everyone, I am subtly saying – this equipment is already installed so – DO NOT TRY IT!

We are implementing new passenger screening equipment, similar to what is used at modern airports globally where the passengers' entire body is scanned – this is another step in our effort to completely eliminate all forms of narcotics and contraband smuggling.

And the same CT Technology is being used for carryon baggage – these are already in place and the project that has been led by the Airport Authority and NAD, will be introduced in the near term at all airports throughout The Bahamas. A recommendation to fund this investment at Family Island airports, together with a recommendation to modernize the Baggage Handling Systems at Family Island Airports has been finalized and will be discussed with my Cabinet Colleagues imminently.

Mr. Speaker,

It is unbelievable that we have not reviewed Airport landing and related fees at our Family Island airports in more than 30 years.

The Airport Authority and the Department of Aviation have finalized recommendations that will contemplate the introduction of passenger facility charges....in much the same way as is done at LPIA and GBIA. If we are going to enter into PPPs with our

family island airports, the investments to upgrade the airports will have to be repaid through the introduction of user fees. Let's face it, Mr. Speaker, there is not enough money in the next 10 Budgets to do all the work that needs to be done at all of our airports. And, every single family island member wants their airports to be, quite rightly, improved. We cannot continue along at this snail's pace of doing one airport every ten or so years because the economic growth that usually follows an airport redevelopment cannot wait that long. The Family Islands deserve better airports and the correct funding mechanism.....usually accompanied by a PPP, will make that a reality.....in much the same way that a PPP is allowing for the redevelopment of the Port of Nassau or a PPP allowed for the redevelopment of LPIA.

We have an opportunity to convert the Airport Authority, that receives millions of dollars annually in government subsidy into a no cost center – similar to what we have done at NAD, and what we will do in Grand Bahama and the Family Island Airports included in the RFP – when we identify the Private Public Partner to develop and manage our airports. The domino effect on the treasury will automatically mean that we have more to spend on Healthcare, Education, Social Services, Policing, and improving our infrastructure.

And so, **Mr. Speaker,**

Modernizing and improving the functionality and efficiency of the Aviation sector is not an option – it is an imperative. Simply put, the more we spend subsidizing Aviation, the less we spend elsewhere, and the models already exist where the aviation sector operates as self-sufficient, no burden to The Treasury, centers – the foundation has been laid!

NAD

Turning now to NAD, much has been done at the Lynden Pindling International Airport in the past four years to improve the financial condition of the airport and invest heavily in infrastructure.

Mr. Speaker, that airport has not cost the Government of the Bahamas one dollar since it was redeveloped in 2008. All costs, all capital projects and all debt servicing requirements are paid for by the persons that use the airport through the collection of Passenger Facility Charges.

This is how many of the government corporations should be run but NAD has been one of the very few that has been left alone to

operate as a business, with very little political interference, although some might argue that that may have happened when the last government was in charge.

You see, Mr. Speaker, NAD carries half a billion dollars in debt so if there is ever political interference which impacts their revenues, the Government, as the sole shareholder, will have to step in and fund any revenue shortfall. Luckily, safeguards are in place to let that entity run independently of meddling politicians and I hope it is always kept that way.

With the onset of the pandemic, driving revenues down to near zero in some months, NAD may have to turn to the shareholder, the Government, in the near term to fulfill some of its debt commitments...but we remain hopeful that the tourism rebound comes quick enough and fast enough to improve revenues and negate the need of a soft loan from the Government.

Investing in our People

NAD has made significant investments in its people through training, exposure, education and certification. Through its affiliations with organizations and programs such as the Airports

Council International (ACI), University of The Bahamas, BahamaHost, among others, nearly 100 percent of NAD's employee complement of 250 has received some form of professional development and training over the past 4 years. The training spans diverse disciplines from risk analysis and leadership training to environmental management, renewable energy and facilities cleaning and sanitization.

Airlift/Air Service Development

Between the years 2017 and 2019 incoming seat capacity to LPIA increased by nearly 25%. Daily inbound seats peaked to record levels between 2019 and pre-pandemic 2020. At the current time, seat capacity is well below 2019 numbers, but airlines remain interested in Nassau and continue to build capacity as evidenced by the schedules they continue to offer for Nassau/Paradise Island.

LPIA has experienced average passenger growth of 10 percent per annum for incoming **General Aviation** passengers from international destinations since 2017 and prior to the pandemic.

The recovery of this sector has been steady since the first quarter of 2021 with passenger numbers for March and April 2021 exceeding the same period in 2019 by 27 percent.

LPIA closed the calendar year 2018 up 11.1 percent over 2017, and for the first time in its history in 2019 achieved a record 4 million passengers.

This Summer, LPIA is preparing to welcome an estimated 4,000 additional passengers each weekend as a result of the decision of 3 cruise lines to homeport in Nassau.

Maintaining a Fiscally Responsible and Profitable Operation

NAD successfully restructured its high interest participating (subordinate) debt, from 13 percent to 7.5 percent in December 2018. The refinancing of this mostly foreign held debt with Bahamians some \$134.7M through local institutional and individual investors. This resulted in a net savings to NAD in reduced interest and conversion costs of ~\$7 million per annum.

The savings also represented the opportunity for NAD to realize a significant reduction in Net Loss, and in fact the organization saw positive net income for the first time in 2019. The move projects the payment of some \$9.6 million in interest to these all-Bahamian investors at the 7.5 percent rate compared to \$16.8 million at the 13 percent rate of interest to foreign entities.

With assurances from the Government of The Bahamas, NAD successfully gained waivers from its lenders to manage its half a billion debt servicing requirements during the COVID-19 pandemic and keep the airport operational. With the month-by-month recovery of travel, it is hoped that the airport will not have to draw down on any government guarantees.

NAD and the Government of The Bahamas have agreed to the vesting of an additional 1500 acres of land in the airport to ensure land is available for the airport's future growth, compliance with local regulatory requirements and new commercial enterprises. This land will be added to the existing 1200 acres of land that make up the current aerodrome.

NAD completed a necessary update to its airside master plan that includes a land use and development plan. In the near future, the

airport will place key parcels of land out to RFP for the development of Maintenance and Hangar Facilities.

Major Infrastructure Projects

Mr. Speaker,

Over the last four years, NAD has successfully completed a significant amount of capital upgrades to more efficiently streamline the airport's operations.

1. LED Runway Lights

These lights are more energy efficient, longer lasting and require less maintenance.

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2. Rehabilitation of Runway 10/28 and Taxiway Papa (formerly 09/27 and India respectively)

These projects were completed in late 2019 by a local asphalt paving company, BHM Company Ltd, at just under \$20M. This is the same company that was used to repair the main runway (14/32)

when its resurfacing developed cracks shortly after its installation by a foreign company. Prior to the works, both pavement surfaces were more than fifty (50) years old, severely weathered/distressed and in need of immediate rehabilitation. Works commenced in June 2019 after months of preplanning including communication and coordination with airport stakeholders, and were completed **on time and under budget** by December 2019 with minimal disruption to aircraft operations. The newly rehabilitated runway and taxiway will ensure safe and efficient aircraft operations and is expected to serve LPIA well into the next decade.

3. Approach Lighting System (ALS)

In late 2018, NAD conducted an RFP for the design, procurement and installation of a new approach lighting system for both Runways 10 and 14.

The existing units were both derelict and obsolete and had not worked reliably for many years. ADB Safegate was contracted by NAD in early 2019 to supply and install the Approach Lighting System at a cost of \$1.2 million dollars and it was completed in late 2019.

4. Redundancy Lighting RWY 14

In an effort to mitigate the impact that hurricanes/storms have on airport operations, NAD purchased and installed battery powered redundancy lighting for its primary runway and reflective markers on the associated taxiway at a cost of \$302,449.

The redundancy lighting ensures that the runway always remains serviceable and allows the airport to resume operations quicker in the aftermath of a hurricane or storm which is essential to facilitate flight operations to conduct proper damage assessments of areas that would have been impacted negatively and to transport much needed resources.

5. Demolition of the Old Domestic Airport Terminal

This project was completed in September 2019. The terminal had been out of service and abandoned as of June 2016 when NAD's Executive and Administrative offices were relocated to its new offices within Terminal B. The total land area is estimated at 180,000 square ft. The new available space has been earmarked

for future terminal expansion and development. The project was completed at a cost of \$712K dollars.

6. Terminals Wi-Fi Upgrade Project

To improve and support the performance of applications and protocols utilized by LPIA's passengers, stakeholders, and vendors the legacy wireless technology platform was upgraded to Wi-Fi 6, sourced from Cisco Systems. Applications and streaming protocols such as Netflix, YouTube, Facebook, Instagram, Twitter, and WhatsApp are now readily accessible through the platform while providing an improved customer experience.

7. The Oversized Baggage Belt System

This system was added to the U.S. Departures check-in hall at a cost of \$2.8M in November 2019. This project significantly minimized the need for human intervention in the movement of oversized bags, by having the bags conveyed automatically to the make-up carousels on the airside from the special bags area in Terminal C. The project also satisfied the current TSA regulations that prohibits the handling of checked baggage by non-security

personnel. The installation of the oversized baggage conveyor system also reduced our operating expenditure in direct labour costs based on the prior need to mobilize excessive amounts of manpower during the BHS/CTX contingency measures before the system was installed.

8. Bahamas Customs Hall 4th Carousel Project

Designed for increasing the availability, operational efficiency and increased redundancy of the inbound carousels in the Bahamas Customs Arrivals Hall, the 4th Carousel Project now allows for a quicker turn of aircraft at the gate, and the improved availability of passengers' luggage in the customs hall after they've been processed by Bahamas Immigration. Having the additional carousel improves the level of customer service to both the airlines and passengers. The project also included a technology driven solution for the efficient processing of both returning residents and visitors to our shores. After much research, the Lavi Industries call-up system was selected, installed and configured to replace the manual passenger processing system. The installed system enables any Customs Officer to pull passengers from any of the three (3) queues - returning residents, returning residents with nothing to declare and visitors - for processing. The total project

which is estimated to cost \$2M dollars, started in February 2020 and was initially scheduled to be completed in November 2020. However, due to COVID-19 delays the project is now scheduled to be completed near July 2021.

9. Baggage Handling System and CTX Upgrade

This extensive upgrade features a joint initiative between the Nassau Airport Development Company (NAD) and the Airport Authority (AA). AA proposed replacing all its baggage screening equipment in both the Domestic and International Departures Terminal (Terminal A) and US Departures Terminal (Terminal C).

To accommodate the placement of the new scanners NAD has performed upgrades to its baggage handling systems (BHS) in both terminals.

The Baggage Handling System and CTX Upgrade Project represents a significant improvement in the customer service offered to our passengers and airline stakeholders by the doubling of the baggage processing capacity at LPIA while providing additional system redundancy. The cost to NAD for the upgrading of the baggage handling system conveyors and controls is

estimated at \$4.3M. The installation of the new BHS and CTX equipment for Terminal C started in March 2021. The overall project is expected to be completed before the end of the year.

Bahamasair

I now turn to Bahamasair.

Bahamasair, as a State-Owned Enterprise (SEO), has proven a continual drain on the country's finances. During the fiscal year 2020/2021, to-date Bahamasair would have received a subvention of \$60+ Million. This has been to both support operations and the retention of employees.

In this upcoming Budget Cycle, fiscal year 2021/2022, the Government is allocating \$30 Million to Bahamasair. This is due to prolonged suppressed operations resulting from COVID-19. However, we are specific in how this support should be used. \$20 million will be used to fund the ATR loan structure and the remaining \$10 million will assist with operational support for the Family Islands. The Government understands that the airline will not fully recover from the effects of the pandemic until there is a complete return to Bahamasair's full schedule complement of flights.

Mr. Speaker,

To give context to the position that Bahamasair finds itself in, it is important to reiterate the fact that upon assuming office in 2017, the Board of Directors and Bahamasair Management were given the task of providing significant improvements to the airline with the expectation of bringing this State-Owned Enterprise to a point of being self-sustaining. The strategies for meeting these goals were:

1. Upgrade technology and electronic infrastructure, ultimately building towards greater automation. This collectively was expected to improve efficiency and reduce cost.
2. Implement a self-service and mobile checking-in element that will provide a faster and more efficient processing of passengers versus the current long line queuing process.
3. Upgrade the aging B737 aircraft from the nearly 25-year-old relics to the more efficient B737 Next Gen aircraft.
4. Enhance Revenue possibilities through adjustments with ticket pricing and baggage fees.
5. Expand Cargo and other ancillary services.
6. Provide a better working environment for staff at the Administration Headquarters.

Mr. Speaker,

For the first two years of this administration, the improvements were noticeable and commendable. Between fiscal years 2016/2017 and 2017/2018, passenger growth for one-way travel grew by 10 percent, and passenger revenues increased by nearly 20 percent.

At the end of fiscal year 2018/2019, the airline had realized full revenues (Passenger and other Ancillary revenue streams) of over **\$92mil.** With the record breaking 2019 tourism year (over 7.2mil visitors), Bahamasair's improvements were influenced by increases in both domestic and international travelers.

It was, and continues to be, our hope and expectation that Bahamasair will be able to reform itself to require less than the yearly sums allocated – with the ultimate goal of it becoming a self-sustaining and profit-generating enterprise. However, the lingering effects of Hurricane Dorian, followed so closely by COVID-19, have had a disastrous impact on the airline's operations.

Mr. Speaker,

To say that Fiscal 2020/2021 was a challenging year would be an understatement.

There was great hope for Bahamasair as the company saw its revenues for the fiscal year 2019 climb to \$92 million...with revenues forecasting to exceed the \$100 million mark for the first time ever in 2020!

During the last fifteen or so months of COVID-19, the airline was either completely shut down, or operating at less than 35 percent capacity when compared to pre-COVID rotations. This resulted in revenue streams of only **\$60 million** for 2019/2020 and **\$12.8 million** for July 2020 to April 2021. The \$60 million represented a 27 percent reduction and the \$12.8 million an 84 percent reduction in revenue when compared to fiscal year 2018/2019.

Notwithstanding the economic hardships, Bahamasair is taking a strategic look at the way in which the airline operates and every effort is being made to enhance revenue and reduce costs, in addition to putting in place additional accountability and cost control measures.

Mr. Speaker,

We can say however, that times are changing for the better. Three days ago, on June 12th, Royal Caribbean Cruise began a 7-day cruise out of New Providence. Crystal Cruise Line will also begin a 7-day cruise out of Nassau starting July 10th. Both entities will be using Bahamasair for the movement of their cruise passengers. In addition, since allowing fully vaccinated persons in and around the Bahamas without COVID-19 testing requirements, air traffic on the National Airline has improved significantly. To meet the expected increases, Bahamasair has adjusted its flight schedule and recently made further adjustments to align our flight schedule at a level approximately at 65 percent of pre-COVID rotations.

Looking ahead to the future, Bahamasair Board and Management understand that to be effective, they must keep up with the improving technology of the day. Over the past three years, the airline moved to implement a rejuvenation of its strategic electronic platforms and its aging B737 classics.

Mr. Speaker,

In 2018, Bahamasair operated a fleet of three B737 Classic aircraft. The average age of the fleet was 25 years and carried a heavier cost for maintenance and operation. In February 2019, the airline acquired the initial more advanced B737-700. In October 2020, the airline acquired a second B737-700. This allowed for the retirement of two of the B737 Classics. The replacement process has given the airline more modern, cost and fuel-efficient airplanes that will serve the airline effectively for the foreseeable future. Having the reliability of a second, long-haul aircraft gives the Airline the opportunity to work with the Ministry of Tourism to assist with the development of the Latin American market, as these aircraft have the capacity to fly non-stop to Mexico City, as an example.

Another cost-saving alternative that has been implemented was the Passenger Service System (PSS). In November 2019, the airline began the replacement of the legacy Sabre Passenger Service System with the more progressive Crane Passenger Service System. This is the main platform for the sale of airline tickets and management of the airline. The Crane platform is a fully integrated system and includes (1) Central Reservations, (2) Communication Management, (3) Passenger Departure Control, (4) Operations Control, (5) Flight Scheduling, (6) Crew Scheduling, (7) Bag Tracking and (8) Revenue Accounting. The platform allows for

efficient and seamless interaction and has allowed the airline to move away from the multiple third-party programs the airline was paying for, and the complexity of multi-integrated programs.

Using this streamlined single system approach, the airline is saving over \$3 million per year.

The new Communications Management module now allows the airline to communicate with passengers in real time via SMS texts and emails through the touch of a button.

This has had a tremendous positive impact on Customer Service as management can reach the client efficiently with any message or marketing promotion.

On the topic of customer service, Bahamasair has installed sixteen Self Service Kiosks at the Lynden Pindling International Airport (8 at the U.S. terminal and 8 at the Domestic terminal). The units are in final testing and will be available for use this summer. The Kiosks will allow persons to self-check-in and avoid lines and confusion at the counter. This will eventually lead to more effective passenger processing and improvement in the overall quality of service.

Passengers will also have the option of online mobile check-in using the Crane Departure Control module.

In 2019, Bahamasair implemented a cashless process at all U.S. stations and the station in Providenciales. Presently, the airline is also working with a local service provider to implement this process at LPIA and eventually throughout all our stations across the Bahamas. This is keeping in line with global trends and removes the expenses and exposures of cash handling.

Moreover, in this era of Ransomware and given Bahamasair's high reliance on software programs, the airline has moved to add significant levels of electronic security. The *Dark Trace Security Appliance* program was implemented in 2020 to complement the existing security protections afforded by platform providers.

Mr. Speaker,

The airline staff is a unique group and highly skilled. We believe them to be the airline's most treasured assets. It is always a priority mandate of this Government to take care of its people. However, staff emoluments represent the greatest expense for the airline, accounting for approximately 27 percent of overall costs.

With the introduction of many of the new automated proceeds, there was a need for a comprehensive review of Bahamasair's human resources, and the ways in which persons were utilized.

Over the past four years, through a process of attrition and an early retirement Programme that ceased on May 31, 2020, the airline has been able to reduce its headcount by 151.

There are now currently 507 employees at Bahamasair. This relates to a **23 percent** reduction in staff with an average savings of some **\$7.5 million each year**. It is noted that that this reduction was accomplished through the regular attrition process of retirements, voluntary early retirements, and separations running concurrently alongside a laser like focus on new hires.

Mr. Speaker,

In January of this year, the decision was made to provide a marginal adjustment to ticket pricing and baggage fees to bring better align their pricing models with industry norms. Prior to this, Bahamasair had not increased prices on domestic airfare in nearly nine years! Indeed, whereas this pricing model is beneficial for the

consumer, it ultimately becomes the burden and responsibility of the public's treasury. These adjustments are expected to provide an additional **\$7.3 million** in annual savings when full operations resume.

I can guarantee that these short-term price measures will provide for greater long-term improvement of Bahamasair's operations, which, ultimately is of the greatest benefit to the Bahamian people.

The situation, however, is not as dire as it may seem. The last twelve months is not the best assessment period for the airline due to the debilitating effects of COVID-19. As we are aware, Aviation in general was one of the hardest impacted industries globally and full recovery is not expected until mid-2022. Of special note is that Bahamasair is still limiting its flying to Haiti and Cuba – two of the best yield markets for the airline. Many other airlines simply did not survive, (an example being LIAT going into receivership – a sister Caribbean Airline).

However, due to the implemented programs discussed, Bahamasair is positioned for a quick rebound. Over the past four years, this Board and Management have made necessary changes to modernize the operations, relocate the Administration

Headquarters, upgrade the aircraft fleet, enhance revenues and contain costs. They were able to accomplish most goals, the noticeable exception being expansion of the Cargo operations, which will be given renewed focused over the coming fiscal year.

Mr. Speaker,

It is evident that the Board and Management had set goals and have accomplished those goals. The airline is already reaping the benefits of the \$7.5 million in reduced staff costs and is looking forward to the added \$3 million in savings owing to the introduction of the Crane Passenger Service System. They are also looking forward to enhanced revenues of some \$7 million from adjusted pricing of services once full-service resumes.

As I stated at the outset of this part of my Portfolio, the Board and Management at Bahamasair are well aware of the fiscal constraints and the need to contain costs and enhance revenues. I am satisfied that the targets set, and the proposed actions articulated, will yield some positive results... and while challenging, it is a step in the right direction of less reliance on the public purse.

This is the nation's flag carrier, a symbol of our continued growth and a testament to our progress as a people. Few nations can say the same. Yet the Bahamian people should not bear the burden of this pride, and so Bahamasair will continue to avail itself of every opportunity to improve its service to Bahamians.

Freetown

Summary

In closing, Mr. Speaker, with a rebound in Tourism afoot and with a corresponding improvement in the aviation sector, I remain extremely optimistic about the future.

Freetown, therefore, supports the 2021-2022 Budget and the accompanying compendium of bills.

Thank you Mr. Speaker and may God bless the good constituents of Freetown and may God bless the Commonwealth of The Bahamas.