

New Year's Address
Rt. Hon. Hubert A. Ingraham
Prime Minister
25 January 2012

Investing in the Bahamian People

My Fellow Bahamians:

On behalf of my colleagues in Government, my wife Delores, and on my own behalf, I extend to you and your family warm wishes for a blessed and happy New Year. I also extend these wishes to visitors to our country and to those listening to this broadcast overseas, especially Bahamian students and public officers in the service of The Bahamas.

As has been my custom, I wish to report to you on our national accomplishments and challenges during the past year. I wish also to give you a broader sense of the direction of our Bahamas in 2012.

There is a famous quote of which many are familiar. The poet John Donne reminds us: "No man is an island, entire of itself; every man is a piece of the continent, a part of the main."

Not only are we connected to one another by bonds of family, friendship and faith; we must also place the days and decades of our lives in the context of our overall life journey.

Likewise, as a nation, we must place 2011 and 2012 in the fuller context of world events. The Bahamas is a part of "the main" in terms of our regional and international relations. We are linked to the continents of the world by history and culture, as well as by our commercial and economic relationships.

We continued, last year, to feel the impact of the international economic crisis of 2008. If ever we needed another reminder of our reliance on and deep ties to the global community, especially our neighbour, the United States of America, it came in 2008 as it did with 9/11 in 2001.

The global economic crisis has impacted countries large and small, developed and developing. No country has been spared. Indeed, the impact on some developed countries has approached near catastrophic proportions.

Last September I had the privilege of chairing the 2011 International Monetary Fund/World Bank Annual Meetings in Washington D.C. At that time I spoke with various heads of government and finance ministers from every region of the world about the long-term impact of what is now being called the Great Recession. I spoke also with some of the world's leading economic and financial experts.

I came away from those meetings with two overall impressions: Firstly: We are a fortunate and blessed country. And,

Secondly: We are on the right track in terms of our response to the worst economic crisis in the lifetime of the overwhelming majority of Bahamians.

Despite the severity of the global economic crisis on The Bahamas, we are still a most fortunate country. During my travels overseas to represent The Bahamas, I was struck by the number of leaders who informed me of the high number of civil servants laid off in their respective countries over the past four years.

I am very pleased to say that not a single civil servant in The Bahamas was laid off as a result of the global economic downturn. As a

people we should be rightly proud of this significant accomplishment during this most trying time of our national life.

During this severe downturn, many countries slashed social assistance and social protection programmes. But in The Bahamas we increased social assistance, particularly for more vulnerable Bahamians. And, we significantly strengthened social protections with the addition of two landmark benefits, an unemployment benefit and the national prescription drug benefit.

My second impression and indeed conviction, is that The Bahamas is on the right track. In saying this, I am not suggesting for a moment that all is clear. Nor am I suggesting that there are no more difficult days ahead. What I do believe, is that we are making significant and meaningful progress.

Amidst continued economic challenges, there are improving economic prospects globally and at home. In his year-end report for 2011, the President of the Inter-American Development Bank, Luis Alberto Moreno, noted that, “The region (Latin America and the Caribbean) is on the right path.”

He offered this note of caution and guarded optimism which I believe can also be said of The Bahamas:

“Although we have reasons to feel good about what we have done, I want to emphasize that the task is not complete. The risks are there and we still have a long to-do list for the region to strengthen its achievements and keep moving forward. Our worst enemy is complacency. To think we can lower our guard and diminish our drive for reform would be an unforgivable mistake.”

That is not a mistake my Government will make!

The Path to Economic Recovery

A review of our economic situation indicates that the year 2011 ended with continuing evidence that the mild economic recovery which began in 2010 was progressing. This recovery is being propelled primarily by construction and tourism activity.

Major public sector infrastructure projects and foreign direct investment were the drivers for construction. Holiday travel supported by aggressive promotional activity strengthened the tourism performance.

Economic growth in 2011 is estimated at about two per cent.

Economic growth for 2012 is projected at 2.8 per cent.

Preliminary estimates of fiscal operations at year-end suggested improvements in the deficit relative to the previous year as revenue benefitted from some non-recurring receipts. Revenues were higher than the corresponding period for the previous year but were still performing below current forecast. Cumulative expenditure was also below forecast.

Foreign reserves registered an increase of \$26 million for the year, bringing reserves to \$886 million at year-end. This is the fourth consecutive year in which the Balance of Payments recorded a surplus.

In the last forty years the Bahamian population more than doubled, increasing from almost 169,000 in 1970 to almost 354,000 in 2010. In New Providence the increase in population was even greater, growing from almost 102,000 in 1970 to almost 249,000 in 2010. Residential communities now extend to the far reaches of New Providence, especially in the south and the west.

The increase in population and rapid urbanization of our capital island long ago required a comprehensive upgrade of our increasingly inefficient network of double-lane streets and roadways connecting residential communities to schools and commerce. Utilities and services such as water, electricity, telecommunications, and public safety and security infrastructure no longer served the needs of the residents of New Providence.

My Government began master planning in our last terms to improve urban development, town and subdivision planning, and the greening and beautification of New Providence. Having been returned to office in 2007, we continued from where we left off.

A more than doubled population and the expansion of commercial enterprise outstripped our inadequate public services and infrastructure. The result was great inconvenience within our communities, and increased costs and inefficiency across the entire economy. Further, we risked undermining our competitiveness as an international tourism, financial and business centre.

We have now responded to these urgent infrastructure requirements, both physical and institutional, and did so mainly in the context of the global economic crisis that bore down heavily upon us. We turned that crisis into an investment in our future. At the same time our spending prevented the collapse of the Bahamian economy.

No responsible government could have followed the path of delay, indecision and half measures. We had to act decisively and comprehensively. Not only was a collapse prevented. We are now moving forward.

This intervention necessitated an increase in government borrowing and consequently government debt. However, government debt relative to the size of the economy remains well below the danger

level and well below the level of our regional neighbours and most of the developed and developing world.

Nevertheless, we will, as soon as it is safe to do so, reduce the rate of growth in government debt and over the medium term return the debt ratio to a more desirable and sustainable level.

Achieving Important National Goals

Fellow Bahamians:

Investing in infrastructure is a means to achieving essential national goals and creating jobs. Investing in infrastructure and in housing is an investment in people and communities. It is an investment in the quality of life, livelihoods, and life-spans of generations present and generations to come. It is an investment in the future of The Bahamas.

My Government has worked tirelessly to preserve jobs in the public sector, boost job-creation in the private sector and advance job-readiness and retraining.

In this vein, my Government updated our National Investment Policy and produced new investment promotion materials. I have lead investment delegations to Canada and to Hong Kong where The Bahamas has opened a new Maritime Authority office in order to boost business with the vital Asian-Pacific region.

Fellow Bahamians:

Atlantis, our premier resort with a staff of some 8,000 is the largest employer in the private sector.

Kerzner International, owners of Atlantis has defaulted on the repayment of a loan of \$2.5 billion. In 2006 all of Kerzner

International's properties on Paradise Island were used as collateral for the loan. Some of the proceeds from that loan were used for developments on Paradise Island; the remainder was used on other Kerzner International developments elsewhere around the world.

One of the 7 lenders sought to take over the ownership of the Paradise Island properties with the backing of 4 of the other lenders. The other two lenders objected. The lenders are in discussion among themselves as to an agreed way forward. They fully understand and are of one accord that the continued successful operation of the Kerzner International properties on Paradise Island is in their mutual benefit and essential for them to realize repayment of their loan.

Atlantis is enjoying a very successful winter season. Hence, notwithstanding any conclusion which the lenders may arrive at, all are interested in ensuring that the properties continue to perform well. The lenders have agreed that Kerzner International will continue to manage the resort properties. The future of Atlantis is bright given its value as one of the leading resorts in our region.

The overriding responsibility for us all is the protection of Bahamian jobs and the long-term viability of Atlantis. I am assured that the jobs of Bahamians at Kerzner International are secure.

Ladies and Gentlemen:

The redevelopment of Cable Beach and the Baha Mar mega-resort are on target and gathering pace. The redirected West Bay Street at Cable Beach is open. So is the new straw and craft market in that area. The buildings along the former corridor have been demolished. In that space spectacular new hotel properties are quickly rising from the ground.

As construction of the core project advances during 2012 increased numbers of new jobs will come on line. To date, nearly 1,500

Bahamians have been engaged on the project and subcontracts valued at \$84.2 million have been awarded to Bahamian contractors.

Fellow Bahamians:

I wish to speak directly to small business owners, who collectively are as vital to our economy as are major business houses. I am painfully aware how difficult this economic downturn has been on you and your families.

To provide you with better rates and more choice we liberalized telecommunications. We have simplified and rationalized government forms and the payment of business fees and customs duties. As your valuable time is money we are ensuring that you can do as much of your business as possible with Government online.

We put in place a two year waiver of payment of business licence for small businesses with annual turnovers of less than \$50,000 and a one year waiver for medium sized businesses with annual turnovers of less than \$500,000.

Last year, to help encourage the next generation of entrepreneurs, my Government introduced the new Jump Start Programme. Jump Start offers start-up capital and assistance to Bahamians persons over 30 years of age seeking seed money for new business start-ups. To date some 72 applicants have been approved for the programme.

While our focus is on jobs and employment, we are also building a stakeholder society in which all Bahamians can own shares in various public, private and joint-venture commercial enterprises.

The dream of Governments of The Bahamas of removing cargo freight from the centre of our city on Bay Street is finally being realized. We expect that shortly after Easter this year all cargo shipping will be transferred from the privately owned Bay Street shipyards to the new

joint public/private Arawak Development Port (ADP). The Port will operate in tandem with the new Customs Cargo Depot now nearing completion on Gladstone Road.

This public/private sector enterprise is allowing us to transform a near-monopoly for the few into greater opportunity for thousands of Bahamians. For the first time in our history, ordinary Bahamians can own shares in the lucrative shipping industry in the port of Nassau.

In addition to the opportunities for individuals, Bahamians will also be able to invest through various associations such as pension funds, credit unions and the National Insurance Board (NIB).

This year, Bahamians will also be able to buy shares in the new BTC. The opportunity for Bahamians from all walks of life to own shares in vital sectors such as shipping and telecoms, at generous initial price offerings, is a ground-breaking achievement in terms of national and economic development.

Fellow Bahamians:

Your Government is investing heavily in the redevelopment of our tourism amenities and the rebranding of our tourism product. Last year, the new U.S. Departure Terminal opened. It is Phase I of a three phase redevelopment plan for the Lynden Pindling International Airport.

Phase II, a new International Arrivals and Departures Terminal is on schedule with a completion date of October of this year. The completion of Phase III, the new Domestic Terminal is scheduled for November of next year.

The new Airport Gateway Roadway Project now taking shape is scheduled for completion in mid-2013. It will lead to the transformed Cable Beach by way of the connector road linking Gladstone Road to the new deviated West Bay Street.

Further along, the Airport Gateway will connect with the New Providence Highway at the six legged roundabout which in turn leads to the new Saunders Beach Park along Bay Street leading into downtown Nassau and beyond to the Paradise Island bridges and the eastern end of New Providence. Once completed, this gateway highway will be the most impressive entryway into any capital city in the region.

I recently noted that the redevelopment and transformation of our historic capital city is gathering pace. This will make downtown Nassau the most attractive of such city centres in the region for both Bahamians and for millions of annual visitors.

Three hundred and eighty thousand new airline seats have been added from major tourism markets into Bahamian destinations giving us more non-stop connections to more destinations in The Bahamas than ever before. This includes new flights from destinations in North and Central America, and restored non-stop flights from Frankfurt, Germany, after an absence of more than 20 years, and to Grand Bahama from Toronto after more than a 30-year hiatus.

The Government of The Bahamas is now set to undertake one of the more comprehensive and ambitious initiatives in our history to enhance aviation. This will improve air transportation systems, increasing flights and airlift across our island chain, while modernizing airports.

The initiative will create an independent body to investigate aviation incidents and accidents. It will reform the aviation sector and offer better means to address the air transportation needs of our Family Islands.

Fellow Bahamians:

We continue to honour our commitment to developing the gifts of our young people. We have increased funding for the resources necessary for formal education. We have increased our investments in youth-development programmes including assistance for youth bands and Junior Achievers. We have also increased sports funding.

The very successful \$2.5 million SelfStarters programme continues. To date it has provided financial assistance to some 600 new entrepreneurial projects undertaken by individuals between the ages of 18 to 29.

Last year we launched the 52 week National Job Readiness and Training Programme. It is the single most ambitious training programme in Bahamian history. The 3,000 Bahamians enrolled in this initiative across The Bahamas are acquiring new skills. We fully expect that many of these young persons will gain permanent employment at the completion of the programme. Indeed, I am delighted that a number of participants have already secured permanent employment at businesses enrolled in the programme.

My Fellow Bahamians:

We are of the conviction that we have successfully navigated our country through the severest global economic crisis in the lifetime of most of us. Indeed, The Bahamas is moving briskly towards recovery and greater vitality.

But just as we have faced-down an international economic crisis not of our own making, we must beat-back a domestic challenge for which we are all responsible.

This challenge is a pattern of criminal behaviour that so gravely distresses us all. Crime and its causes are multifaceted. Accordingly, together with job-creation, health and education, we recommit ourselves

to aggressively combating criminal behaviour so as to protect life and to secure law and order.

We are transforming the country's crime-fighting and judicial and legislative infrastructure. In the most comprehensive overhaul of our criminal laws since independence, your Government passed omnibus legislation. Sentences have been toughened. Moreover, the availability of bail has been limited and restricted for individuals charged with certain offences.

Two new highly-equipped mobile stations have been delivered. They will boost the crime-fighting arsenal of the Royal Bahamas Police Force in New Providence. Other measures are being utilized to aggressively confront gun violence, the illicit drugs trade and criminal gangs.

Here in the nation's capital we are expanding CCTV to significantly more neighbourhoods during 2012. This multi-million dollar system will be fully operational by the middle of this year. The CCTV network will be an effective tool in deterring criminal behaviour and in solving crimes.

To get dangerous offenders off of our streets, we have dramatically increased the capacity of our criminal justice system.

The Department of Public Prosecutions now has additional lawyers. This has made for more timely prosecutions and a reduction in the backlog of cases.

We have increased the number of magistrates. A new Magistrates Courts Complex, housing all magistrates' courts in New Providence, opened this month.

We have increased the number of Justices of the Supreme Court. Two of them are dedicated to hearing more recent criminal cases. We

now have five courts in New Providence at the Supreme Court level dedicated to criminal matters. The new Judicial Complex at Bank Lane which will accommodate new divisions of the Supreme Court will open later this year.

Yet, we know that many ounces of prevention are better than pounds and pounds of cure after a crime has been committed.

Accordingly, as a further investment in social and community development we launched Volunteer Bahamas in 2011. We have expanded urban outreach and are facilitating the broadening of networks of care and compassion through public-private partnerships.

We continue to make significant investments in health care. In 2011 the prescription drug benefit was expanded to include all civil servants. Today, some 17,000 Bahamians, including children and individuals over 65 access life-saving prescription drugs free of charge.

We have begun the transformation of the Princess Margaret Hospital into a new general hospital. The first stage of the transformation is the \$55 million Critical Care Facility. New community hospitals will be built in Exuma and Abaco this year. The refurbishing and enhancement of the Accident and Emergency units of both PMH and the Rand Memorial in Grand Bahama are now complete.

We continue to invest in the education and the future of our children and young people. In 2011 we increased funding for government educational scholarships to \$8 million dollars. We increased by \$1 million dollars scholarships for qualifying Bahamians unable to pay tuition costs at the College of The Bahamas. And, we also increased by an additional \$1 million funds for teacher training at COB.

Our students deserve the best so that they can pursue their individual dreams and contribute to our common good. So, across the

length and breadth of our Bahamas we are heavily investing in improving the facilities in which our educators teach and our students learn.

These investments will provide thousands of students with better classrooms and learning environments at the Anatol Rodgers High School and T.G. Glover Primary School in New Providence; the Sister Mary Patricia Russell School in Grand Bahama; schools in Spanish Wells; the NGM Major High School in Long Island; the primary school at Mastic Point, Andros; and the high school in Bimini.

And, we continue to improve the terms of engagement of teachers in the government-operated school system. Before the end of this fiscal year, teachers will begin to enjoy a new health insurance benefit which will entitle them to up to 80 per cent of the premium for single insurance coverage to be paid by the Government.

Fellow Bahamians:

I am pleased to advise that most of the major works of the New Providence Road Transformation and Utilities Upgrade Project are completed.

I ask for the public's continuing patience. Notwithstanding that the majority of the work is now completed, this does not mean that there will be no more inconveniences in some areas.

Still, from East to West, North to South, and in our city-centre, we have created a brand new road transportation network. We are pleased that thousands of Bahamians in New Providence will now find relief from an unacceptable quality of water. The improved quality of water in terms of pressure, reliability and health benefits will further enhance the quality of life.

I again thank you for your patience and apologize on behalf of the Government of The Bahamas for the delays, inconveniences and disruptions.

Despite these challenges, we believe that in the end it will be well worth the sacrifice. Soon we will have among the most modern networks of roads and ground transportation corridors in our region.

With the new and refurbished roads, let us agree on rules for the road, including paying greater attention to traffic laws, and greater civility and courtesy.

New state-of-the art traffic lights are being installed – please heed them. New seat belt laws are being enforced and we are hopeful that their observance by the general public will save lives and reduce serious injury. Do not drink and drive. The lives you save may include those of your own family and friends, someone you have never met, as well as your own.

We have undertaken a deliberate programme of roadside enhancement. I ask that all of us act so as to keep our roadways and beautifully landscaped roundabouts and medians clean, green and pristine.

These highways and byways belong to us all. As a country we have made significant investments in them in terms of public funds and sacrifices by some in the private sector, as well as by motorists and pedestrians.

My Fellow Bahamians:

Investment in infrastructure so as to improve the lives of our citizens was not confined to New Providence. Extensive road works, public utility upgrades and construction of new public accommodations were also carried out around our Family of Islands.

Two multi-million dollar government administrative office complexes, one in Grand Bahama and the other in Abaco, will be opened in a matter of weeks.

A \$9 million upgrade of the Rand Memorial Hospital including two state-of-the-art operating theatres were completed in Grand Bahama. Critical water improvement projects were completed on virtually all our islands and on many cays, including Green Turtle Cay and Grand Cay, Abaco, Current Island, Harbour Island and Central Eleuthera.

In 2012, water works will be undertaken at Long Island, Williams Town, Exuma, Mastic Point and Nicholls Town, Andros, and thereafter in Mayaguana, Cat Island and South Andros.

Last year the Bahamas Electricity Corporation completed a number of projects to improve electricity service around the country. Notably, a new power station was constructed in Central Abaco and a transmission line extended to Marsh Harbour; a new power station was constructed on Harbour Island; and another on the mainland of Eleuthera. In Inagua, BEC acquired the electricity franchise from Morton Salt and increased the system's generating capacity by 30 per cent.

Extensive work has also been completed at Ragged Island. That island's airport was reconstructed. A new Royal Bahamas Defence Force Base has been built at Gun Point, Ragged Island. This new base on our south-eastern border will bolster our national security in terms of illegal migration, poaching, and gun and drug and human trafficking.

Fellow Bahamians:

The comprehensive and far-reaching investment of which I reported this evening are a means to an end. This end is improvement in the quality of life and well-being of every Bahamian from every walk of life throughout the Commonwealth of The Bahamas.

Already, the reclamation of Montagu Beach is well advanced as are improvements to the beach side park and the adjacent fishermen wharf. Shortly, a similar beach reclamation project at Saunders Beach will further enhance the enjoyment to be had at the recently completed and opened beach side park along West Bay Street.

The new Thomas A. Robinson National Stadium, which will be officially opened soon, is an investment in the athletic prowess and Olympic dreams of young Bahamians. It is the linchpin and forerunner of the transformation of the Queen Elizabeth Sports Centre into a world-class athletic facility which will enhance The Bahamas as a sports power and as a greater venue for sports tourism.

The new City of Nassau Straw Market is an investment in our world-renowned vendors, the straw and wood-work industries, indigenous souvenir production and Bahamian arts and crafts.

The dredging of Nassau Harbour at a cost of \$52 million has brought in hundreds of thousands of new cruise ship passengers. This was vital infrastructural work to secure the livelihoods of our taxi and tour drivers, hair braiders, straw vendors, wood carvers, and businesses downtown and throughout New Providence.

The great promise of the Commonwealth of The Bahamas is an island-chain of extraordinary resources and possibilities. Our great task and mission is to turn this promise into opportunity

In order to achieve the sustainable development of our Family Islands we must together spur local initiative on each island, entice residents of New Providence to return to the islands, and attract domestic and foreign direct investment.

In this great national ambition we are doing the strategic planning and making the strategic investments in critical infrastructure across the islands, cays and settlements of the entire Bahamas.

Over the past several years, and markedly during the past year, these investments have amounted to hundreds of millions of dollars spent to improve the quality of life of Bahamians.

These comprehensive investments in our Family Islands are being made in hospitals and clinics, schools and athletic facilities, roads in Acklins and North Andros, bridges in South Andros, airports in Abaco, seaports and docks in Long Island, North Eleuthera and Central Andros and Current Island and government administrative offices in Abaco and Grand Bahama among other facilities.

We are continuing to upgrade electricity and water supply, and helping to cause the greater reliability of telecommunications, cable television and internet services.

During this year, 2012, a port will be constructed in North Abaco, the bridge linking Little and Great Exuma will be restored, a bridge linking Little and Great Abaco will be constructed, the Deadman's Cay Long Island will be reconstructed and upgraded, gymnasiums will be constructed in Abaco and Eleuthera, a new fire station will be constructed in Freeport, Grand Bahama; a cultural village built in Eight Mile Rock and additional road works will be undertaken in San Salvador, Inagua, Mayaguana, Cat Island, North Andros and Central Abaco.

Spirit of Gratitude & Hope

Fellow Bahamians:

Last year, The Bahamas was impacted by Hurricane Irene, which was a major hurricane. Residents of Acklins, Crooked Island, Cat Island, Rum Cay, Mayaguana and Eleuthera were hit by Hurricane Irene as it cut a path through nearly all of our islands. Thankfully, we suffered no loss of life or serious injury.

This year we will go through one of the greatest rituals of our democracy. In the upcoming general election, you, the Bahamian people, will decide who will have the privilege of leading our Bahamas over the next five years.

When we look around the world, we realize how fortunate we are that our elections will be free and fair. Our airwaves are open and accessible. Last year election laws were updated and modernized. For the first time in our history, Bahamian students and public officials living overseas will be able to vote. Also, this year, we are inviting foreign observers to be present to witness the conduct of our elections.

I again suggest to those who have yet to do so, to register to vote as soon as possible. Those who are already registered are advised to collect their voter's card.

I close tonight by reminding you of the two convictions I shared with you at the beginning of this broadcast: Despite the severe economic shock of 2008 and the challenges of tomorrow, we are a fortunate country and we are moving in the right direction.

So, I say to you tonight, that as a people, we can rightly feel a spirit of gratitude for the many blessings of our Creator. Let us build on this spirit of gratitude with a spirit of hope. Let us do so in grateful

acknowledgement of the many blessings and the promise of our beautiful and bountiful Bahamaland.

It is with this grateful hope and with God's guidance that we look forward to a bright future.

I thank you for listening. Good evening, and again, Happy New Year to all.
