

**Rt. Hon. Hubert A. Ingraham**  
**Prime Minister**  
**New Year's Address to the Nation**  
**4 February 2010**

Continuing my practice of addressing you at the beginning of each year, I am pleased once again for the opportunity of sharing with you my outlook for the New Year.

We were fortunate over the last year not to experience the ravages of any natural disasters, in particular hurricanes to which we are annually exposed and which many scientists suggest are becoming more powerful due to climate change. Sadly and tragically for our neighbours in Haiti, this year has begun with one of the worst natural disasters in that country's history and, indeed, in the history of the peoples of this hemisphere.

I welcome the outpouring of goodwill toward Haiti demonstrated by so many in our private sector and by our church communities. I encourage all those able to assist to do so and I take this opportunity to remind you that a special account has been opened in branches of all the Clearing Banks to receive donations to the Haiti Emergency Assistance and Reconstruction Fund.

**2010 – A BETTER YEAR**

2009 was a difficult year. The Bahamian economy faced significant headwinds and is estimated to have declined by about four per cent as the global downturn bore heavily upon us.

Tourism contracted sharply. Construction activity weakened as foreign direct investments fell. Unemployment rose and government revenue decreased. It was indeed a difficult year. But we now expect that 2010 will be better.

The global economic picture is beginning to improve though recovery from the economic and financial crisis will take time. US and international recovery will positively impact our economy. The economy of the Bahamas is inextricably linked to the world economy and predominantly the economy of the United States. We will use these gains as they occur to begin reclaiming ground lost due to the recession. We will also move aggressively on initiatives we are taking to transform our nation and achieve greater peace, productivity and prosperity in the years ahead.

Indications are that the worst of the recession is over. Some improvement in the job market is underway. Tourism numbers are improving and government revenue is showing signs of some firming up.

We fully expect that with improving economic conditions we will be able to refocus on our traditional fiscal targets -- lower government deficits, less borrowing and more favourable debt --GDP ratio.

An economic turnaround will permit us to reinvest in our fiscal health and reestablish the necessary fiscal space to weather the next economic storm when it comes.

## **MOVING TO BRIGHTEN OUR FUTURE**

We were careful during the economic crisis to target government spending on initiatives that would yield returns for our nation long into the future and better position us to take advantage of the turn around in our economic fortune. Toward this end we invested heavily in capital works.

I was especially pleased with the “on-time and within-budget” completion of the \$45 million harbour dredging project which in early December facilitated the inaugural call on Nassau by the world’s largest cruise ship. The dredging of Nassau Harbour created some 114 construction jobs for Bahamians.

The Government expects to conclude an agreement to remove freight handling activity from downtown Bay Street and to relocate it to Arawak Cay. Toward this end Government intends to lease land at Arawak Cay to a company formed to undertake the creation of a new \$65 million port facility.

The company will be owned 40% by the Government, 20% by the general public and 40% by the private sector engaged in shipping and freight handling for the island of New Providence.

A container depot will be constructed at Gladstone Road to facilitate the timely transfer of large containers not scheduled for direct delivery to businesses from Arawak Cay. It is intended that most containers, bearing

non-perishable goods, will be transferred during the night-time hours thereby reducing the impact on traffic and alleviating much of the congestion now caused by the movement of large container-bearing trucks on our busy roadways during peak traffic periods.

Work on the \$275 million Phase I redevelopment of the Lynden Pindling International Airport is continuing on schedule for a 2011 opening of our new US Departure Terminal. At the peak of construction 400 to 450 construction workers will be engaged. Eighty per cent of the work to date has been performed by Bahamian workers.

The construction of the new \$12 million Nassau Straw Market has commenced, and the \$8 million extension to the Sandilands Hospital is ongoing. The two projects are expected to create another 280 construction jobs,

And, work is in train for the planning of a new Princess Margaret Hospital designed to meet the needs of the modern Bahamas.

The new Ministry of Tourism Centre located on JFK Drive, in what was originally planned as new offices for the Mortgage Corporation, is nearing completion. You will recall that this project had been brought to a standstill in early 2007 when the contractor abandoned the site.

The new Magistrates Court Complex on South Street, New Providence, designed to house 12 Magistrates' courts, is scheduled for completion in June this year. This project had also been stalled as a result of poor project

management. The completion of the complex now will, we expect, help reduce delays in the operations of the Magistrates' courts.

The Supreme Court building in downtown Nassau will undergo extensive refurbishment to improve the conditions under which judges, lawyers and support personnel work. And, the Government will purchase and renovate Ansbacher House, located between Bank Lane and East Street, to increase Supreme Court rooms and to further improve work conditions in the judicial service.

Twelve Supreme Courts, dealing with civil and criminal matters and including a dedicated Commercial Court, are to be located in the Bank Lane area. Currently the Court is spread between different locations at Bank Lane, in the British American Building, in the Moseley Building and at 50 Shirley Street.

I am also pleased that the first of the new road corridors, under construction as part of the \$130 million New Providence Road Enhancement Project, are scheduled for completion in May and June of this year. Nearly 180 Bahamians are presently engaged directly and by way of subcontract on this project.

We expect that portions of these corridors will be integrated into the road network ahead of that time – for example at Saunders Beach where the new traffic circle is likely to become operational in short order permitting work to commence on the development of the beachside park.

The beachside park at Saunders Beach with ample off-road parking, a defined play area and rest room facilities is scheduled to be completed by this summer.

We have secured funding from the Chinese Government for the construction of a four-lane highway from the Lynden Pindling International Airport to the College of The Bahamas.

And, we have caused the construction of the new national stadium at the Queen Elizabeth Sports Centre to be named in honour of Bahamian sports legend, Tommy Robinson.

Road works will continue on a number of Family Islands: in Abaco, Eleuthera, Harbour Island, Current and Current Island, Acklins and Ragged Island.

Contracts for the construction of new government office complexes in central Abaco and in Freeport, Grand Bahama will also be awarded next month creating as many as 525 construction jobs on those islands.

New power plants, now in their testing phase, are scheduled to enter into full operation in Bimini and Hatchet Bay, Eleuthera in March of this year. The new power plants at Wilson City, Abaco is scheduled to come on stream later this summer. These will address the perennial shortfall of power generation required on those islands.

The Ministry of Health and the National Insurance Board will complete the planning and commence the construction of two hospitals, one in Abaco and the other in Exuma.

Planning for the development of two new ports, one in north Abaco and the other in Exuma is continuing.

All these projects are helping to maintain existing jobs and to create hundreds of new jobs in the construction sector. They are also broadening opportunities for spin-off businesses in the economy which in turn create additional jobs boosting individual and family incomes. We expect that these projects will generate enormous economic gains for our people well into the future.

We also expect additional benefits to come to our economy from other initiatives being undertaken by the Government. These include:

- A new investment promotion thrust;
- A more refined and diversified tourism initiative aimed at today's more discerning international travelers;
- An enhanced framework for supporting and promoting small and medium size business development;
- Targetted efforts toward securing and growing financial services;
- Continued emphasis on promoting home ownership;
- Modernization of our fiscal regime for enhanced efficiency and business facilitation;

- A new Planning and Subdivision Act and regulations to bring better order to our development going forward; and
- The exploration of alternative sources of energy and related green initiatives.

While foreign direct investment flows into our country have declined, there are new signs that several of the tourism related developments which stalled because of the global recession and international financial crisis are preparing to move forward this year.

And, it is expected that as the US economy begins to grow there will be improvement in the second-home market. Also, investments in other segments of our economy are showing positive signs.

Statoilhydro's acquisition of South Riding Point Holdings in Grand Bahama is providing an excellent opportunity for that facility to once again become an important contributor to the Grand Bahama economy. The upgrade and refurbishment of the facility will result in the arrest and reversal of the substantial environmental degradation which has taken place at the site over the years. Some 55 individuals are employed by Statoil today.

Vopak Terminal Bahamas, the new owners of BORCO, are nearing completion of a \$200 million upgrade and expansion of their facility near Pinder's Point and Lewis Yard. A further \$300 million expansion of the facility is scheduled to commence early in the second quarter of this year. Vopak's continued investment in its facilities in Grand Bahama brings

increased job security to the 169 Bahamians engaged at the facility and is expected to create an additional 30 jobs once the expansion comes on stream. Work associated with the expansion has already created some 250 construction jobs and this number is projected to increase to as many as 600 jobs at the peak of construction.

A number of large international companies are opening corporate headquarters, sales offices and training facilities in The Bahamas. Most notably, the exclusive Swiss watchmaker Rolex (Caribbean) has received approval to locate its watch making and repair training centre in New Providence; Oldcastle Building Products (Caribbean) was approved to operate its sales office for the region and North America from New Providence, and Brimac Environmental Group received approval to transfer its corporate headquarters to The Bahamas.

Tourism is, of course, our business. We are focused on making our islands more accessible, more affordable, and more convenient. And, we have been able to maintain our market share, maintain our room rates, and grow certain segments of our business.

We have more cruise ships visiting our shores than ever before, bringing in last year more than 3.5 million visitors. There have been double-digit increases in cruise passenger delivery each month during 2009 to New Providence, Grand Bahama and the Family Islands. The month of December was particularly exciting when we welcomed the newest addition

to the Royal Caribbean fleet of ships, the first in the Genesis class, the *Oasis of the Seas*.

Significantly, the three major cruise lines which operate private beach experiences in The Bahamas have undertaken significant upgrade and in some instances, expansion of their Bahamian facilities in the Berries, Abaco and Eleuthera.

We now have more air service than ever before; new and expanded service from the United States and Canada resulted in an increase of almost 400,000 seats.

The opening of the new luxury 183 room Sandals Resort at Ocean Bight has created employment for some 300 Bahamians and will, we expect, stabilize Exuma's economy this year.

The acquisition, refurbishment and reopening of the small boutique Tiamo Resort in Andros, the opening of the upscale Delphi Club in South Abaco, and the scheduled April opening of the new S & T Beach Club in San Salvador reflect a growing trend internationally of the development of exclusive specialty boutique resorts which are proving to be less susceptible to the ups and downs of the world economy.

The viability of these small resorts is being demonstrated by the success of other small bed-and-breakfast resorts around our islands. Many of them used

the traditional summer lull last year to access concessions under the Hotels Encouragement Act for a host of refurbishment and enhancement projects.

Some 862 construction workers are now engaged in the construction at the multi-million dollar luxury golf and marina resort, Albany, in south western New Providence. Another 71 Bahamians are engaged by the Albany Development Company bringing the total number of Bahamians engaged at the Albany project to some 943 individuals.

The \$75 million first phase of the Caves Heights condominium development on West Bay St and Blake Road is nearing completion. It is projected that as many as 200 construction jobs will be created during \$25 million Phase II construction of the upscale Caves which is now getting underway.

We are hopeful that a number of the stalled previously approved tourism related projects will re-start or commence in 2010. Several projects in Eleuthera, Abaco, Long Island, Cat Island and Rose Island are also encouraging.

The pace of sales in the second-home market remained soft last year. Still, the decline was considerably less than anticipated demonstrating that while big business was particularly susceptible to the slowing economy world-wide, private purchases went ahead. In this regard, second-home sales in New Providence, Abaco and Grand Bahama have proven to be most resilient while sales in Exuma, Eleuthera and Long Island have lagged more significantly.

Our aim remains to create jobs, increase business opportunities and grow individual and family income.

Home ownership continues to be a major source of economic empowerment of our people. Recognizing the terrible strains being placed upon homeowners in meeting mortgage requirements in difficult economic times, we introduced stamp tax exemptions for purchases of dwellings and building lots, as well as for mortgage transfers and debt consolidation through mortgages.

Between July and December last year, more than eleven hundred applications were approved under this scheme with applicants benefitting from exemptions of some \$6 million.

Two new government communities of more than 1,000 lots will be developed; one along Carmichael Road and the other in the vicinity of the South Beach Town Centre and the C.V. Bethel High School. At least half of these will be serviced lots available for purchase by individuals who wish to construct their homes independent of Government assistance.

The remaining lots will be developed by the Department of Housing to meet the demand of individuals qualifying for mortgages and seeking the assistance of the Department of Housing in the construction of their homes.

## **REDUCING CRIME**

While the economy demanded and continues to demand much of our attention, other issues present significant challenges, none more so than combating crime in our society. I am confident that measures we have and are taking will produce positive results in our fight. Ours is a full frontal attack on the criminal elements in our communities.

A combination of judicial strengthening, legislative reform, enhanced police enforcement, the use of modern technology and partnership with church and civic groups will assist us in reducing crime.

Our quality of life is very much tied to our sense of security and safety. We must take back that which the criminals have stolen and restore our sense of peace and security. This year we will achieve gains in this regard and will continue to build on those gains until we restore the sense of tranquility and civility that once characterized our beautiful isles.

We are, as quickly as possible, facilitating the increase in the number of judges, magistrates, courtrooms, legal officers and support staff to surmount a lengthy backload of cases.

In our Family Islands we will facilitate the appointment of Stipendiary and Circuit Magistrates in Abaco, Andros, Exuma, Eleuthera and Long Island.

This year we will introduce electronic bracelets to monitor persons accused of serious offences who are released on bail. We have already introduced

CCTV cameras in high crime areas in New Providence as an additional tool in the arsenal available to the police to assist with early detection and resolution of crime.

A new Cessna Caravan aircraft was acquired for the Royal Bahamas Police Force which permits the rapid movement of personnel throughout The Bahamas and also reduces the requirement for the Police Force to transport prisoners and persons on remand via commercial aircraft.

We have also given and will continue to give needed attention to empowering the Royal Bahamas Defence Force to better carry out its mandate to safeguard the territorial integrity of The Bahamas, to stop the economic drain and environmental assault on our fisheries resources caused by poachers; to protect against the illicit trade in controlled substances and small weapons; to stem illegal immigration; to perform search-and-rescue missions and to provide leadership in disaster preparedness and relief initiatives.

Towards this end, we increased the Defence Force marine fleet and acquired two new aircraft thus appreciably improving the surveillance capacity of the Force.

The Defence Force today operates from bases in Grand Bahama and Abaco in the north, at Exuma in the Central Bahamas and at Inagua in the south. A new base will become operational in Ragged Island this year, further enhancing our capacity to protect our southwestern border from the illicit

traffic in controlled substances, the continued influx of illegal immigrants and from continued assault on our marine resources by poachers.

## **EDUCATION & HEALTH**

Good, quality education – academic and technical -- is the basis for successful careers, is the child of innovation and is the source of our progress.

We continue efforts to promote a culture of learning, improving our education system by upgrading and expanding school facilities, ensuring the engagement of adequate numbers of teachers -- both generalists and specialists -- and making our school campuses safer, healthier environments.

We are entrusting the management of education to the professionals employed at the Ministry and Department of Education. We seek to make our educational system one in which the primary focus of teachers is tutoring their charges; where parents are committed partners in their children's education and where students are stimulated to attain their very best.

We have substantially increased funding for government education loans and merit scholarships so as to maximize the number of qualifying students able to pursue higher education and training to meet the demands in our economy.

We are convinced that achieving a more healthy population requires targeted attention on a number of fronts simultaneously.

Towards this end, the Ministry of Health continues to expand programmes to promote healthy lifestyles, to maintain and sustain gains achieved in infant and child immunization, infant and maternal health, and to combat the spread of HIV/AIDS and other sexually transmitted diseases.

This year, the prescription drug benefit will become available to elderly patients and school age children from participating licensed pharmacies for 11 specified chronic and catastrophic illnesses including asthma, arthritis, glaucoma, high cholesterol, ischaemic heart disease, diabetes, breast cancer, prostate cancer, hyper tension, major depression and psychosis.

The list of conditions will be reviewed periodically and modifications made to add or exclude conditions according to defined criteria. The benefits schedule will include prescription drugs and specific medical supplies deemed necessary by the attending physician for treating the patient's chronic condition.

### **A CALL TO WORK TOGETHER**

For all our plans and actions, it should be clear to all of us that now more than ever our nation's best prospects for success rest with our ability to

exercise greater discipline, make greater sacrifices, and work together as a people.

I urge us all to realize that our changing economic fortunes present us with an opportunity to make our future more secure. This means recognizing that the “new normal” now characterizing our economy, one of a likely sustained period of modest growth and moderate job gains, calls for modesty in our spending and borrowing. By exercising discipline in our economic behaviour going forward we can put ourselves in the best position to take advantage of opportunities and meet challenges that present themselves in the future.

Yesterday was difficult; today is challenging; but tomorrow will be shaped by our grit and determination. I am confident that we, the Bahamian people, have both the ingenuity and resolve to endure the lingering challenges of the current global economic crisis and to excel beyond it.

May God bless us as we engage and work together.