

COMMUNICATION

BY

**THE RT. HON. PERRY G. CHRISTIE PRIME MINISTER
AND MEMBER OF PARLIAMENT
FOR CENTREVILLE**

**ON THE GRAND BAHAMA (PORT AREA) INVESTMENT INVENTIVES
(AMENDMENT) BILL, 2016**

MONDAY, 7TH NOVEMBER 2016

Mr. Speaker,

In my Communication to Parliament last week, I introduced the Grand Bahama (Port Area) Investment Incentives (Amendment) Bill, 2016 in the context of measures and incentives for the recovery of Grand Bahama economy following the massive devastation of Hurricane Matthew.

In that Communication, I also pointed out that “in order to bring about early and sustained economic recovery that will benefit the people of Grand Bahama in this current emergency, we must do whatever we can to protect and create businesses and jobs”. The amendments being proposed to Section 14, Section 15 and the Schedule to the Principal Act are directly related to achieving that objective.

In the aftermath of Hurricane Matthew, the lack of basic communication services and the ongoing recovery effort, more time is needed for licensees to avail themselves

of the opportunity to apply for concessions available under the Grand Bahama (Port Area) Investment Incentives Act 2016. The Principal Act is deemed to have come into force on 4th May, 2016 and the demand deadline for making application is 4th November, 2016. An amendment is proposed to extend the time for making an application under the Act from six months to ten months, and to allow the Minister responsible to extend the time period for the making of an application by Order.

Mr. Speaker,

Draft Regulations have been prepared and are in circulation among stakeholders. The exercise to produce the framework for a One Stop Shop within Freeport is underway. The One Stop Shop, which is needed now more than ever as a result of Hurricane Matthew, is intended to optimize the process for approving new businesses in the Port Area by harmonizing the agencies required for investor outreach and business development. More time is needed for public consultation, before finalizing the Regulations and the One Stop Shop, as well as putting in place the necessary administrative machinery and staff.

Mr. Speaker,

Under Section 14 of the Grand Bahama (Port Area) Investment Incentives Act 2016, the companies listed in the Schedule and their existing affiliates, subsidiaries, and joint venture companies, existing at the time of the commencement of the Act, shall be entitled to the benefit of the concessions set forth in the Act for a period of twenty years

subject to fulfillment of their respective obligations under any existing agreement with the Government.

The Hutchison Group has indicated their considered view that the affiliated companies should also be named in the Schedule to the Act. The opportunity is therefore being taken to make amendment to list the affiliated companies in the Schedule and to allow the Minister responsible to amend the Schedule to the Act by Order.

Mr. Speaker,

As a vital part of the efforts being undertaken by my Government to bring relief and economic recovery to Grand Bahama in the wake of Hurricane Matthew, we are seeking to encourage Hutchison to repair and reopen their hotels, as well as to both restore the damages to the Container Port while at the same time proceeding with the planned expansion to the Container Port. We shall also encourage and support the efforts of the Grand Bahama Port Authority and the licensees in Freeport, both large and small in their recovery efforts to benefit the economy and the people of Grand Bahama.

Mr. Speaker,

The provisions of the Grand Bahama (Port Area) Investments Incentives Act 2016 and the amending Bill we are considering today, are vitally linked to the Memorandum of Understanding (MOU) made on 26th April, 2016 between the Government of The Bahamas, the Grand Bahama Port Authority Limited, Freeport

Harbour Company Limited, the Grand Bahama Development Company Limited and Freeport Commercial and Industrial Company Limited. That MOU will not only chart the course of further development in Grand Bahama, but provide for Government to acquire shares in certain of the companies, place directors on their Boards, generally to align the functions of the Grand Bahama Port Authority with those of the Government, and attract new capital investment in the Grand Bahama Port Authority, among other measures which are in keeping with international best practices, the welfare of the people of Grand Bahama and economic growth.

Mr. Speaker,

Assessment of damages, relief, clean-up and restoration of buildings and infrastructure continues unabated. The water supply has been restored and as of last Friday Freeport Power had restored electricity to 90% of the customers with plans to restore electricity to the entire Island of Grand Bahama including West End by November 15th.

Due to the vital economic importance of the hotels and Container Port, I have been in communication with the principals of Hutchison Group appealing for repairs to be carried out as soon as possible. I have also appealed to Sunwing to restore their suspended flights as soon as the necessary repairs have been carried out with a view to reopening for the winter season.

I am pleased to report that a preliminary financial damage Assessment Report on Hutchison owned properties was received from the Adjustor on November 3rd. An owners' project director has been appointed and is now on site working to identify and appoint contractors so that the necessary repairs can urgently proceed. Quantity

surveyors have been appointed and will be on island next week to begin the project. Memories and the Casino will be the first buildings to be restored. I am advised that contractors are on site looking at the facilities and within the next week management will be in a better position to give a more realistic completion date. Management has confirmed that the Lighthouse Pointe Building of 198 rooms, along with Food and Beverage facilities will re-open on November 7th.

Mr. Speaker,

The following updated report has been received from **Hutchison Ports**.

Damages

- Terminal buildings and infrastructure was mainly affected by the storm and sustain varying degrees of damage. Repairs for nearly all damages are underway as vendors are selected and purchase orders are created, and Maintenance Warehouse suffered some damages.

Recovery

- Freeport Harbour re-opened to resume operations on 10/9/16, Auxiliary power was utilized.
- Power was restored to Freeport Harbour on 10/25/16.
- The ferry passenger gangway was destroyed however a new gangway is currently being fabricated.
- Assessments for repair to buildings and infrastructure are ongoing. Roof damage to two retail tenants has delayed their re-opening.
- Surveys were completed on 10/28/16 and 11/4/16 to ensure no excess deposits/obstructions on the harbor bed or alongside the berths.

Recovery Continued

- Navigational Aids lights were destroyed and buoys were relocated during the storm. Notices to the boating public have been ongoing via radio and news media. A vendor has been engaged to complete repairs and repositioning of buoys.

Cruise/Ferry

- Balearia continues its daily schedule since the passing of the storm. Passenger levels remain strong as individuals travel to the US for relief supplies.
- Bahamas Celebration has temporarily diverted to Bimini due to the temporary closure of Grand Lucayan and other tourist attractions like Port Lucaya Marketplace. The ferry is scheduled to return February 2017.
- Norwegian Cruise Line calls are currently on hiatus. NCL management has confirmed a return to Freeport on 11/22/16.
- CCL, FHC's largest cruise client has indicated that they will resume cruise operations November 7 2016. They were awaiting for the reopening of popular shore excursions like Bahamas Adventures and Pirates Cove before returning.

Freeport Container Port



Damages

- Immediate loss of cranes 1 through 6; equivalent to a 60% reduction in Crane capacity.
- Estimated Damages Cost = nearly \$60M.
- Insurance claims are being processed.

Recovery

- Cranes #8 & 11 have been returned to service and currently operate from berth #3.
- Crane #9 scheduled to return to service Monday November 7th.
- After further assessment, crane #7 was discovered to have additional structural damage. PBA, a structural engineering company, has been secured and is on the ground performing assessments to advise the path to repair.
- Cranes #3, 4, 5 & 6 will not be repaired but instead will be replaced with 3 new Super Post Panamax Cranes. Estimated delivery of new cranes is Mid 2015.

Recovery Continued

- Decision was made to lease 2 Mobile Harbour Cranes (MHCs) and repair the existing Gottwald. Delivery time for the 2 leased MHCs is 10 weeks after agreement signing.
- Parts to repair the Gottwald have been ordered and should arrive within 3 weeks. Additional personnel will be brought to FCP to operate new MHCs and the vessel cranes.
- Tender for rental of the MHCs was sent out to the public and closed 11/3/16. Decision to be made 11/4/16 should there be no inquiries.
- Gearing ships (vessels equipped with their own cranes) are being utilized by the lines to increase the outload of delayed cargo.
- After assessment of Straddle Carriers, 58 machines sustained glass window damage. Repairs have not begun as yet however all relevant purchase orders are currently in process.

Commercial

- Throughput result for October 2016 is 79% below budget.
- Diverted volumes: 50% to Caucedo, 10% to Kingston & 40% to Panama.

Damages

- GBAC terminal buildings and infrastructure received the most damages from the storm due to the high speed winds. Most significant was damage to the Domestic Terminal roof; which forced the temporary relocation of check-in and ticketing procedures to the International Terminal.

Recovery

- Operations resumed 10/10/16 however hours of operation are currently sunrise to sunset until runway lights are repaired.
- Power was restored to GBAC terminals on 10/24/16 while the general maintenance workshop was restored on 10/31/16.
- Restoration still needed at Bahamas Customs Cargo building.
- Domestic Roof Repairs are ongoing. The section of roof needing the most repair is complete.
- Effective 11/3, all check-in and ticketing procedures have returned to the domestic terminal.
- Runway lighting evaluation and testing began on 10/27/16 and is still ongoing.

Recovery Continued

- A Department of Civil Aviation technician is currently soliciting quotes for repair to navigation aids.
- Preclearance officially reopened on 11/3. CPB times have temporarily changed to 7AM to 5PM which aligns with operation hours.
- Fencing repairs at Domestic complete except an area with a downed power line. We await GBPower personnel. Outer and inner perimeter repairs still in progress.

Commercial Airlift

- Sunwing US Flights suspended indefinitely
- Sunwing Canadian flights is expected to commence on Dec. 21st 2016 .
- Delta only operating on Saturdays currently however will increase to 5 days per week during the first or second week in November.
- American Airlines had reduced to 1 flight daily but now back up to 3; including the return of the Charlotte, NC call (USAir). Their RON (Remain Over Night) flight suspended due to runway lights temporary absence.
- Bahamasair Fort Lauderdale flight is now once daily.
- Silver Airways schedule has returned to the normal 2 flights per day.

Mr. Speaker,

The following restoration update has been received from Grand Bahama Shipyard. Restoration at the Grand Bahama Shipyard is moving rapidly and on schedule. Docks #1 & #2 are both back up and in operation. Dock #3: Sustained damages and restoration is on-going as follows:

- One Dock Crane recovered from the water
- Dock lifted out of water from submersion.
- Steel & Electrical Repairs ongoing – scheduled to be completed by Nov. 20th.
- Two Dock Cranes need repair - Service technicians are due on the island on Nov. 18th, to evaluate the extent of the damage and provide technical support for the repair.

With respect to the Administration Building the roof & electrical is about 90% completed and is scheduled to be completed by the end of the month. Roof & Side Repairs on the Steel Fabrication Building are in progress and is scheduled to be completed by the end of the month. Siding, roof & electrical have been restored to the Mechanical Workshop Building which is still waiting on the roll up doors. The Cafeteria is fully operational and is awaiting materials to repair cosmetic damage to the building.

The Grand Bahama Shipyard is now running on 85% Grand Bahama Power. Generators are being used for the Converter Room, Dock 3, the North Beach & Finger Pier. The damaged electrical equipment have been identified and we are

awaiting quotes and estimated time of arrival of replacement. The Grand Bahama Shipyard received the first ship in the Yard, after Hurricane Matthew, on October 14th, 2016. The Company is currently repairing 6 ships in the Yard, with 954 employees.

Mr. Speaker,

Comprehensive updates have also been received from the Grand Bahama Port Authority which is working closely with the Ministry for Grand Bahama and a number of non-governmental entities on restoration and relief for the entire Island of Grand Bahama.

Mr. Speaker,

In the midst of the myriad of relief and restoration activities, my Government continues to diligently pursue new investors for Grand Bahama. I am pleased to confirm that last week approval was given by the National Economic Council for the conclusion of Heads of Agreement with Carnival Cruise Lines for a \$200 million cruise project in East Grand Bahama, which shall have a major impact on the economy of East Grand Bahama and provide economic opportunities for entrepreneurs and employees in Freeport.

Active negotiations are ongoing and are at an advanced stage with prospective hotel, casino, airline and tour operator interests for the acquisition and operation of major hotel assets in Lucaya. A successful outcome is essential to both the short and long term prospects of the Grand Bahama Tourism Industry.

Mr. Speaker,

The approval of the amendment contained in the Grand Bahama (Port Area) Investments Incentive Amendment Bill 2016 are vital to the economic growth of Grand Bahama and the welfare of the people of Grand Bahama .