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Chairman's Address
Mike Maura, Jr.
Power Breakfast
Feb 1, 2018

Good Morning and again welcome to the Power Breakfast.

I wish to thank the Prime Minister for joining us this morning and for his Government's partnership with the Bahamas Chamber of Commerce and Employers Confederation. We are deeply grateful for the National Address of a few days ago, and much encouraged by Government's general policy directions since taking office.

The past few years have been challenging ones for The Bahamas, owing to three main factors: 1) Profound changes in the local and international climates, both economic and natural; 2) This country's seeming determination to hold on to ways of operating that have been ill-suited to progress. The third factor is a result of the first two: The Bahamas has lagged considerably in international competitiveness, quality of business development and quality of life.

Now, it appears that there is a new positive wind blowing in our Bahamas, matched by a following and bountiful sea. To achieve the greatest benefit, every Bahamian citizen and resident, corporate and individual, must recognize that we are all crew on this ship. We are all needed on deck, fully and accurately informed of prevailing conditions of the ship and outlook ahead. We must all work together towards common goals.

To do its part to bring about this needful, national convergence, the BCCEC has been hard at work. On June 14th and 15th of last year, supported by Commonwealth Bank, ALIV, Arawak Port Development and Baha Mar, we held our Bahamas Chamber of Commerce Conclave which brought together the eight chambers from throughout the Bahamas, along with passionate private sector representatives, civil society, key civil service professionals, political stakeholders and others. The participants rolled up their sleeves and hammered out key economic and social issues facing our country. Of the hundreds of participants there wasn't a quiet voice in the conference hall. As to what was wanting to drive the country positively, equitably and safely forward, the following themes surfaced:

- The need for a comprehensive Government ICT platform

- Civil Service Human Resource development and support to include enhancement of process
- Enforcement of the Laws
- Engagement of subject matter experts to assist Government
- Empowering Local Government
- Advance FOIA
- Improvement in the Ease of Doing Business
- Compliance with National Budget and expenditure accountability
- Introduction of KPIs to measure effectiveness of National Policy
- Training, Literacy, Skills Bank, and Labor Availability
- Energy Reform
- Leveraging the National Development Plan
- Access to Capital
- SME support

The results of the conclave enable me to comment now on the Government's efforts to date, and how well they accord with desires and concerns expressed at that time. Secondly, I will highlight the Chamber's response and work since June 2017.

To begin I offer the following in response to the Prime Minister's National Address.

The BCCEC agrees with the Prime Minister's assessment that our economic recovery has a long way to go. We must all accept that it is a work in progress. The Prime Minister spoke of the high unemployment, fiscal challenges, a cumbersome and inefficient business environment, corruption within the public service sector, reasonably and sensibly addressing international regulatory pressures, and more.

The BCCEC agrees with this assessment and we support the following steps taken by the Government. We especially congratulate the Government on the holistic approach. It is only by taking into account all the elements contributing to a problem, can we bring about positive, and sustainable change.

This comprehensive brand of thinking is evident in the creation of the National Economic Advisory Board, the establishment of a National Ease of Doing Business Committee and the restructuring of the Department of Inland Revenue with the twofold purpose of optimizing the tax payer and DIR interface and bringing greater effectiveness to the tax process.

Intimately connected are the efforts to bring economic efficiency and equity to foreign exchange control, the passage of a Credit Reporting Bill and the launch of the E-Tendering and Supplier Registry System.

Nothing could be more positive than the move to bring greater equity of opportunity for business development and wealth creation. BCCEC applauds the launch this year of the Small Business Development Centre an initiative spearheaded by Government in conjunction with the University of The Bahamas, and the Bahamas Chamber of Commerce and Employers' Confederation, with support from the Organization of American States.

Just as promising in this regard are

- the introduction of the Commercial Enterprise Bill;
- the commitment to provide credit facilities to the SMEs and a \$25MM fund for MSMEs;
- the waiving of business license fees for all business startups for the first year and for business license taxes for SMEs with revenues of \$100,000 or less.
- A further essential underpinning is the introduction of financial and entrepreneurial programs throughout our education curriculum.

Because ports are the economic lifeblood of a country, we look eagerly forward to the redevelopment of Prince George Wharf, which is to include the realignment of port fees with destination value and the economic revitalization of Downtown Nassau.

We are cautiously hopeful of Government initiatives designed to root out corruption, and reduce crime. As regards to the latter, we are glad for the introduction of the Citizen Security and Justice Program and various other crime reduction initiatives. Of great importance also are the efforts to reform our energy infrastructure and dependence on dirty fuels and the remediation of environmental disasters like the Landfill and Clifton.

Taken together and brought to successful fruition, these initiatives can and will bring greater economic and social stability to our country. The Prime Minister and his Government are to be congratulated for their stated objectives and the comprehensive approach.

Now that our Nation's captain has spoken with the agreement of his bridge and crew, the BCCEC must make its contribution to what must be a nationwide dialogue and collaboration. I respectfully invite Government and colleagues to review the following, which are the product of research and deep reflection on the part of our organization:

- The Government's pension liability must be addressed to include a move away from non-contributory plans.
- The Bahamas must carefully consider the implications of a Corporate and Income Tax on our long-term viability.
- RBC's move to digital banking has highlighted the vulnerability of our Family Islands. This is a crisis, which the Government is asked to urgently address.

We also draw attention to the following

The IMF has forecasted Bahamas GDP growth of 2.5% this year. As a backdrop, the four years prior to 2017 the Bahamas had zero GDP growth and national debt climbed from approximately \$4 billion in 2012 to over \$6.5 Billion in 2017.



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The IMF's prediction is not intended to, and should not bring a sense of relief. Every Bahamian must internalize that the Bahamian economy remains in a perilous state. While the opening of Baha Mar has provided obvious economic benefit, it is simply not enough. The Government's stated reforms must move at light speed.

We are fortunate that the US economy is presently strong, but this may not continue. There are real concerns over the mounting US national debt, as it has climbed from approx. \$16.7 Trillion in 2012 to close to \$21 Trillion in 2017. Wages have started to ramp up and the Fed increased rates three times in 2017, with additional rate increases planned for 2018 and 2019.

I stress an undeniable point—Our economic opportunity lies in our own economic reforms. The Bahamas must become a global business competitor, which benefits from tourism but is not dependent on tourism.

Mr. Prime Minister, the BCCEC earnestly appeals that there be no increase in taxes without meaningful reductions in the cost of essential goods, and services.

Please consider revenue enhancement strategies driven by tax reductions, such as the elimination of import duty on apparel and shoes. This tax disproportionately affects the most vulnerable, while discouraging our over six million visitors from buying clothing in the Bahamas.

The BCCEC is most grateful for this opportunity to address you directly this morning, Dr Minnis.

Now, I have the pleasure of pointing out that our Communications, Membership and Fundraising Division ably led by Krystynia Lee d'Arville and Davinia Blair have produced a comprehensive diary of the June 2017 conclave. This report is available on our website.



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Since June all the eight BCCEC divisions, supported by various committees, have been hard at work. I wish to highlight that our board comprises passionate and committed volunteers, who rely on other volunteers to drive progress. If you believe you can make a difference we welcome you! I will provide a brief summary of our work to date.

The **Trade, Foreign and Domestic Economic Development Division led by Darron Pickstock** has been involved in the WTO analysis and discussion. The BCCEC has not arrived at a specific position relative to the WTO, but is presently focused on the promotion of an understanding of the PROS and CONS associated with WTO membership. You can find a BCCEC statement on WTO on our website. It is expected that, in late February, this division will host a WTO forum where participants both educate, listen and learn. Please note that on March 4th through the 8th, there is a trade mission to Washington D.C.. All interested persons are asked to contact the BCCEC office for details.

The **Policy Regulation and Commercial Dispute Settlement Division led by Khrystle Rutherford Ferguson** has been working with the Ministry of Finance to develop and promote the Bahamas as an International Arbitration Center. Her division has also established a strong working relationship with the Bahamas Bar Association in the promotion of dialogue centered on current policy and legislative amendments. Most recently the Spy Bill discussion, held last week, was live streamed on the BCCEC Facebook page and YouTube. This division also provides support to the BCCEC on legal matters.

The **Family Island Development Division led by Roderick Simms and Davinia Blair** has been very active in its efforts to address transport, critical infrastructure, and economic growth initiatives in the Family Islands. According to Family Island residents, the current Mail Boat service is a real obstacle and not just to economic growth but to basic survival. Working closely with Family Island Chambers, this division continues efforts to impress upon the Government that a transport fix is required.

The recent decision by RBC to either close or significantly modify its operations in key Family Islands has highlighted the vulnerability of these fragile economies. This division has been active in both engaging Commercial Bank Sector leadership and working to identify banking solutions for these small economies. In partnership with the Family Island Chambers Roderick and Davinia continue to promote the Family Islands as economic development alternatives to New Providence. I must also highlight the exceptional work in the area of communication, ensuring that our Family Island

communities through the respective Chamber leadership receive daily updates on economic and social issues which may affect their lives.

The **Labor & Skills Development Division, led by Peter Goudie**, has been extremely active. I'll touch on a few significant initiatives. The Citizen Security and Justice Program, targets at-risk youth and provides them with soft-skills and employable skills training. It is a relatively new Government/IDB initiative which we believe is both essential and transformative. The Apprenticeship Program, also supported by the IDB, in collaboration, with the BCCEC & Government is being finalized to create apprenticeship programs with subsistent wages to be paid from the funding, so we can get as many employers involved as possible.

The Division is also working on the Public Employment Services. This new initiative from the Department of Labor matches job vacancies with resumes of registered unemployed or employed Bahamians, While the roll-out has been marred with communication issues, the initiative is long overdue and we remain fully committed. And my last example is the Productivity initiative in conjunction with the ILO. The Labor & Skills Development Division recognizes the significant productivity challenges facing business, Government and our economic future. This effort brings together ILO leadership, the BCCEC and Organized Labor with the purpose of achieving and promoting a competitive, productive and satisfied workforce.

The **Social Program Reform Division led by Derek Osbourne** is engaged in the National Health Insurance debate, and the National Insurance Board Pension program with the objective ensuring that new legislation and policy supports a competitive, reasonable and viable program. I should highlight that the BCCEC has three representatives serving on the NIB Board and one on the National Health Insurance Authority Board. The division is also concerned about the workings of Government's Conditional Cash Transfer program. This program has had much success in Jamaica, providing funding to the most vulnerable and supporting the immunization of children and school attendance.

The **Energy & Environment Division led by Debbie Deal** has been on the move. You will be challenged to find someone with more passion for the environment and energy reform than Debbie. If she is not on the Lester Cox show demanding that we take our planet seriously, she is producing YouTube segments on Energy Efficiency and easy ways to be green and save money. She and her Green Team have been strong advocates for a clean Clifton and have launched and branded the Green Initiative. Additionally, they have forged a relationship with the University of the Bahamas in an effort



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to address toxic waste research and continue to work with the Ministry of the Environment in an effort to eliminate our reliance on plastic bags and Styrofoam. If any of you have the passion and can keep up with Debbie and her team please join the effort.

The **Communications, Fundraising and Membership Division** ably led by **Krystynia Lee d'Arville and Davinia Blair** have been busy to say the least. Since June they have:

- Restructure of the Membership portfolio
- Restructured & enhancement of Fundraising Portfolio
- Published the National Conclave of Chambers Report
- And, Organized Bahamas at Sunrise appearances for greater communication to the public regarding the Chambers continued initiatives

The work ahead includes:

- The Complete revamp of the BCCEC Website with intent to provide an interactive, state-of-the-art platform for members and potential members, and access pertinent data surrounding research analytics and other important items surrounding the country's private sector.
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- The Hiring of a CFM Membership Specialist Liaison to ensure that the commitment of the BCCEC to communicate continuously and effectively with its members is made possible. We are committed to building Public, Private, Partnerships towards the Ease of Doing Business, Economic Growth and Legislative changes, amongst other things.
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- And the upcoming June 12th 2018 National Conclave of Chambers Committee with a continued focus on The Ease of Doing Business.

Following our 2017 Conclave the BCCEC focus turned to the Ease of Doing Business with a specific concern for the impact on SMEs. While the work of each BCCEC division has an obvious link to doing business in the Bahamas we believed that it was necessary to establish an exclusively focused effort to coordinate with the EODB efforts of the Government and other entities. The **BCCEC EODB Division** is chaired by **Christel Sands Feaste and Viana Gardiner**.



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The Bahamas' rankings on the World Bank's Ease of Doing Business report are well known. For our members, the additional time, human and financial resources associated with navigating the endless bureaucracy associated with doing business in this country in these difficult economic times means more pressure on cash flow and less money to upgrade infrastructure, hire more people or expand. Having said that, I would describe the journey to improving Doing Business in The Bahamas as a journey offering significant low hanging fruit. I can assure you that your BCCEC is committed to running to the finish line. Our goal is to assist in identifying solutions as opposed to focusing solely on the challenges.

Since August of last year, the Ease of Doing Business Division has aligned its work with the National Ease of Doing Business Committee appointed by the Government. More specifically, myself and the co-chairs of the EDB Division, were appointed to the National Committee. As members of the National Committee, we have participated in meetings with Government Regulators, made presentations to Government and assisted in drafting legislative amendments and in formulating recommendations to the Government on paying taxes and starting a business. We understand that these matters are under active consideration by the Government. The BCCEC's work as members of the National Committee remains ongoing.

More recently, in light of the current business license renewal season and the feedback received from our members, the BCCEC made a number of recommendations to the Minister of Finance to positively impact businesses seeking to renew their business licenses including, (i) bolstering human and online resources at the Helpdesk at the Business License Unit and (ii) extending opening hours at the Companies Registry and the National Insurance Board to 5:30pm to facilitate the processing of requests for Certificates of Good Standing.

In terms of next steps, the EODB Division intends to continue to focus its attention on challenges surrounding Starting a Business, Registering Properties and Businesses, Getting Credit, Trading Across Borders and will launch an effort to address the process of obtaining Construction Permits, Protecting Minority Investors and Getting Electricity.

Let me assure you, the BCCEC is fully committed to doing its part to see that it is easier to do business in The Bahamas. Already, hundreds of man hours have been invested in this process, and many more will be before this marathon is done.



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The BCCEC also has several committees which work to support the work of the many divisions. I would like to highlight the work of the Finance, Budget and Audit Committee Chaired by Derek Osbourne and the Governance Committee Chaired by Emmanuel Komolafe. The Finance Committee has advanced efforts to restructure the Chambers financial management and controls to include audits by KPMG. The Governance Committee has worked with the Board to review various Terms of Reference and documented the Governance roadmap for the BCCEC. I wish to thank these committees for their efforts.

I hope my comments have clarified the invaluable work of the BCCEC. In an effort to survive the day, I must encourage all of you that are not members to JOIN. We need your active participation, we need your financial support and we need to know what you think, what works and doesn't work for your business. I also strongly encourage you to attend the 2018 Conclave I promise it will be worth your time.

I must also thank the face of the BCCEC, Edison Sumner, our trusted CEO for his leadership and his effective team in the Office, for without them the BCCEC would not be the capable organization it is today.

I Thank you for your time and support.