

**Remarks
Hon. Fred Mitchell, MP
Minister of Foreign Affairs**

Exuma Business Outlook

Sandals Emerald Bay Resort

November 21, 2012

Ladies and Gentlemen:

Good morning.

I am pleased to be with you this morning, representing the Minister of Tourism, Hon. Obediah Wilchcombe, who wanted to be here this morning but was unable to make it at this rescheduled time.

The Exuma Cays and Great Exuma continue to be that region of our country that holds so much natural beauty, yet remains largely underdeveloped and largely untapped for Tourism development.

Exumians will know that the ‘shot in the arm’ intended to jump start Great Exuma’s tourism was the \$350 million Emerald Bay development that opened under the Four Seasons brand in 2003. However, by 2008 this development had incurred cumulative operating losses that drove them to bankruptcy with the resort falling into receivership and ultimately closing their doors in 2009.

Despite these specific challenges, Exuma joins with Bimini to be the two Family Islands that are responsible for the growth in overnight visitors. Today, visitor arrivals in the Exumas remain under 40,000, reflecting a rebound from some 21,600 stopovers in 2009 - the year the Four Seasons resort closed - to 33,700 two years later. This increase follows the reopening of the Emerald Bay property under the Sandals brand in 2011, marking a 60% growth rate in the past two (2) years.

My task is not to focus on visitor arrivals gains or losses, but to draw to your attention the challenge we face and must overcome to ensure we have a thriving and sustainable Tourism economy. The Minister of Tourism has also asked me to convey the things that ought to be done to secure sustainable business here in the Exumas.

There are two main areas of concern that ought to be addressed in making Exuma's tourism business secure over the long term. They are infrastructure and industry linkages.

Infrastructure or, better put, lack of infrastructure is at the core of The Exuma's not realizing their true potential. Notwithstanding, much credit must be given to Butch Stewart for the near \$100 million investment in repositioning Emerald Bay into a resort attracting significantly higher occupancy, creating more jobs and causing by its existence much-improved international air access in partnership with The Ministry of Tourism.

- Among the infrastructural challenges we must together effectively address are the following...

1. **Securing a local trained workforce.** The workforce must be trained in sufficient numbers to support the existing level of development as well as positioned to support further growth in the sector. This is critical since the necessary importation of workers comes at great cost that contributes to the employer's already very high operating cost and, by extension, operating losses.
2. **Achieving much lower utility costs.** The data examined by the Ministry of Tourism with one major resort shows that although Nassau's utilities, especially **electricity** cost, remain among the highest within the region, Great Exuma's costs almost double those of Nassau on a per room, per night basis.

This, ladies and gentleman, simply cannot be absorbed and sustained. Reflecting these exorbitant costs as a further premium to be charged for a vacation in Exuma will negate the sale. The customer will simply choose to go elsewhere.

3. **Improving airlift.** Although we are seeing gains in the jet lift into Exuma International Airport, we still have a long way to go in causing for sufficient reach and frequency in airlift, along with competitive air cost. This is a priority of the Ministry of Tourism, working along with Ministry of Transport & Aviation.

Increased airlift is critical to success. As the Exuma's become more and more popular through media promotion

and recommendations from satisfied guests, there must be sufficient airlift to this island chain in order to feed the demand for travel here. This will benefit all hotel properties.

I am sure by now, most of us have heard about the glowing testimonial given by celebrity judge, Judith Sheindlin on her recent vacation experience in the Exuma Cays. Her interview with Katie Couric, along with the photographs she shared, was seen by more than 5 million viewers and is estimated to be worth more than \$158,000 in publicity.

Imagine when that publicity and similar occurrences convert viewers into travellers. There must be sufficient airlift to meet the desire to travel. Otherwise, again, business is simply lost.

The Ministry of Tourism has taken steps to ensure full-time and focused attention is given to this task.

4. **Improved Road Transportation and Airport.** The quality of the visitors experience is determined by the sum total of the visitor's interactions with the people and places he or she encounters. We are travelers ourselves. Many of us have been in a great number of airports so we can recall from our own experiences what level of comfort a traveler has in certain environments.

Without question, we can continue to improve the experience at our airport and on our roadways. We must remember in particular, our airport is the first and last

opportunity we have to make an impact on our guests' impressions of us.

5. Similarly, **landscaping and cleanliness** must be top priorities. Exuma is blessed with incredible natural beauty. It would be a crime against nature, just as it is a crime against our fellow citizens, if we were to allow it to be marred by dumping and just general litter.
6. Out of resorts dining options. We continue to seek ways to have our guests distribute their spending generously among the entire population. Dining options are one such means by which we may do this. These are also opportunities to give our guests more of what is unique to this island. It is unfortunate that we have seen the closure of Castaways here, but we are hopeful that we will see its re-emergence as we move forward with plans to re-brand and re-launch The Exuma Cays.

The importance of linkages to the tourism industry can never be overstated. Tourism, after all, only thrives when a number of industries are able to easily access guests to any destination. This includes transportation, entertainment and a variety of other industries. These linkages are where Exumians must play an even greater role in tourism.

It is estimated that more than 80 cents of every dollar earned through tourism finds its way back out of the country. The very obvious remedy for maintaining the gains achieved from tourism is to prevent this leakage. This is where Bahamians are able to feed Bahamian-made products into the tourism industry, which would mean that we would need to spend less money abroad to import goods for tourism consumption.

Our visitors need fresh fruit and vegetables, for example, and hotels consume an enormous amount of these. Exuma has been known for decades for the homegrown onion. How many of those are making it into the hotel supply for our guests?

In addition, artwork, straw products, beverages, and so many other items can be supplied locally. We must make significant progress in what we supply locally in order to gain more wealth from tourism.

The Ministry of Tourism is aware that there are some in Exuma who believe we ought not have encouraged large resorts like Emerald Bay and or even projects like Grand Isle in the Exumas or in any other Family Island. There is a belief that these types of developments are too big and cannot be supported in communities outside of Nassau and perhaps Grand Bahama Island.

But we must ask of those who promote or subscribe to this, then, how are we to truly grow our economy or ensure that all Bahamians have access to employment by way of jobs and/or opportunities to create and own business

without having to leave behind family and homes in search of employment opportunities elsewhere?

These are real questions that must be asked so that decision can be made. We must face the reality of our circumstances and chart a sensible course for development. It is true that we must find the right balance. We must never sacrifice the secure, homely feeling of our Family Islands simply for the creation of income or wealth. However, we must properly plan where development might be invited, where population centers can be allowed to blossom and, on the other hand, which areas should be reserved for preservation and conservation.

Ladies and gentlemen, the government inherited a shrinking economy with government's expenses exceeding revenue by almost \$500 million. We came to office in the face of record-high unemployment in general and especially among the youth population. This state of affairs can only be arrested through long, swift expansion in the economy, driven by private and yes, out of necessity, foreign direct investment.

It must also be recognized that much of this must occur outside of Nassau and Grand Bahama Island with Exuma, joined by Abaco, Bimini and Eleuthera, being in the forefront of Family Island tourism and tourism-related economic development.

In pursuit of our economic growth agenda, we are already making gains in Bimini and Grand Bahama as announced very recently, and we are

committed to the stabilization and growth of Sandals as an anchor resort in Great Exuma that will enable others to come on stream and flourish.

In concluding these remarks, I must establish that our Bahamas in its totality remains unchallenged, much less unmatched in terms of raw tourism potential. It is now time for us to embark without further delays and distraction on a deliberate growth strategy that begins by ensuring we hone in on our unique strengths with our multi branded and diversified chain of jewels, while tackling the runaway costs that have made us less attractive to investors, lenders, operators and ultimately end customers.

Can we do it? Yes. We certainly can. Furthermore, I can assure you we are well on our way. I make this appeal to you to join us in helping to build a stronger, more productive Exuma and a more advanced, more prosperous Bahamas.