



MINISTERIAL STATEMENT

FAIRMONT SOUTHAMPTON HOTEL REDEVELOPMENT – AN UPDATE

THE HON. E. DAVID G. BURT
PREMIER AND MINISTER OF FINANCE

25TH MARCH 2022

Mr. Speaker, in a Statement to this Honourable House on 4th February, I began this Session setting out for Honourable Members that this year of 2022 is a critical year for tourism recovery. **Mr. Speaker** in that Statement I referred to the development of the Fairmont Southampton hotel in these terms:

“As a Government we are keenly aware of what such a project represents to the economy in the short and long term and how it presents a singular opportunity to make a strong statement about Bermuda’s tourism fortunes.”

Mr. Speaker, since that Statement was made I have assumed responsibility for Finance and in the intervening period the negotiations on the Government’s support for this project have consumed countless hours daily, inclusive of weekends. These are challenging times and as such this could never be an ordinary commercial arrangement.

Mr. Speaker, with the able assistance of a team of expert counsel and technical officers, the Government of Bermuda and Westend Properties Limited, the owners of the hotel site, have reached an agreement. That agreement has been set out in a Heads of Terms document and I can further advise this Honourable House that the document has been approved by the Cabinet. **Mr. Speaker**, I can also advise this Honourable House that this agreement confirms the terms of the Government of Bermuda’s support for this vital project.

Mr. Speaker, there are some unique features to this agreement which were a result of difficult negotiations, but represent this Government's determination to fulfill its promises to the people of Bermuda. **Mr. Speaker**, in the 2020 election, this Government pledged that it would create a nation of owners. This agreement advances the objective and fulfills an election promise by making provision for Bermudians to directly invest in this hotel redevelopment. The terms and scope of this investment opportunity will shortly be announced in greater detail.

Mr. Speaker, it is time for a new paradigm that allows Bermudians to have the opportunity to invest in major local projects that enjoy Government support, as Bermudians should not be mere spectators to overseas capital that enjoys returns supported by their tax dollars. The Government has listened to the concerns expressed by Bermudians who wonder why they do not have the opportunity to invest their own hard earned money in government supported projects in their country, and in this agreement we turn that desire into a reality.

Mr. Speaker, in the Progressive Labour Party Government's 2020 Platform we promised to:

“Create a national fund called The Bermuda Trust Fund that will benefit economically disadvantaged Bermudians to reduce generational income inequality.” The Platform indicated that *“This fund will be seeded by economic investors in Bermuda who can invest directly into the Bermuda Trust Fund.”*

Mr. Speaker, I am extremely pleased to advise this Honourable House and the public that this agreement provides for profit sharing from the hotel's operations. The Government will pledge the proceeds of this profit sharing to the Bermuda Trust Fund on behalf of the people of Bermuda. The Progressive Labour Party Government believes that if the Government supports projects of this nature on the people's behalf, then the only benefit to citizens cannot just be the opportunity to work in construction and hotel operations. There must be a lasting legacy and a benefit to future generations, and in this deal, we are seeding that legacy.

Mr. Speaker, though this is a time for hope, the agreement we have reached is the 'end of the beginning'. There is more work to be done. Both sides now must deliver on those conditions set out in the agreement and the Government's first task is to set about crafting the legislative support required that will be brought to this Honourable House when we return.

Mr. Speaker, this agreement is however significant progress, and I am confident that this transaction will close next month as intended and construction will commence shortly thereafter. The project will create in excess of 600 direct jobs during the redevelopment phase of this iconic property, which will be welcome news to Bermudians who are seeking employment. Following the re-opening of the hotel for guests, which is planned for the late summer of 2023, over 800 permanent jobs are to be created in what will be Bermuda's largest hotel.

Bermuda is on the cusp of a signature development that will make a significant addition to the inventory of hotel beds, improve our fortunes in airlift and signal the return of large group business that we have not been able to attract due to this property's closure.

Mr. Speaker, this is an announcement that provides that hope to which I referred in last month's Budget Statement. That is this Government's commitment, **Mr. Speaker**, to bring hope to people of Bermuda; hope for a brighter future as we move beyond this coronavirus pandemic. That hope is represented in concrete actions that we have delivered during this budget session, and in the work that this Government will continue to do every day to deliver on the election platform which received overwhelming support from Bermuda's voters.

Mr. Speaker, it is my privilege, on behalf of this Bermuda Progressive Labour Party Government, to commend this statement to this Honourable House.

Thank you, **Mr. Speaker**.