



# BUDGET STATEMENT

In Support of the Estimates of Revenue and Expenditure

PRESENTED BY  
The Hon. E. David Burt JP MP,  
Premier and Minister of Finance  
Friday, 17 February 2023

Education Reform

Our children,  
our future

*Our Path to Continued Economic Growth*



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IN SUPPORT OF THE  
ESTIMATES OF REVENUE AND EXPENDITURE  
2023 - 2024

PRESENTED BY  
THE HON. E. DAVID BURT, JP, MP  
PREMIER AND MINISTER OF FINANCE  
17 FEBRUARY 2023

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## Introduction

Mr Speaker, Bermuda stands at more than the dawn of a new fiscal year. No society has been immune to the socioeconomic impacts of the pandemic, foreign wars, inflation, and disruptions in supply chains. These are the realities of life today, and culturally, though we may have shed ourselves of our masks, the freedom of that change and the return to normality that it should have represented has been short-lived. Our growth aspirations and the promise of renewal have been somewhat frustrated by these lingering trials, but even in the midst of such unprecedented challenges, Bermuda...this jewel of the Atlantic...has demonstrated a determination to defy the odds.

Mr Speaker, amidst the very real hardships that our people are experiencing, there is cause for hope. This Budget will use the mechanism of public financing to harness that hope by investing in people, advancing critical infrastructure projects, and continuing the work of change demanded of this Government by our successive and historic election victories.

Mr Speaker, the Bermuda Progressive Labour Party in Government has always been about the politics of hope. It is a mantra set out by the first PLP Premier, Dame Jennifer Smith, and has been the guide for all those who would offer themselves for public service under our banner.

In a 1997 speech to the then International Companies Division of the Bermuda Chamber of Commerce, Dame Jennifer said this:

*“A Progressive Labour Party Government will create a Bermuda in which the government will not only serve the people, but we will rekindle hope – heal its present divisions – and replace apathy and alienation with vigour and a feeling of oneness and unity.*

*We will work steadfastly to create a Bermuda in which one can grow up healthy – enjoy old age – and live to see children and children’s children do better than they did. We will work for justice in the workplace. We will work for a more peaceful and peaceable community, so we can once again feel safe on our streets and in our homes.”*

Mr Speaker, that call to action, that vision applies equally today as it did 26 years ago when Dame Jennifer said it. This 2023/24 Budget addresses the complexities of the 21st century’s changed demands while staying true to the core ideals that the people of Bermuda have endorsed in five of the past six General Elections.

## Global Economic Review

Mr Speaker, the year 2022 was one of many challenges. Geopolitical conflict, inflation, a food supply crisis, supply chain bottlenecks, and the lingering effects of the COVID-19 pandemic have caused shockwaves across the global economy.

Mr Speaker, the International Monetary Fund estimates that the global economy will grow by 3.4% in 2022, slow to 2.9% in 2023, and then rise to 3.1% in 2024. Growth in advanced economies is expected to decline sharply from 2.7% in 2022 to 1.2% in 2023 before rising to 1.4% in 2024. The United States' growth is projected to fall from 2.0% in 2022 to 1.4% in 2023 and 1.0% in 2024. On the other hand, growth in emerging markets and developing economies is projected to rise modestly, from 3.9% in 2022 to 4.0% in 2023 and 4.2% in 2024.

Global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024.

Mr Speaker, in addition to projections of slowing economic growth and lower inflation for 2023, it is generally expected that there will be higher global interest rates and tightened monetary conditions. Favourable scenarios include a boost in spending from pent-up demand and faster disinflation.

Overall, inflation is expected to continue on a downward trend as international fuel and non-fuel commodity prices decline due to weaker global demand. The tightening of monetary policy is expected to continue putting downward pressure on core inflation. An easing in advanced economies' labour markets is expected to moderate wage inflation. As consumer preferences revert to services, prices of goods are expected to fall.

Mr Speaker, the pandemic has created an environment of higher debt levels, lower growth and higher borrowing costs, placing many emerging and developing economies at a high risk of debt distress. This exacerbates the vulnerability of these economies as global interest rates continue to increase. Further, an escalation of geopolitical tensions could lead to disruptions in the global supply chain, resulting in upward pressures on the prices of goods such as energy and food and the possibility of tighter monetary conditions. Navigating 2023 requires the prioritisation of actions to reduce inflation, contain the reemergence of COVID-19, ensure financial stability, restore debt sustainability, address supply chain constraints and strengthen multilateral cooperation.

## Local Economy Highlights

Mr Speaker, I will now focus on the domestic economy. Bermuda's gross domestic product (GDP), the primary indicator for economic growth, is estimated to have grown between 3.4–3.9% in 2022. In 2022, Bermuda saw signs of economic growth supported by a rebound

in quarterly GDP data in the first half of the year. Positive economic performance was fuelled by new international business registrations, visitor spending, higher employment income, greater levels of household consumption and increased construction activity, indicating a continued trajectory of economic recovery.

Mr Speaker, Bermuda continues to see growth in international business. 2022 saw 812 new company incorporations and a 5.2% increase in jobs with 230 new jobs being filled. I am happy to report that, for the second consecutive year, the majority of the new posts were filled by Bermudians rather than guest workers, proving that the balanced policies of the Bermuda Progressive Labour Party Government create the catalyst for growth in international business and ensure Bermudians benefit from that growth. This sector now provides 4,642 jobs within our economy and is the single largest economic activity group.

Mr Speaker, with the continued easing of border restrictions, the travel industry globally showed signs of a rebound in 2022, and Bermuda's tourism sector reflected that, as demonstrated by a significant improvement in air visitor and cruise visitor spending. We saw an increase in employment levels by 6.3%, bringing the total number of jobs in the accommodation and food services sector to 3,629.

Mr Speaker, the construction industry in 2022 showed a decline in both building permits and planning applications. However, during the first three quarters, the value of new projects started grew from \$83.4 million in 2021 to \$100.6 million, an increase of 20.6%. This figure for the first three quarters of 2022 surpasses the last three years' annual totals and is above the pre-pandemic levels of 2019. This signifies a strong recovery within the sector, which also saw jobs increase by 1% in 2022.

Mr Speaker, despite the increasing inflationary pressures experienced throughout 2022, Bermuda's overall rate of inflation remains relatively low compared to advanced economies, as reflected in the Consumer Price Index, which indicates an annual inflation rate of 3.8% for November 2022. The overall rate notwithstanding, food price inflation is still registering at 10.4%. However, the current trend of inflation indicates that it has peaked and is beginning to abate.

Mr Speaker, Bermuda's balance of payments continues to record relatively large current account surpluses, which are an important strength in the Bermudian economy. Bermuda's total current account surplus over the first three quarters of 2022 was recorded at \$926 million. This figure is 25.8% more than the \$736 million recorded over the first three quarters of 2021.

Mr Speaker, sustainable economic growth cannot be achieved without an expansion of jobs within our economy and a reduction in unemployment levels. In 2022, the total number of jobs filled in Bermuda increased by 402 posts or 1.3% from 31,316 in 2021 to 31,718.

This rebound in employment levels in the Bermudian economy comes as a result of the robust growth in the international business sector, our recovering tourism sector and the

professional, scientific, and technical sector, which collectively represented 76.1% of the total new jobs filled in 2022. For the second consecutive year, Mr Speaker, the job positions in public administration have declined. The number of jobs filled went from 4,008 in 2021 to 3,883 in 2022, recording a decrease of 3.1% or 125 jobs.

Mr Speaker, strong growth was observed in employment income for the first three quarters of 2022. It is estimated to have increased by 6.6% or \$180.6 million when compared with the same period in 2021. This increase was driven by the international business sector, which saw an increase of \$94.3 million or 8.9%.

Mr Speaker, despite the uptick in inflation, both personal consumption and the retail sector showed signs of growth in 2022. Household personal consumption for the first three quarters of 2022 was estimated to be \$2.97 billion, reflecting an increase of 17.5% or \$441.7 million over 2021. Total gross turnover in the retail sector stood at \$990.6 million, which represents a 3.1% increase when comparing the first ten months of 2022 against 2021.

Mr Speaker, the positive growth across many major economic indicators signals a reversal of the downward trends experienced during the midst of the pandemic, with many indicators now nearing pre-pandemic levels. The growth of employment levels in our key sectors is evidence of increasing confidence in our economy. Inflation is downward trending and tourism is on a trajectory to reach pre-pandemic levels. However, we face several external risks: higher global interest rates, supply chain disruptions, geopolitical tensions, and the impact of climate change and its correlation with our insurance industry. We must therefore remain focused on creating sustainable growth through economic diversification and the strengthening of our core sectors such as international business.

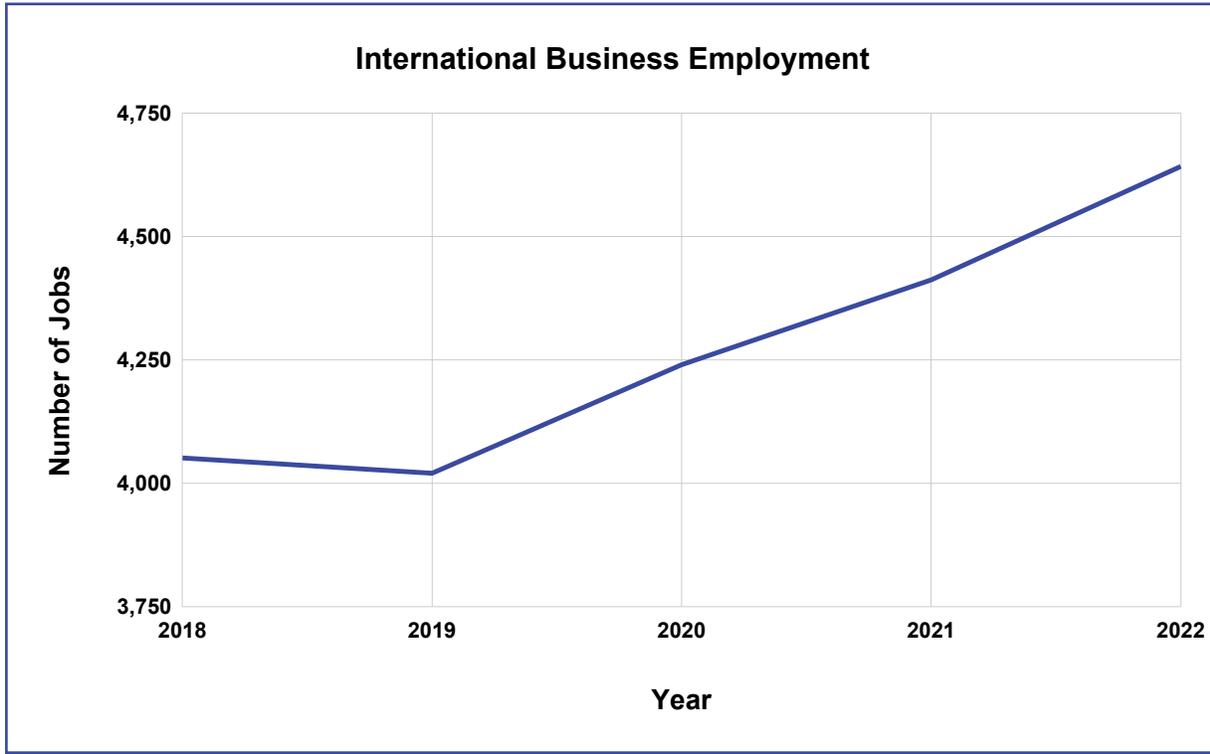
## **The Value of International Business to the Local Economy**

Mr Speaker, the international business sector, in particular the insurance and reinsurance industry, continues to be the bedrock of our economy. In 2020, it showed its resilience by avoiding contraction, and then followed that in 2021 with its fastest year of growth in 15 years. It should be acknowledged that much of Bermuda's economic stability during the peak of the pandemic, and subsequent recovery, as evidenced by the consecutive quarters of GDP growth, is largely a result of the contributions of our most significant economic pillar.

Mr Speaker, in 2021, the international business sector contributed over \$2 billion to the island's economy, with the largest direct contribution being \$235 million in payroll tax. But the impact of the island's international business sector flows beyond payroll tax as it also spent more than \$74 million on rent, plus a further \$7 million on local entertainment, and donated \$14 million to charities, and it critically also provided educational scholarships and internships for young Bermudians.

Mr Speaker, the international business sector is also a significant contributor to job growth. Since 2019, jobs in international business have consistently increased, with 591 additional jobs created in the last three years, representing growth of 14.7%.

Mr Speaker, this augurs well for our future and continues to reinforce our place as a leading international financial centre.



## Credit Ratings

Mr Speaker, an important aspect of credit rating reviews is that they provide an independent and non-political evaluation of Bermuda’s ability and willingness to service its financial obligations. These ratings are viewed as a global affirmation of where we are economically and a metric to sustain existing business and attract new business to this island.

Mr Speaker, we are pleased to see that in their May 10, 2022 ratings report for Bermuda, S&P reaffirmed Bermuda’s A+ long-term sovereign credit and senior unsecured debt ratings, as well as its A-1 short-term rating and its A+ transfer and convertibility assessment as stable. Within their report, S&P highlighted that they “expect the next several years to continue to benefit from the growth in the international financial sector and a pickup in tourism and that this growth will lead to reduced deficits and less borrowing.”

Mr Speaker, we were then further encouraged to see that in their June 21, 2022 rating report, Moody’s affirmed Bermuda’s A2 issuer and senior unsecured bond ratings, along with a stable outlook, once again indicating that Bermuda’s bonds are seen to be of good quality with a low credit or default risk. The stable outlook reflects Moody’s expectations that fiscal consolidation efforts will stabilise debt around current levels due to the rebound in tourism activity and strong growth in the international business sector.

Mr Speaker, KBRA's October 7, 2022 ratings report then solidified the assessments of S&P and Moody's as they affirmed Bermuda's long-term rating at A+ with a stable outlook, while the short-term rating was affirmed at K1+. KBRA stated within their report that their decision was based on their expectation that Bermuda will be largely resilient to global corporate tax reform.

Mr Speaker, these ratings are an objective endorsement of the Government's fiscal and economic policies, which are aimed at strengthening the economy as the country rebounds from the COVID-19 pandemic.

## Over Five Years of Progress

Mr Speaker, this 2023/24 Budget is not made in a vacuum. There is a context and a framing to the fiscal decisions made by this Government. That context demands that we conduct a careful examination of the past in order to better understand this present and the future.

Mr Speaker, it has been the greatest honour of my political life to serve as Bermuda's Premier. It is humbling to know that my constituents, the Progressive Labour Party and the people of Bermuda have entrusted me with the often difficult task of leading this Government. I do not take it lightly and commit myself to giving my all, every day in their service.

The uniqueness of politics in Bermuda means that as the Opposition, or anyone who opposes this Government, you can often choose your fiction, repeat that fiction, and engage others to do the same in various avenues, and some people will even believe it. Such efforts are enhanced by a willing media whose sensational and often wrong headlines fuel innuendo and falsehoods that distort this Government's record of success and progress for the people.

Therefore, Mr Speaker, I will not rely on others to tell the story. So in framing this Budget, I wish to reaffirm the record of the Progressive Labour Party in managing the fiscal debacles left by the One Bermuda Alliance. And I want to do that because that context is critical to understanding just how significant this Budget is to Bermuda and her people.

So, Mr Speaker, I will use this speech as an opportunity to remind the people of this country of the progress made on their behalf, despite the hand we were dealt in 2017 with the failed Morgan's Point project and an unwise airport privatisation that jointly have cost taxpayers over \$250 million. I will use this speech to remind the people of Bermuda of the progress that has been made despite a once-in-a-century pandemic. And Mr Speaker, I will use this speech to make clear the difference in philosophy between this PLP Government and the Opposition.

Mr Speaker, in July 2017, the people of Bermuda voted to change the direction of this country and entrusted the Progressive Labour Party to bring about that change. The people chose to put an end to one of the most divisive periods of recent memory and elected this Government to build a better and fairer Bermuda. We are proud of what we have accomplished thus far. However, we are equally aware that more can, should, and must be done to ensure the dreams and aspirations represented by that resounding win at the polls in 2017, and to a greater extent in 2020, are realised. Mr Speaker, in 2017, Bermudians wanted a government that was rooted in fairness for its people, a government that would bring the change that Bermuda needed in a fair and non-divisive fashion so that as a country we could advance to our full potential.

Mr Speaker, governing through these unpredictable times has not been easy, and just as I can humbly admit that we have not got everything right, I can assure the public that we have not lost sight of the mandate we were given over five years ago. Further, we have made progress on the issues that matter to the people of Bermuda whom we all represent in this Honourable House.

Mr Speaker, Bermuda's high cost of living has been the primary issue of concern for voters, well before the recent price increases due to factors largely outside the control of the Government. The world is experiencing the highest rate of inflation in 40 years, and though our overall inflation rate may be less than many other countries, we are already starting from a higher base price; and therefore, working people in this country feel the impact just as much as the rest of the world. The people of Bermuda expect their government to act to provide relief for many hardworking Bermudians and their families.

Mr Speaker, that is what we have done – and that is what we will continue to do in this Budget.

Mr Speaker, that is why we reduced payroll tax for working families from its highest level in history in 2016 under the Opposition to the lowest level in history under this Government. That's why, in 2018, we reduced the duty on essential grocery items, and in 2022, we eliminated duty on essential goods while working with importers and grocers to ensure those savings were passed down to the customers. That's why we amended legislation to address banking fees to help put an end to unjust banking practices.

Mr Speaker, that is why we provided direct financial support to parents of public school students and delivered a payroll tax rebate for workers earning \$96,000 or less. We have eliminated payroll taxes for disabled workers and eliminated land tax for registered charities and nursing homes.

Mr Speaker, that is why, while gas prices were soaring throughout the world, we acted to freeze local fuel prices to protect families and businesses against record oil prices. If we had not acted, families would have paid \$20 more each time they filled up their vehicles. That is why, Mr Speaker, this government also launched a flagship Mortgage Guarantee Programme, which will reduce mortgage rates for hundreds of Bermudian families.

Mr Speaker, Bermuda's seniors may have seen many decades come and go, but they have not forgotten that when requesting a pension increase to maintain their standard of living, the former government told them that, "money doesn't grow on trees". Our seniors can vividly remember being cast aside by the OBA during their 55 months of governing. And that is why, in 2017, our seniors voted for a government that understands the challenges they face and will fight to ensure they can live out their golden years in the comfort they so richly deserve.

Mr Speaker, that is why this government continues to increase our seniors' pensions at the rate of inflation and amend legislation to provide better standards in our care homes. That is why we expanded the personal home care benefit and introduced local radiation therapy coverage for FutureCare and HIP. That is why we increased the FutureCare prescription drug benefit from \$2,000 to \$3,000 a year and introduced interest-free loans of up to \$15,000 for families who need help modifying their homes; and that is why this Government also recently approved funding to increase the stock of affordable housing for our seniors. And yes, Mr Speaker, we recognise that we must continue to do more to help our seniors live in dignity.

Mr Speaker, in 2017, our parents and students were discouraged by the state of the country's education system and the lack of opportunities the former government provided Bermudians to enhance their skills and further their education. Let us not forget that the former government reintroduced fees at the Bermuda College while cutting scholarships and shortchanging our public education system.

This Government has been committed to undoing the damage done by the Opposition and restoring faith in our public education system. That is why we installed high-speed internet and WiFi in all primary and middle schools and supplied all public primary school and M1 students with Chromebooks. That is why we provided funding for new mathematics programmes resulting in significantly improved outcomes in ALL of our primary schools. That is why we advanced the most significant public education reform in a generation and have successfully launched Signature Schools this year. That is why we ensured that every Bermudian who wants access to further education at Bermuda College can do so. That is why we increased scholarship funding for students attending overseas institutions and amended legislation to allow Bermudian students with an ACCA designation to be fully recognised as registered accountants in Bermuda. However, Mr Speaker, we recognise that more can be done, and this budget will do more for public education.

Mr Speaker, in 2017, the call from our Union partners and other stakeholders was for their government to put forth policies to protect the workers of the country as they are the driving force of our economy. That is why we provided government and hospital workers and teachers with their first pay rise since 2011 and why we will implement a minimum wage for the first time in this country, ensuring that all receive a basic level of pay for their work. That is why we have implemented the Youth Employment Strategy to facilitate greater opportunities for young Bermudians. That is why we introduced work permit moratoriums on 52 job categories, the most in Bermuda's history, and that is why we passed new labour legislation that strengthened trade unions while also increasing employee protections

against bullying and sexual harassment. Mr Speaker, we recognise that still more can be done, and the budget presented today will do more to advance the rights of workers in this country.

Mr Speaker, we have decriminalised possession of up to seven grams of cannabis and introduced a tax on dividend payments for the first time in history. We were the first government to implement roadside sobriety testing and the first to provide public notification when sex offenders are released after their prison sentence. Our record will show that we have awarded over \$1 million in capital development grants to community clubs, breathing new life into these facilities. I could go on Mr Speaker, as we have made great progress despite the challenges, but as I have said, we recognise that more must be done, and this budget presented by the Government today will do more to advance the progress that voters expect from their government.

Mr Speaker, the people of Bermuda still vividly remember the One Bermuda Alliance doubling our national debt, having the largest deficits in Bermuda's history, and being downgraded by independent rating agencies; Bermudians are still feeling the effects of their failed Morgan's Point project, bad airport deal, and furlough days. In 2017, Bermudians looked to the Progressive Labour Party to reduce our deficit, maintain our reputation as a global financial centre, diversify our economy, and encourage more economic parity.

Mr Speaker, despite the bad hand we were dealt and the devastating blows caused by the pandemic, this Government is proud to see the policies we have put in place since returning to office begin to bear fruit with a growing economy, declining deficits, the strongest growth in our international business sector in 15 years and sustained stable outlooks from rating agencies. We are also pleased to see our net debt position lower than forecast, and we are still on track for a balanced budget in 2024/25.

What is vital for this trajectory to continue is for this Government to be laser-focused on creating the conditions for continued economic growth in Bermuda.

## **Sustainable Economic Growth Is the Government's Goal**

Mr Speaker, our continued mission and goal is to further advance the cause of balanced and sustainable economic growth for the benefit of the people of Bermuda. Last year, Mr Speaker, I spoke about the need to focus on economic growth, and that is what this government has delivered over the past year.

The economic growth we have seen this year has been built on the economic growth we also had last year. This means that we are successfully executing Bermuda's Economic Recovery Plan, and in line with that plan, it is expected that Bermuda's GDP in 2022 will be back to pre-pandemic levels. Mr Speaker, although that is good news, this economic recovery isn't touching all of our residents and many feel they are going backwards. It makes no sense

to brag about positive economic statistics when people do not feel positive about their personal economic situation. Economic growth doesn't matter when any gains made in wages are eaten up by increasing food prices or increases in monthly mortgage payments.

Mr Speaker, Bermuda's economic future is bright. Having returned to where we were before the pandemic, we must now look forward to growing the economy to ensure that it works for all Bermudians. We must move forward with optimism, knowing that Bermuda has weathered the economic storm of the pandemic, despite the challenges in our tourism sector due to the closure of our largest hotel. All of the facts and statistics indicate that our economy has continued to grow.

Mr Speaker, that is what this Budget is about – economic growth. It is about making sure that we invest in our infrastructure, which is suffering after years of under-investment. This budget is about ensuring that the people of Bermuda can build on the successes of the past, build on our successful navigation of the coronavirus pandemic, build on the successful execution of Bermuda's economic recovery plan, and build a secure future for all Bermudians.

## **Our Economic Recovery Plan Is Delivering for Bermuda's Economy**

Mr Speaker, the Economic Recovery Plan (ERP) is a key feature of the Government's comprehensive economic development strategy which will be unveiled by the Minister of Economy and Labour in the coming months. The economic development strategy will provide a strategic framework that will guide Bermuda to sustainable economic growth and development. The economic development strategy contains strategic priorities and initiatives that will provide direction and drive the work plans of Bermuda's economic development organisations. In addition to the execution of the ERP, other strategic priorities include the retention and expansion of local and international business; increasing foreign direct investment; marketing Bermuda's value proposition and business ecosystem; developing local entrepreneurship; increasing the working population; and workforce development.

Mr Speaker, the Economic Recovery Plan combines fiscal responsibility with a clear path to sustained economic growth, employment, and greater economic development. The Plan was developed in 2020 in response to the impact of the COVID-19 pandemic and has progressed to Phase 3 of its implementation.

Mr Speaker, it is also worth noting that a dedicated Project Management Office was established last year to ensure the 31 priority initiatives under the Economic Recovery Plan are implemented efficiently and in a timely manner. The team have been instrumental in progressing these initiatives as they monitor, track, report and lend assistance where required.

Mr Speaker, when discussing the Economic Recovery Plan, it is also critical that we acknowledge the plan's benchmarks which suggest that the successful implementation

of the 31 priority initiatives should deliver 1.3%–1.5% per year above baseline economic growth from 2023, leading to an improvement in Bermuda’s fiscal position.

Mr Speaker, I am encouraged to see the mentioned priority initiatives advancing well with 80% on track and many already demonstrating positive results. For example, the Economic Investment Certificate, which to date has generated over \$369 million through direct investment in the Bermuda economy, and the Work from Bermuda programme, which has seen 1,139 applications approved. As of November 2022, 259 Work from Bermuda Certificate holders remain on the island, positively contributing to our economy.

Mr Speaker, almost nine years after the previous administration passed the Gaming Act, Bermuda does not have a casino. Amendments made since that time have not been enough to address the obstacles that seem designed to prevent this industry from taking hold in this jurisdiction. What is clear, Mr Speaker, is that having the integrated resort model as the only available option for casino operation in Bermuda is a flaw in the inherited regime. The law must be amended to permit potential casino operators to choose the model that best suits the intended venue for their casino. Likewise, the law must be amended to permit the Gaming Commission the flexibility to consider and grant licences on that basis.

To reinforce the regulatory responsibilities of the Commission, Mr Speaker, these amendments will be accompanied by a revised definition of Minister in the Act to establish the Minister of Finance as the minister, similar to the Bermuda Monetary Authority. It is anticipated that these changes will address impediments to operational and business support for gaming in Bermuda.

Mr Speaker, the number of patients seeking medical care outside their home country, popularly called ‘medical tourism’, is growing at a rapid rate around the world, and Bermuda is uniquely positioned to take advantage of this opportunity. A committee of stakeholders, along with leading professionals, investigated this opportunity further and given Bermuda’s proximity to the US and Canada, its desirable climate for medical treatment recovery and its positive reputation for quality and standards, Bermuda was determined to be an ideal location for a world-class medical tourism facility.

Mr Speaker, this facility will create employment during the construction and operational phase. It will also benefit existing hospitality facilities and restaurants and lead to increased usage of the airport and ground transportation. This will have a positive impact on Bermuda’s GDP from the financial benefits of thousands of new tourists, resort fees, and medical professionals moving to and living on the island. It will also create opportunities for training Bermudians to fill technical positions within the new medical facility. We are pleased to have received interest from leading US academic medical centres and foreign investors, and we anticipate making a further announcement on this initiative during the third quarter of 2023.

Mr Speaker, this Government continues to support Small and Medium Enterprises through the Bermuda Economic Development Corporation, which has provided over \$6 million in support to 334 local businesses in the form of loans, grants and guarantees.

Mr Speaker, the office of the Uptown Development Authority officially opened in September 2022. The interim project team has been engaged with the Economic Development Department and the Bermuda Business Development Agency on the Approved Residential Schemes and is in the early stages of connecting developers and investors with opportunities within the country's Economic Empowerment Zones.

Mr Speaker, this Government is also acutely aware of the challenges we currently face concerning housing and is pleased to see the interest from developers in the Approved Residential Schemes. The guidelines of the scheme allow for large-scale residential and mixed-use developments in Bermuda's Economic Empowerment Zones and also provide the opportunity for restricted persons to purchase units within the scheme.

Mr Speaker, the Government also recently published a position paper regarding a minimum wage in Bermuda, which outlines what a minimum wage is, why it is necessary, and the proposed minimum wage rate of \$16.40 to come into force on 1 June 2023. The Government has also put in place a mortgage guarantee programme as part of its work to lower interest rates.

Mr Speaker, we've invested in the construction of electric bus charging facilities at the Dockyard, St. George, and Fort Langton bus depots in support of the fleet electrification programme. Additionally, both the National Reemployment (Jobs) Strategy and Youth Employment Strategy are currently being implemented.

The Government, along with the Project Management Office, will continue to work with the private sector and other stakeholders to ensure the 31 priority items progress forward. The continued successful implementation of the Economic Recovery Plan initiatives will create better conditions for sustainable economic growth.

## **Bermuda is a Global Leader in Digital Assets**

Mr Speaker, Bermuda's investment in digital assets is showing steady progress. This year will mark five years since the passage of the Digital Asset Business Act 2018. In that time, Bermuda has been gradually attracting companies, building experience in navigating the risks of this innovative new industry and refining its regime. This strategy is bearing fruit as Bermuda has developed a reputation for a clear, well-thought-out approach to the industry that differs from other jurisdictions attempting to build industries in this rapidly changing space.

Many jurisdictions have set their eyes on developing a digital asset industry, and some of those have already come and gone. Bermuda set the tone early by being one of the first countries in the world to have a comprehensive licensing regime for the digital asset industry, and

since 2018 we have been accumulating unmatched experience in regulating the associated risks. Innovators want clear and stable rules within which they can demonstrate that they are appropriately managing risks while not being stifled. Bermuda's only weakness in terms of attracting more companies, a limited banking market, will be addressed by the launch of Jewel Bank.

Bermuda now has 16 licensed digital asset businesses with six of those licences having been issued in 2022. Early indications are that 2023 will be a strong year of growth with more companies getting licences as Bermuda has become more attractive to those players seeking to differentiate themselves through strong regulatory oversight.

In parallel, Bermuda has seen strong growth in the digital asset insurance business through the innovative insurer regime introduced in 2019 with eight licensed insurers working with digital assets, four of those licences were issued in 2022, and they include what may be the world's first licensed insurer for digital asset life insurance.

As businesses in this sector become established, we have seen job growth. Crucially, existing companies have shown a promising and welcome commitment to Bermudian job growth. Companies such as Relm Insurance and Bittrex Global Bermuda have invested in all-Bermudian staffing with 13 and 6 local employees, respectively. The impact of a strong commitment to Bermudian hiring cannot be understated as these Bermudians are receiving training and experience that will be invaluable as the industry grows.

These businesses are hiring Bermudians because, unlike other industries, this sector is changing so quickly that it is not possible to simply hire experienced industry people from other jurisdictions. That rapid pace necessitates investment in the training and development of new hires, and it is encouraging to see strong investment in the training of Bermudians. These individuals are getting in on the ground floor of the new industry and will likely be the future leaders of the local and global digital assets industry.

Mr Speaker, the Government has never been more confident in the future of the digital asset industry in Bermuda. The fact that we are attracting the attention of the top global players in this area and that our regulation is referenced in the United States, the European Union, and in Asia as the gold standard of digital asset regulation is something of which we should all be proud. Our excellence in insurance innovation has transferred to digital innovation and, thanks to the stellar reputation of the Bermuda Monetary Authority, Bermuda will become home to major participants in this industry.

Mr Speaker, many people have criticised or even mocked the Government's decision to establish Bermuda as a home for the future of digital finance. Yet Singapore, a well-regarded jurisdiction, is advancing their own digital asset regulation, in many ways matching what we have had in place in Bermuda since 2018, while other jurisdictions, who are seen as innovators in this space, are copying our regime.

Mr Speaker, I would caution Honourable Members who make a habit of criticising Bermuda's decision to embrace the opportunities that digital finance offers for Bermuda's future. Companies looking at making Bermuda their global home want to know that Honourable Members on both sides of the political divide support economic diversification and are able to embrace the future. I invite the Leader of the Opposition to make clear his party's support for the growth of this industry in Bermuda.

## **Modernising Banking Services in Bermuda**

Mr Speaker, Bermuda's economy relies heavily on the international business sector, in particular the insurance and reinsurance industry, thus making it vulnerable to external shocks. In an effort to make Bermuda more resilient to such risks, the Government will further diversify financial services on the island, including the expansion of banking services that support key initiatives within Bermuda's Economic Recovery Plan.

### **Banking Sector Reform**

Mr Speaker, it is understood that some of the existing local banks may be unable to service some Economic Recovery Plan initiatives without threatening existing correspondent banking relationships. However, that does not mean that the status quo is acceptable, and the Government is firmly committed to the modernisation and diversification of the banking sector in Bermuda. The aim is to develop and implement a revised banking model for our country that reflects its uniqueness and is consistent with our reputation as a quality international financial centre.

In keeping with the Ministry of Finance's core objective to achieve financial stability and promote stable and sustainable economic growth, it was determined that a review would be needed to determine the appropriate way to balance national interests against commercial interests in the banking sector. The review was completed by the Bermuda Monetary Authority in 2022. That review's report is intended to assist the Government in managing not only the risks that confront our economy but also the challenges that consumers face from a lack of diversification in the banking sector.

In support of the above, the report envisions that Bermuda's banking sector will include the following:

- Domestic/(full-service banks) Banks, which would be required to offer services that meet the full range of domestic and retail customers' needs.
- Narrow Purpose Banks, which would be permitted to service sectors that are currently associated with higher reputational risk, such as gaming.
- Specialised International Banks, which would be permitted to focus solely on providing global solutions internationally, including to underserved areas.
- Credit Unions providing services under the Credit Unions Act.

Mr Speaker, the Government is fully supportive of the introduction of these initiatives; and while incumbent banks have the competitive advantage of being more familiar with regulatory requirements, it is accepted that different innovations are required to enhance the banking experience in Bermuda.

This is supported by the number of related banking sector initiatives currently underway within the Ministry of Finance, working together with the Bermuda Monetary Authority. In addition to banking sector diversification, work to further strengthen transparency and conduct-related obligations are at advanced stages of the policy development process, with rules due to be tabled this year.

Additionally, the Government will support the Bermuda Monetary Authority in advancing open banking standards in Bermuda to provide better services to local consumers while enabling new digital banking services to be offered.

Mr Speaker, work on the Government's flagship initiative to create a Bermuda Digital Bank, in which Bermudians will have an ownership stake, is progressing. The Bermuda Digital Bank is critical as it is not only in keeping with the Government's pledge of building a nation of owners but also aims to diversify the banking services and products available on the island. The initial business plan presented a number of pathways to implement the Bermuda Digital Bank, and the Ministry of Finance continues to work with the Bermuda Monetary Authority to determine the best path forward to execute this project in the near term while ensuring the bank meets the standards for being licensed in Bermuda.

### **Mortgage Guarantee Programme**

Mr Speaker, in October of last year, the Government proudly launched its Mortgage Guarantee Programme, a pilot programme where the Government provides a partial guarantee in support of local mortgages with Bermuda Commercial Bank. The Government's support reduces the risk to the Bank, and in return, the Bank is offering not only a reduced interest rate, starting at 5%, but also a reduced down payment requirement from the standard 20% to 10%.

As we are currently in the first of three phases, where first-time home buyers under the age of 40 are eligible, we are encouraged to see that, to date, over 135 applications have been received with 12 applicants having been approved thus far. That is 12 young Bermudians, and counting, who are able to own their 'piece of the rock' who would not have been able to do so otherwise.

Mr Speaker, with that said, I am pleased to announce that beginning 1 April, 2023 we will be transitioning into phase 2 of the programme where public officers with mortgages at other institutions will be eligible to transfer them over and participate in the programme. It should be noted that this does not apply to mortgages where the public officer owns multiple properties or does not reside in the home. Also, as part of Phase 2, we will be removing the age restriction so that any Bermudian applying for a new mortgage is eligible.

## Rebuilding Tourism

Mr Speaker, after two challenging years in the world of tourism, 2022 became a pivotal year for the sector. Following the wide-scale deployment of COVID-19 vaccines and boosters, visitors began to take advantage of the resurgence of both domestic and international travel.

Mr Speaker, while Bermuda has not yet returned to 2019 visitor volumes, the island saw significant year-over-year-growth in 2022 across key tourism measures, including air capacity, leisure air visitors, and cruise travel. When comparing 2022 to 2021, the total number of leisure air visitors was up 80%, total air capacity increased by 50%, and total cruise arrivals were 2,735% higher. Though significant increases were seen in 2022, year-end statistics underscore that more work remains to be done before reaching the baseline numbers of 2019.

Mr Speaker, in 2023, the island can expect a historic increase in cruise arrivals, which will positively impact tax revenue and generate more visitor traffic to businesses at each port. This record cruise season will provide more funds to the Bermuda Tourism Authority's budget to execute the National Tourism Plan.

Mr Speaker, the island's hotel inventory has been a limiting factor contributing to the challenge of securing a full return to 2019 air capacity levels. American Airlines' service from Charlotte and British Airways' London Heathrow gateway were bright spots in 2022, allowing visitors additional connections throughout the United States and Europe. The Bermuda Tourism Authority will continue to support the Ministry of Transport through the Air Service Development Committee to identify needs, engage new and familiar partners and create demand in order to make the case for expanded airlift as more hotel properties come online.

Mr Speaker, there is the continuing work to open the Bermudiana Beach Hotel; the completion of phase 2 for the reopening of the St. George's Club; and the progress of the Ariels Sands property. It is clear that there is significant potential for increases in employment in the hospitality sector in the coming years.

Mr Speaker, as indicated in November's Throne Speech, to support additional investment in Bermuda's tourism economy, the Government will make amendments to the Tourism Investment Act to permit the Government greater discretion in the granting of relief under the Act to developers and those investing in attractions, restaurants and hotels. The aim of these amendments is to provide incentives for establishments to invest in upgrades and refurbishments for their properties and, in turn, create jobs while enhancing the overall product available to visitors. The mission of this Government is to create sustainable growth in Bermuda's economy, and to do that we must be competitive with other jurisdictions competing with Bermuda for tourism investment. Right now, Bermuda is not competitive, and these changes will ensure that we attract investment to grow jobs and provide a brighter future for Bermuda's tourism sector.

## **Fairmont Southampton**

Mr Speaker, the redevelopment of the Fairmont Southampton hotel is eagerly awaited. In the months since this Honourable House considered the legislation to support the project, lawyers, development consultants, bankers and technical officers have been heavily engaged in the preparation of the various agreements that will provide the framework for financing and development.

Honourable Members will no doubt be aware that the process for the consideration of a revised Special Development Order has begun, with the first public consultation meeting with the neighbouring residents set for early next week.

Further, Mr Speaker, Honourable Members will be invited to consider amendments to the Public Treasury (Administration and Payments) Act 1969 to strengthen the protections for the Government of Bermuda in the provision of the \$75m guarantee of local lending to support the redevelopment project. The unique arrangement for the repayment of that loan requires our legislation to be modified to facilitate the structure of the loan agreement. The proposed changes will add necessary certainty and security as the Government is determined to apply best practice and fulfil all necessary due diligence as it is the people of Bermuda who are supporting this critical redevelopment project.

Mr Speaker, confidence remains high that construction will begin in the 2nd quarter of this year, and in preparation for this commencement, the developers have been repricing construction costs. The volatility in capital markets delayed the confirmation of financing, but it is a testament to the developers and their investors' confidence in Bermuda, that the capital for the project's completion has been secured.

Mr Speaker, 2024 completion remains the target, and I can assure the people of Bermuda that all parties have demonstrably committed to advancing this project. Its economic importance has been magnified in recent years, as we struggle to maintain key airlift and grow Bermuda's market share in the meeting and large group business.

## **Reimagining Morgan's Point**

Mr Speaker, late last year in this Honourable House we passed the Morgan's Point Company Bill to enable the people of Bermuda to take control of the property. Today, as part of this budget statement, I'm pleased to share with the public the re-imagined vision led by the Bermuda Progressive Labour Party Government, which has been approved by the Cabinet.

Mr Speaker, in light of what was previously proposed at the site, we should begin with what the project will not be. Phase one of the redevelopment plan will not involve the construction of a hotel. We are also not proposing at this stage that there will be condominiums for sale.

Both concepts have been thoroughly vetted by our advisors and, as a government, we have determined that neither represents the best use of the site at this time.

Instead, Mr Speaker, we have targeted this mixed-use site for the development of a range of residential rental apartments including a component for seniors' housing, with an active and engaging Amenities District filled with commercial retail and restaurant opportunities at its centre. To be clear, Mr Speaker, the newly proposed Morgan's Point Project will not be operated as a gated community, and the Amenities District will be open to all Bermuda residents. The new enterprise will not only put the site into productive use but will also address several long-standing key goals of this Government regarding economic stimulus and increasing housing supply. At the centre of the redevelopment plan is the concept of Live, Work, Play – all onsite.



## Goals & Plan

Mr Speaker, the goals moving forward are simple: we want to put the site into productive use and generate cash returns that more than cover the costs of construction so that Bermuda can recoup the funds that were paid out for the \$165 million guarantee agreed by the former government. The vision for operating the site is to provide opportunities in the hospitality, retail and services sectors while also offering a concentrated residential community for the taxi, minibus and, in due course, water taxi and ferry industry to target. So, Mr Speaker, how do we get there?

## What We Will Have Post-Transition

Mr Speaker, Honourable Members will be aware that at present the assets of Georges Bay Limited comprise of mostly completed high-end residential buildings and six concrete shells, with one yet to be erected. Between these two sets of partial structures is a wide expanse of land that had been intended for use as amenities for the hotel.

Under the new plan, the residential buildings will be completed as high-end rental residences as intended. Completion of these units is the highest return exercise on the site as they were substantially complete when the project went into financial distress. The non-erected concrete shell will be erected, along with the other six functionally identical shells, and they will be reconditioned as ocean-facing residential duplex apartment units. Although there is capacity for 42 units, at this time only three blocks consisting of 18 units will be completed. This is, of course, subject to existing real-estate demand, which could increase and support the completion of all 42 as part of Phase One.

Mr Speaker, the centrepiece of the project will be the re-imagined Amenities District. Placed between the two existing structures, it will consist of a diverse series of commercial retail, restaurant and services opportunities at ground level and, built on top of them, two floors consisting of 48 residential units. These central Amenities District apartments will be in an affordable range for most Bermudians and will consist of one-, two- and three-unit apartments. Further, an additional percentage of these Amenity District apartments will be priced at a further discounted range to expand opportunities for young Bermudians.

Mr Speaker, we see the 37-acre Morgan's Point site and plan as based on commercial principles. However, it should also be viewed through an economic opportunity lens in the sense that this project will generate economic activity for the country, specifically in the western part of the island. Investment in Phase One will serve as a platform for future phases around the Morgan's Point land, and it is expected that future phases will likely drive a higher commercial output for the Bermuda Government.

A stylish pedestrian- and bicycle-friendly integrated boardwalk supporting 19,000 square feet of Amenities District rentable area will include unique restaurants and bars, branded and boutique shops, and other stores offering conveniences and necessities. Together these will become the 'draw' factor for residents and will increase commercial activity on the western side of the island. Additionally, the repurposing of the existing back-of-house shell for a potential farmers' market/local food hall will provide another 13,000 square feet of rentable concession space for a grand total of 32,000 square feet of active retail, dining and commercial options.

The design of the boardwalk and future bridge element will also provide integrated outdoor seating and gathering spaces evocative of New York's High Line walkway park. World-class facilities will unlock the value and demand for the 101 residential units proposed in Phase One.

## **Key Factors Driving Project Success**

Mr Speaker, we recognise that projects of this size and complexity come with challenges, and the public would be well within their rights to express scepticism over the execution of Government contracts. To address this we have put a comprehensive process in place.

Mr Speaker, to oversee governance and control a selection of management team and independent directors on the board will be critical and should have the relevant expertise in hospitality, project management, finance and infrastructure development. The independent board of directors will conduct regular meetings with the Project Execution Team in order to receive periodic key performance indicators on progress and quality. Full requests for proposals (RFPs) with independent scoring will be issued for key partners in the execution of this project, with experience in large-scale, on-island projects seen as a must.

## **Project Financing**

Mr Speaker, initial cost estimates for this first phase are \$130 million. Discussions about the fundraising process will be run in parallel with the design and definition of cost elements. Our present assumptions on financing consist of two debt tranches: a combination of a senior debt tranche secured against Morgan's Point land and applicable assets as built and a subordinated debt tranche provided by a local Bermudian bank, backed by a Government guarantee. Both tranches will be backed either by security of the property or sovereign guarantee, thus minimising interest costs. Importantly, the construction and operation of Phase One will increase the value of the remaining land assets under the control of the Government and serve as a land bank for future development.

## **Global Minimum Tax & Tax Reform**

Mr Speaker, one of the most important and challenging matters that the Government has to tackle this year is the effective implementation of the Global Minimum Tax initiative, which has been advanced by the Organisation for Economic Cooperation and Development (OECD). To achieve this aim, the Ministry of Finance has formed an International Tax Working Group, consisting of specialists in international tax matters and representatives of various bodies whose members may be directly impacted by this work. The Group is tasked with examining how Bermuda can appropriately implement this global agreement taking into account the diversity and complexity of our international business sector. Mr Speaker, the Global Minimum Tax will represent a fundamental change in the way that Bermuda does business and the way that Bermuda's Government raises revenue; however, it is not without its risks.

Mr Speaker, Bermuda does have the Exempted Undertakings Tax Protection Act 1966, and 8,000 exempted companies in Bermuda are in possession of a certificate from the Bermuda

Government that states that they will not be charged taxes on their income until 2035. However, Mr Speaker, what is important to note is that possession of this certificate does not mean that companies will not be subject to the Global Minimum Tax. The international agreement requires that, for companies in scope, if the country where the company is domiciled does not charge a 15% minimum tax, then that company will be required to pay appropriate taxes to another jurisdiction. Therefore, Mr Speaker, upon implementation of the framework by all key countries, the Global Minimum Tax will be paid – the question is, to which country?

Mr Speaker, it is too early to estimate what impact the Global Minimum Tax could have on Bermuda's future tax collections, and many complexities will have to be addressed in the development of the appropriate framework for Bermuda. However, it is my view as Minister of Finance that any fundamental shift in the nature and/or level of tax receipts in Bermuda should be used to benefit Bermuda's residents collectively rather than representing a way to increase overall tax collections.

Bermuda's system of taxation, and our primary revenue earners of employer payroll tax and customs duty, increase the cost of living and the cost of doing business in Bermuda. Any tax windfall that may accrue to the Government from implementing the Global Minimum Tax must result in a reduction in those taxes that increase the cost of doing business and the cost of living in Bermuda. Therefore, with a successful implementation of a Global Minimum Tax, residents and businesses can likely expect further reductions to employer payroll taxes and customs duties. In turn, this will decrease the overall cost of doing business and the cost of living in Bermuda to ensure the island remains competitive.

Mr Speaker, it is also important that Honourable Members note that a Global Minimum Tax on international companies' income is not a given in every year. Bermuda's main sector of international business is our world-leading insurance industry. Yes, over time, most insurance companies make profits. However, in years where there are major catastrophe losses, these companies may not report a profit and, therefore, will not be subject to the Global Minimum Tax. Further, any losses in one year may offset future years' profits with regard to the Global Minimum Tax. So, whereas payroll taxes and customs duties are always paid and represent a certain stream of tax revenue to the Government, the same cannot be said for revenue that may come from the Global Minimum Tax.

Mr Speaker, the International Tax Working Group is set to report its findings and provide recommendations to the Government in July. After that, the Tax Reform Commission will be empanelled to look at the changes necessary to our existing system of domestic taxation to ensure that it is in line with the requirements of the Global Minimum Tax while also examining what other changes to our local taxes are needed to ensure that Bermuda's economy remains competitive.

Mr Speaker, notwithstanding the perceived benefits, there will be risks to Bermuda's economy with the implementation of the Global Minimum Tax as there will be some

companies that decide being in Bermuda is not the best option for them. Therefore, it is essential that we advance the reforms signalled by the Honourable Member, the Minister of Economy and Labour, to grow Bermuda's working population. Bermuda is regarded by some as an offshore jurisdiction, but as the Global Minimum Tax sets standard tax rates throughout the world, we must adapt and become a mid-shore jurisdiction.

## Growing the Residential Population

Mr Speaker, when I refer to becoming a mid-shore jurisdiction, it means that Bermuda must be a place where talented people from around the world desire to live and work. Simply put, we must make Bermuda a place that is more attractive for global talent looking to relocate so that they can assist in powering our island's economic growth into the future.

Mr Speaker, I know that this perspective may cause fear in the minds of some Bermudians, and I understand why some may feel that way because Bermuda is a difficult place now to live and thrive; our costs are high, our labour market is tight, and people are nervous about their futures. However, Mr Speaker, we cannot allow this fear of change to prevent us from doing what is necessary to ensure that the government and this country can fulfil their obligations to future generations.

Mr Speaker, the Honourable Member, the Minister of Economy and Labour, has made it painfully clear what will happen if we are unable to grow our working population. Instead of further reductions in taxes as we are able to deliver in this Budget due to our economy growing and our working population expanding, taxes in the future will increase. Mr Speaker, an increase in taxes will mean an increase in the cost of living in Bermuda, something that we know Bermuda's residents and businesses cannot afford.

But, Mr Speaker, it is important that Honourable Members in this chamber today, and those who are listening to this speech or will read it in the coming days, understand the difference in approach between this PLP Government and the Opposition.

There are some who comment that the Government's approach is similar to that of the Opposition, but, Mr Speaker, I could not disagree more. Why do I say that? Because this government has carefully and methodically engaged in wide consultation when dealing with reforms to Bermuda's immigration system. During its time in office, the previous government determined its course of action and basically said that how it was to be achieved, or how our citizens felt about it, did not matter. It sprang changes upon the electorate without consultation. Indeed, we all remember too well the results of their lack of consultation and the political instability that it caused.

Mr Speaker, compare that record to the approach of this PLP Government. We kept our election promise to form a bipartisan committee on immigration reform, something I

called for in this Honourable House in March 2013 when the PLP was in Opposition. That bipartisan committee worked through the first stages of comprehensive immigration reform that enabled us to make sure we eliminated the problem of mixed-status families, made it easier for Bermudians born overseas to claim Bermuda status, and extended permanent residency to all long-term residents for the first time in this country's history.

These changes have had a positive effect, but as the statistics show, we must do more, and we must move more quickly. However, Mr Speaker, in this statement, I'm not going to pronounce what government policy will be regarding immigration because we are currently engaged in the vital process of consultation. Instead, I encourage all persons, especially the Opposition, who have had a lot to say in the media, to participate in this process, because it is vital that all views are heard as we expand our working population in Bermuda in a fair and balanced manner.

## **Housing Required to Support Economic Growth**

Mr Speaker, given the need to grow our working population, we must ensure that there is more housing for more people to live and work in Bermuda. Currently, there is an acute housing shortage, which is being driven by the growth that we have seen in international business over the last three years.

Mr Speaker, that is why the Government committed to providing \$15 million over the next three years to build more affordable housing units, and why it has also delivered 48 units of affordable housing over the past five years. The transition of Morgan's Point to a residential community and the initial plan for 101 residential units will also provide additional housing in Bermuda for an expanding mid-shore economy.

Mr Speaker, in 2019 the Government changed the Economic Development Act to allow for the building of Approved Residential Schemes to further expand the housing stock. Currently, Approved Residential Schemes are restricted to the Economic Empowerment Zones in Somerset, St. George's, and Northeast Hamilton. However, those areas have not seen the progress that I sincerely desired for this initiative designed to provide more housing units. Though the team at the Bermuda Economic Development Corporation continue to work diligently to advance this initiative, it is necessary that we expand the areas where Approved Residential Schemes can be constructed.

Therefore Mr Speaker, in this parliamentary session, the Government will advance a bill that will amend the Economic Development Act to expand the eligibility for Approved Residential Schemes from solely the Economic Empowerment Zones to the entire City of Hamilton. We must do everything in our power to provide a base for additional private sector investment to develop additional housing in Bermuda to complement the Government's efforts to provide affordable housing.

Mr Speaker, this change does not mean we are abandoning our vision for a vibrant Northeast Hamilton Economic Empowerment Zone. There will still be benefits to building Approved Residential Schemes in Bermuda's Economic Empowerment Zones that will not apply throughout the City of Hamilton. However, units in Approved Residential Schemes in the City of Hamilton will be able to be purchased by residents, businesses and international persons without restriction.

Mr Speaker, it is the duty of the Government to look at what is working and to see what can be done better. As we take concrete steps to increase the working population in Bermuda, we must ensure that this does not further raise the cost of housing, causing distress for many working families. This change will increase the available spaces that can be developed for Approved Residential Schemes and incentivise the private sector to start developments that may have been stalled due to a lack of possible purchasers.

## **Fiscal Performance**

Mr Speaker, from a fiscal perspective, the primary focus of this Government is to continue on our path towards a balanced budget and meet the target set by the Fiscal Responsibility Panel of a \$50 million surplus by fiscal year 2026/27 – all while ensuring fairness in our tax system and promoting economic growth to increase Bermuda's tax base. To achieve this, we must continue to make the difficult and sometimes unpopular decisions required to demonstrate to external stakeholders that the Government of Bermuda can be trusted to exercise fiscal prudence.

### **2021/22 Actual Financial Performance**

Mr Speaker, earlier today I tabled the annual financial statements of the Consolidated Fund for fiscal year 2021/2022. Mr Speaker, I am pleased to report to this Honourable House that the Auditor General has issued a clean audit opinion for the last fiscal year. A key highlight for this fiscal year was that the budget deficit narrowed significantly, with the actual budget recorded at \$66 million.

Mr Speaker, total revenue for fiscal year 2021/ 2022 was \$1.086 billion, which was \$86.8 million or 8.6% higher than estimates and \$87.4 million or 8.7% higher than the previous year's revenue of \$998.3 million.

Total current account expenditure (inclusive of debt interest) on a modified cash basis was \$1.076 billion (2020/2021 — \$1.127 billion) which was \$9.1 million less than adjusted estimates. Total capital account modified cash expenditure was \$75.9 million, which was \$16.9 million lower than the original budget estimates. Total capital and current account modified cash expenditure for 2021/22 was \$1.152 billion, which was \$28.0 million or 2.5% higher than the original budget estimate of \$1.124 billion.

Mr Speaker, as a reminder, the deficit for fiscal year 2020/21, during the peak of the global pandemic, was \$184.2 million. The following year ended with a deficit of \$66.0 million, despite the continued payments to Skyport and costs incurred due to the Morgan's Point project. The \$118.2 million improvement is reflective of the Government's policies pursuing economic growth and commitment to effectively managing the public purse. However, as I will address later, this excellent budget performance masked significant underfunding of the hospital which the Government has remedied in this current fiscal year and will address further in the next fiscal year.

## **2022/23 Fiscal Performance**

Mr Speaker, prior to commenting on the estimates for the new fiscal year, I would like to take this opportunity to provide an update on the Government's financial performance and the revised forecast for the current financial year that will end on March 31, 2023.

Mr Speaker, based upon the latest revised estimates, the Government is projected to earn \$1.1 billion in revenue in 2022/23, which is 3.1% or \$33.2 million more than the original estimate. This increase in revenue is primarily due to better-than-expected tourism-related revenues, payroll tax and stamp duty. This increase helped to offset the \$17.8 million loss in revenue from the aircraft register as a result of the Russia/Ukraine war, the \$11.6 million of forgone duty to freeze fuel prices and \$700,000 of forgone duty as a result of eliminating duty on essential goods.

Mr Speaker, total current account expenditures, excluding debt service and guarantee management, are now projected to be \$965.7 million, 2.2% or \$20.6 million more than the \$945.1 million originally budgeted. The primary factors for the increase in current account expenditure are an unbudgeted \$15 million grant provided to the Bermuda Hospitals Board, an additional \$10 million in continued COVID-19 related expenses and the Government's relief package.

Mr Speaker, in 2018 the Government agreed for the hospital to receive \$322 million of combined funding from government sources annually. It saddens me that the Bermuda government has never fully honoured that commitment and, as a result, our hospital has gone from a position of having cash reserves to one where they now have an overdraft facility for daily operations.

Mr Speaker, I commend the Bermuda Hospitals Board for going to great lengths to reduce their expenses while remaining inside the fixed funding model agreed upon with the Bermuda Government in 2018.

Just as the Government keeps its commitments to our bondholders, we must also keep our commitments to the Bermuda Hospitals Board to ensure our country's only hospital is properly funded. Therefore, the Cabinet approved a \$15 million supplementary allocation to the Bermuda Hospital's Board in this fiscal year and will increase funding next year to ensure the hospital is able to continue operating soundly.

Mr Speaker, the \$10 million of additional spending on COVID-19 related expenses is a result of the effects of the pandemic lasting longer than originally expected. The additional COVID-19 related spending included testing staff at the airport and laboratory, along with additional PPE and testing equipment.

Mr Speaker, in addition to the relief package, which provided support to hard-working families, additional funding was given to the Bermuda Police Service, Bermuda Fire & Rescue Service, mental health services independent living coordinators for young people ageing out of care. Additional resources were also provided to support local entertainment, boost youth employment and expand summer camp spots.

Mr Speaker, when considering the revised revenue figures, along with the revised current account expenditure for 2022/23, we are encouraged to see the Primary Surplus of \$145.4 million, which is a 9.5% or \$12.6 million improvement on the \$132.7 million original estimates. The Primary Surplus is important because it indicates that the projected revenues can support the day-to-day running of government and can also cover our interest costs.

Mr Speaker, as a result of one-time costs associated with the recent Government debt refinancing, the latest revised interest and guarantee management costs are projected to be \$143.4 million, 10.5% or \$13.7 million more than originally budgeted. Also, as these are one-time costs it is anticipated that these will decrease to \$130.4 million in the upcoming fiscal year.

Mr Speaker, the original capital expenditure budget for 2022/23 was \$73.0 million. However, as a result of the \$7 million of additional funding approved to fund critical refurbishments to the Tynes Bay Waste-to-Energy facility and the approval of \$4.1 million of funding for additional affordable housing for Bermudians, total capital expenditure is expected to increase to \$79.3 million. This amount is less than the \$85 million expected in the mid-year update due to supply chain challenges delaying the implementation of some projects.

Mr Speaker, given the factors above, the latest revised estimate of the overall deficit is \$77.4 million, 10.5% or \$7.4 million more than originally estimated. As a reminder, this increase is primarily driven by the \$15 million dollar supplementary allocation to the Bermuda Hospitals Board, but it is a testament to the Government's management of the public purse that despite providing additional funds for economic relief and affordable housing, millions forgone on freezing fuel prices, and the reduction in customs duties for essential goods we are able to provide vital additional funding to our hospital.

Mr Speaker, it is important to note that if it were not for the one-time costs of that debt refinancing, we would have met this year's deficit target while also providing this needed support to our hospital.

## 2023/24 Budget Estimates

FY 2023/24 Budget Estimates			
	ORIGINAL ESTIMATE 2022/23 000	REVISED ESTIMATE 2022/23 000	BUDGET ESTIMATE 2023/24 000
<b>Revenue and Expenditure Estimates</b>			
Revenue	\$ 1,077,802	\$ 1,111,036	\$ 1,155,525
Current Account Expenditure(excl.debt service)	\$ 945,065	\$ 932,625	\$ 972,632
Economic Relief/Additional Expenditures	\$ -	\$ 8,000	\$ -
Emergency BHB Grant	\$ -	\$ 15,000	\$ -
COVID-19	\$ -	\$ 10,026	\$ -
Current Account Balance(excl.debt service)	\$ 132,737	\$ 145,385	\$ 182,893
Interest on Debt/Guarantee Mgmt.	\$ 129,750	\$ 143,411	\$ 130,400
Surplus (Deficit) Available for Capital Expenditure	\$ 2,987	\$ 1,974	\$ 52,493
Capital Expenditure	\$ 72,987	\$ 79,338	\$ 96,007
<b>Budget Surplus (Deficit)</b>	<b>\$ (70,000)</b>	<b>\$ (77,364)</b>	<b>\$ (43,514)</b>

Mr Speaker, the budget for the upcoming fiscal year 2023/24 projects revenues to reach \$1.16 billion, which is 7.2% or \$77.7 million above the original estimates for this current fiscal year. This level of increase is largely a result of changes to payroll taxes, increases in tourism-related revenues and increases in certain fees, combined with expected continued economic growth.

Mr Speaker, total current account expenditure is forecast to increase by \$27.5 million from the 2022/23 original budget estimate of \$945.1 to \$972.6 million.

Mr Speaker, based on the projected revenue and current account expenditure figures, the estimated primary surplus before interest on debt and capital expenditure is anticipated to be \$179.9 million in fiscal year 2023/24.

The estimate for interest and guarantee management is expected to be \$130.4 million, which is \$600 thousand more than the original estimates from the previous year. With this, the current account surplus is budgeted to be \$50.4 million. This figure is near pre-pandemic levels, demonstrating the Government's continued commitment to fiscal prudence, effective management of the public purse, and achieving a balanced budget.

Mr Speaker, the Government also understands the value of sound capital investments that will revitalise the country's infrastructure, support economic growth, create jobs and improve our everyday quality of life. The projected capital expenditure for 2023/24 is \$96 million, \$23 million or 31% more than the 2022/23 original estimate.

Mr Speaker, when considering the above, the Government plans to run a budget deficit of \$43.5 million, \$9.9 million higher than predicted last year. However, taking into account the 2021/22 actual deficit, the projected deficits for 2022/23 and 2023/24 and the sinking fund balance, the net debt at the end of this fiscal year will be \$90.5 million lower than anticipated in last year's budget.

## **Highlights of Current Expenditure**

Mr Speaker, current account expenditure for fiscal year 2023/24 is estimated at \$972.6 million. This figure represents an increase of 2.9% over last year's original estimate. That increase is in line with the figure projected by the Fiscal Responsibility Panel which stated that a more realistic level of spending for this year's budget would be \$973.4 million.

Mr Speaker, where I disagree with the Fiscal Responsibility Panel's assessment is in their statement that spending discipline will be difficult to maintain in future years given past performance. When making that assessment, they were looking at increases in current account expenditure in prior years that were a result of the ending of emergency cost-saving measures put in place during the COVID-19 pandemic, such as one-time wage reductions and reductions in travel and other expenses not possible during the pandemic. Additionally, unexpected continuing costs of the pandemic, such as the Airport Minimum Revenue Guarantee, factored into the spending variances seen in prior years. As those cost pressures abate, the pressure to keep that level of spending also decreases, allowing the Government to realistically plan expenditure in future years.

Mr Speaker, the Cabinet is aware that the current expenditure level this year will carry over to next year, and that any new programmes will need to be offset by revisions to existing ones, which in essence makes this a two-year budget. Current expenditure is projected to increase by 1% over the next two fiscal years, which has been inserted solely to take into account possible negotiated salary increases for public officers.

Mr Speaker, all ministries except for Home Affairs received a boost to funding levels this year. The level of current account spending set this year is a realistic baseline for future budgets as it adequately funds government services that have not been properly funded in previous years, including public works, national security, public transportation, economic development, health care/hospital funding, youth services, the judiciary or services for seniors. This level of spending is necessary to advance key government initiatives, such as health care reform, education reform, continued implementation of Bermuda's Economic Recovery Plan, and the implementation of Bermuda's privacy protection legislation.

This budget increases the child daycare allowances for parents, transitional living for young persons ageing out of care, and care homes. It also funds the reintroduction of public health scholarships and air-quality monitoring for those affected by BELCO emissions, while expanding social protections for families via financial assistance.

## Highlights of Capital Expenditure

Mr Speaker, Bermuda's infrastructure has been challenged due to years of underinvestment. This underinvestment can be seen in simple ways, such as when the Government lacks the capacity or the equipment to pave our roads or clear seaweed off our beaches. This inability to maintain basic infrastructure is not in keeping with an island that has become an important international financial centre and aspires to have an even greater impact in the future. Mr Speaker, we cannot keep starving our island of needed investments in infrastructure in the name of achieving a balanced budget. For this reason, Mr Speaker, this budget contains \$96 million in planned capital account expenditure, the highest budgeted capital spending in 13 years.

Let me give you an example, Mr Speaker. Honourable Members will remember what happened in St. George's last year, where the infrastructure necessary to safely disembark ferry passengers to St. George's was inoperable. That failure resulted in the suspension of ferry services during the critical summer season and negatively impacted businesses in St. George's.

Mr Speaker, the reason why we must increase spending in this area is to ensure that our vital tourism industry is not further held back due to failures in our civil infrastructure and that our citizens can have confidence in that infrastructure.

This budget, therefore, contains funding for a number of projects that have been delayed for many years where infrastructure has passed its useful life and needs to be urgently replaced. Because there have not been sufficient funds budgeted, key infrastructure and equipment continue to fall into disrepair, causing the government to spend excess funds on repair costs while the delay in replacing infrastructure increases the risk of catastrophic failure.

One such example is the floating dock at the Hamilton Ferry terminal. It is not an exaggeration to state that we are one strong hurricane away from that floating dock being inoperable. Mr Speaker, just imagine what would happen if we were not able to disembark passengers safely at our Hamilton Ferry terminal and the impact that would have on the residents who commute into the city using the ferry and those visitors who use ferries to get around the island. Lack of infrastructure investment poses real challenges to our successful future and hoping things will not break is not a sound strategy for governance. In time, they will not be operable, and just like the temporary landfilling Pembroke residents endured last year, failure to invest in our infrastructure has serious consequences.

The most significant items of capital development expenditure in the 2023/24 budget relate to further investment in the Tynes Bay Waste-to-Energy facility, additional affordable housing units, 40 additional electric buses and infrastructure to support their recharging, refits to our fast ferries, and investment to accommodate students at Bermuda's new Parish Primary schools at Francis Patton and Purvis Primary.

Additional funds have also been allocated to develop a new community health clinic in Somerset; purchase new public works equipment to reduce maintenance costs while providing key services like clearing seaweed from beaches; upgrade facilities that house public officers at the Government Quarry, DPT Depot, and Marine and Ports workshed; and replace ageing vehicles and equipment for the Bermuda Police Service, Fire Service and Department of Corrections.

Finally, Mr Speaker, this capital budget funds upgrades to Bermuda's court facilities, additional investments in the Government's IT systems and, most pleasing to motorists, an increase in funding to repave roads in Bermuda.

Mr Speaker, in October of last year, the Government announced its support for a \$21.6 million grant to the Bermuda Housing Corporation to refurbish 137 older housing units inclusive of 77 additional units, which represent the entire vacant and derelict inventory owned by the Corporation. We are encouraged by the progress made thus far as this project will again not only create jobs and stimulate economic activity but also ultimately increase the stock of affordable housing as promised in both our 2017 and 2020 General Election platforms.

Mr Speaker, to preserve the Tynes Bay Waste-to-Energy Facility until major refurbishment can begin, a stabilisation programme has recently been approved. This programme consists of projects that focus on replacing the critical systems required to bridge the gap between their current condition and the newly renovated facility, with an estimated cost of \$22 million. These projects specifically target failed or obsolete systems that can be replaced while working to maintain operations as best as possible and will be integrated into the overall refurbishment works to avoid wasted expenditure. These upgraded systems are intended to assimilate seamlessly with the larger refurbishment works.

## **Revenue Measures in the 2023/24 Budget**

Mr Speaker, the following items are the revenue changes that form a part of the revenue estimate for fiscal year 2023/24:

### **Payroll Tax Changes**

Mr Speaker, the payroll tax changes in this Budget that I am about to announce come as a result of meaningful consultation that has taken place following the release of the pre-budget report. With our commitment to a transparent budgeting process, it was essential that the Government shared its considerations and the challenges faced when putting together an annual budget that maintained our path to a balanced budget in fiscal year 2024/25. It must be remembered that the revenue proposals contained in the pre-budget report were made against the backdrop of the loss of revenue from the aircraft registry due to Russia's invasion of Ukraine and the lost funding as a result of ending the travel authorisation. Those two items alone represented approximately \$40 million of revenue that will not accrue to the Government during the next fiscal year.

Mr Speaker, this is a budget for growth, and what is necessary for growth is that you support the businesses that can provide growth in the economy. That means not just international business but also local businesses large and small, our tourism establishments and our retail outlets.

Mr Speaker, before I go into the details, let me get to the headline: no business in Bermuda will pay any more in employer payroll taxes in this budget than last year; all employer rates will either stay the same or will go down. Small businesses, the lifeblood of most economies, will see their payroll tax liability decline by as much as 43%. We will deliver payroll tax reductions to retailers, gyms, convenience stores, construction companies and truckers. Our hotels and restaurants, which are still recovering from the impact of the pandemic, will see their payroll tax liability decline by 17%.

Mr Speaker, moving to the employee payroll tax, the headline is this: any individual making \$132,000 or less per year will pay less in payroll taxes next year. Yes, Mr Speaker, this represents 86% of Bermuda's workforce; 86% of the workers in our economy, who give their time and talents to produce for their employers, will pay less in payroll tax next year.

Mr Speaker, as I said at the start of my presentation today, this is a budget for growth. It is a budget that reflects the fact that Bermuda must position itself to be a place that is attractive to business owners and business creators who will power the economic growth required for the Bermuda economy to succeed.

Mr Speaker, now to the eagerly awaited details:

### **Employer Payroll Taxes**

- Businesses with an annual payroll of up to \$200,000 will see their payroll tax rate move from 1.75% to 1%, reducing their payroll tax liability by 43%.
- Businesses with an annual payroll of \$200,000–\$350,000 will see their payroll tax rate moved from 3.5% to 2.5%, reducing their payroll tax liability by 29%.
- Businesses with an annual payroll of \$350,000–\$500,000 will see their payroll tax rate moved from 6.5% to 5.25%, reducing their payroll tax liability by 19%.
- Businesses with an annual payroll of \$500,000–\$1,000,000 will see their payroll tax rate move from 9% to 7.5%, reducing their payroll tax liability by 17%.
- Businesses with an annual payroll of \$1,000,000 or more will see their payroll tax rate move from 10.25% to 10%, reducing their payroll tax liability by 2%.
- Exempt businesses will see no increase in tax liability, with their payroll tax rate remaining at 10.25%.
- Self-employed farmers and fishermen will see their payroll tax rate move from 1.75% to 0%, eliminating their employer payroll tax liability completely.
- Education, sport and scientific institutions will see their payroll tax rate move from 1.75% to 1%, reducing their payroll tax liability by 43%.

- Qualifying retail businesses will see their payroll tax rate move from 7% to 6%, reducing their payroll tax liability by 14%.
- Hotels and restaurants with an annual payroll of \$350,000 or more will see their payroll tax rate moved from 6% to 5%, reducing tax liability by 17%.

<b>Employer Payroll Tax Rates</b>				
<b>Business Tax Bands</b>	<b>Previous Rates</b>	<b>New Rates</b>	<b>% Change</b>	<b>Reduction in Tax Bill from Prior Year</b>
Annual payroll < \$200,000	1.75%	1.00%	-0.75%	<b>-43%</b>
\$200,000 ≤ Annual payroll ≤ \$350,000	3.50%	2.50%	-1.00%	<b>-29%</b>
\$350,000 ≤ Annual payroll ≤ \$500,000	6.50%	5.25%	-1.25%	<b>-19%</b>
\$500,000 < Annual payroll ≤ \$1,000,000	9.00%	7.50%	-1.50%	<b>-17%</b>
Annual payroll > \$1,000,000	10.25%	10.00%	-0.25%	<b>-2%</b>
Exempt Undertakings	10.25%	10.25%	0.00%	<b>0%</b>
Gov., Gov. Boards, Parish Council, & Bda College	0.00%	0.00%	0.00%	<b>0%</b>
Self Employed Farm, Fish	1.75%	0.00%	-1.75%	<b>-100%</b>
Educ, Sport, Scient Inst.	1.75%	1.00%	-0.75%	<b>-43%</b>
Char, Schl, Relig and Cult. Organisations	0.00%	0.00%	0.00%	<b>0%</b>
Economic Empowerment Zone	0.00%	0.00%	0.00%	<b>0%</b>
BHB Corp of Hamilton and St. George's	3.50%	3.50%	0.00%	<b>0%</b>
Qualifying Retail	7.00%	6.00%	-1.00%	<b>-14%</b>
Hotels & Rest. w/annual payroll ≥ \$350,000	6.00%	5.00%	-1.00%	<b>-17%</b>

## **Employee Payroll Taxes**

Mr Speaker, Bermuda's system for employee payroll taxes is regrettably complex. One of the hallmarks of a good system of taxation is that it is simple to understand. Unfortunately, the current structure of our employee payroll taxes is anything but simple. Although the Government desires to simplify this tax system in the future, while we are in the midst of a review of our tax policies due to the required implementation of the OECD Global Minimum Tax, that necessary simplification will not be delivered this year.

Mr Speaker, there has been much conversation regarding the Government's proposals to make our employee payroll taxes more progressive. It is important that Honourable Members recall that employee payroll taxes are not the liability of employers under the law. The changes made to the payroll tax system in 2016 created two separate and distinct entities responsible for the burden of the payroll tax: the employer and the employee. I am cognizant that some businesses in the country may choose to cover their employee's tax obligations. However, that choice cannot be used as an argument against ensuring that we have a more progressive system of taxation in Bermuda for income from labour.

Mr Speaker, based upon the feedback that the Ministry of Finance has received, and following conversations with cabinet colleagues, the following payroll tax system will be in place for employee payroll taxes for the tax period commencing April 2023.

Mr Speaker, to ensure that increases to higher brackets of taxation are not as dramatic as proposed in the Pre-Budget Report, the Government of Bermuda has elected to introduce a fifth marginal tax bracket. Whereas previously there were four different tax bands, there will now be five.

Again, Mr Speaker, I understand the complexity of this tax system and the difficulty that it places upon employers to calculate the rates of taxation for their employees correctly, and I want business owners to know that the Government recognises how challenging that is. One of the aims and objectives for the review of the tax system, following the recommendations from the International Tax Working Group on Bermuda’s implementation of the Global Minimum Tax, will be to look at how to simplify this marginal tax rate system.

Mr Speaker, as I stated earlier, the headline of the payroll tax reform for employees is that any employee making less than \$132,000 will pay less payroll tax this year than they paid last year. This amount captures 86% of Bermuda’s workforce, which means that today this PLP Government is delivering a tax cut for 86% of the workers in this country.

Now to the details:

Mr Speaker, as I have just stated, prior to this year there were four marginal tax brackets, however, for the tax period ending June 2023, there will be five marginal tax brackets:

<b>Employee Payroll Tax Rates</b>			
<b>Previous Income Bands</b>	<b>FY 22/23 Rates</b>	<b>New Income Bands</b>	<b>FY 23/24 Rates</b>
<b>\$0 - \$48,000</b>	1.50%	<b>\$0 - \$48,000</b>	0.50%
<b>\$48,000 - \$96,000</b>	9	<b>\$48,000 - \$96,000</b>	9.25%
<b>\$96,000 - \$235,000</b>	9	<b>\$96,000 - \$200,000</b>	10.00%
<b>\$235,000 - \$900,000</b>	9.50%	<b>\$200,000 - \$500,000</b>	11.50%
		<b>\$500,000 - \$1,000,000</b>	12.50%

These new tax brackets will be charged at the following marginal rates:

- For the first \$48,000 of income, the employee payroll tax rate will be 0.5%.
- For the next \$48,000 of income, the employee payroll tax rate will be 9.25%.
- For the 3rd marginal tax band income earned between \$96,000 and \$200,000, the employee payroll tax rate will be 10%.
- For the 4th marginal tax band income earned between \$200,000 and \$500,000, the employee payroll tax rate will be 11.5%.
- For the 5th marginal tax band income earned between \$500,000 and \$1,000,000, the employee payroll tax rate will be 12.5%.

Mr Speaker, it is essential for all persons to recall that these are marginal rates, meaning that all persons pay the same rate for income in a band. So, someone making \$250,000 will pay 0.5% on their first \$48,000 of income, just as someone making only \$48,000. Alternatively, someone making \$96,000 does not pay 9.25% on all of their income; they pay 0.5% on the first \$48,000 and 9.25% on the amount between \$48,000 and \$96,000.

With these revised marginal rates, the highest effective employee payroll tax rate will now increase from 9% in the current fiscal year to 11.2% in the new fiscal year, and the total amount estimated to be collected in fiscal year 2023/24 from employer and employee payroll tax is \$504.5 million.

<b>PLP Has Reduced the Tax Burden on Workers in Bermuda</b>						
<b>Income</b>	<b>Reduction in Taxes in 2018</b>	<b>Reduction in Taxes in 2020</b>	<b>Reduction in Taxes in 2022</b>	<b>Reduction in Taxes in 2023</b>	<b>Total Annual Reduction From 2017-2023</b>	<b>Cumulative Tax Savings from 2017 - 2023</b>
\$36,000	-\$270	-\$720	-\$180	-\$360	<b>-\$1,530</b>	<b>-\$5,220</b>
\$48,000	-\$360	-\$960	-\$240	-\$480	<b>-\$2,040</b>	<b>-\$6,960</b>
\$60,000	-\$270	-\$720	-\$180	-\$450	<b>-\$1,620</b>	<b>-\$5,310</b>
\$72,000	-\$180	-\$480	-\$120	-\$420	<b>-\$1,200</b>	<b>-\$3,660</b>
\$84,000	-\$90	-\$240	-\$60	-\$390	<b>-\$780</b>	<b>-\$2,010</b>
\$96,000	\$0	\$0	\$0	-\$360	<b>-\$360</b>	<b>-\$360</b>
	First PLP Payroll Tax reduction	Further Payroll Tax reduction	Further Payroll Tax reduction	Further Payroll Tax reduction	The difference in annual Payroll Tax b/w the OBA (2017) & PLP (2023)	The total amount of tax savings for a worker over the last 6 years

Mr Speaker, before this Government was re-elected in 2017, workers making \$48,000 a year were paying \$2,280 a year in payroll taxes. Since then, this Government has steadily reduced the tax burden on Bermuda’s workers, and we have continued to do so in this budget. Next year, that same worker will pay only \$240 (0.5%) in payroll tax, a reduction of \$2,040. Mr Speaker, this means that since this Government was elected, workers earning \$48,000 have paid nearly \$7,000 less in payroll tax. Meaning \$7,000 more in their pockets to spend on things that they and their families need.

Mr Speaker, to summarise, there are no employer payroll tax increases for any business in Bermuda. All local businesses will see their payroll taxes decrease, and 86% of the workers in Bermuda will see their taxes decrease. More money in the pockets of workers and more relief for local businesses – that is how you build a path to sustainable economic growth, and that is what this PLP Government has delivered and will continue to deliver.

## **Maternity and Paternity Leave Exemption from Payroll Tax**

Mr Speaker, this government is proud of its record of expanding employee rights, and we are also proud that we extended paid maternity leave from 8 weeks to 13 weeks and paid paternity leave from 0 to 5 days. However, during maternity and paternity leave, employers are subject to paying payroll tax for their employees who are not currently working in their business. Therefore, the Government will exempt employers from paying payroll tax on the salaries paid to their employees while on maternity and paternity leave.

## **Customs Duty Changes**

Mr Speaker, customs duty is the second-largest revenue source for the Government of Bermuda and is projected to generate \$227,261,205 in fiscal year 2023/24. The Government has approved the following changes to customs duty this year:

### **Expansion of Custom Duty Relief for Capital Upgrades**

Mr Speaker, there is additional relief that the government will deliver to local businesses. For many years restaurants and retailers have benefited from customs duty exemptions for equipment used to upgrade their facilities. Investments in plant and equipment are vital for continued economic success. Restaurants that invest in more efficient equipment increase their productivity and, therefore, the health of their business, allowing them to continue to employ staff and serve customers.

Mr Speaker, these are not the only businesses that need to constantly invest in the upkeep of their equipment to ensure they continue to remain viable. Therefore, as proposed in the Pre-Budget Report, the Government will extend this customs duty exemption for investments in plant and equipment to the personal care and personal fitness sectors. Spas, beauty salons and fitness centres serve locals and visitors alike, and we must support them to provide new and updated equipment for the enjoyment of their customers without the burden of additional customs duty when they seek to upgrade their facilities. Customs duty charges for upgrades to equipment represent a disincentive to business owners to invest. Business investment is key to economic growth, and this change will make it easier for our local businesses to invest for the future.

### **Duty-Free School Uniforms**

Mr Speaker, as an additional item of relief for parents of school-aged children, the Government will exempt all school uniforms imported into the country by local businesses for resale from customs duty.

### **Revisions to the Sugar Tax**

Mr Speaker, the sugar tax is something that this government pledged to implement in its 2017 election manifesto and kept its promise to do so. Mr Speaker, we all know the

background of the consumption of sugar and the long-term health impacts on our local population. Bermuda has one of the highest rates of non-communicable diseases in the world, and it is incumbent upon governments to act to reduce these pressures over the long term. However, Mr Speaker, the application of the sugar tax via the customs tariff has led to many items which may contain minimal added sugar being subject to the sugar tax.

Therefore, we will table in this session changes to the Customs Tariff Act that will ensure that the sugar tax is focused on sodas and drinks with significant amounts of added sugar, candy made primarily from sugar, and chocolate. However, items that may have a small amount of additional sugar, such as nutritional bars, low-sugar drinks, or non-dairy creamers, will see the customs duty rates reduced.

### **Elimination of Duty for Aggregate Imports**

Mr Speaker, Bermuda is running out of limestone aggregate. Typically aggregate is not imported into Bermuda, but as the need is increasing, it is important that we act to minimise the increase to construction costs. Therefore, the Government will eliminate customs duty on aggregate imports used to manufacture concrete and concrete blocks.

### **Other Revenue Measures**

Mr Speaker, this budget contains further changes to fees, charges, and taxes that will collect additional funds to meet the revenue target.

### **Selective Fee Increases**

Mr Speaker, 2018 was the last time that the PLP Government implemented the biennial fee review, which saw all Government fees and charges increase by 5%. I am pleased to report that we will not be implementing an across the board increase in fees that would impact all government services, such as vehicle licensing, passport renewals, annual business licences, customs charges, and rental of Government facilities.

There will, however, be adjustments to fees to support the Government's necessary infrastructure investment, and the following fees will increase by 5%.

- Stamp duty
- Trademark fees
- Fines
- Solid waste dumping fees
- Immigration fees (with the exception of passport fees)
- Planning fees
- Seaborne shipping fees (tugboats, etc.)

These increases in fees are estimated to yield an additional \$3.3 million for the Government.

## **Increase in the Top Two Bands of Land Tax**

Mr Speaker, during consultation with various groups, it was pointed out that Bermuda's land taxes for high-value properties are comparatively low when compared to other jurisdictions. To provide additional revenue to the treasury while not increasing the burden on the vast majority of homeowners, the Government will increase the top two bands of land tax by 5% each.

This increase will only affect 4% of the top properties and is expected to yield an additional \$2.4 million.

## **Regulatory Fee for Corporate Compliance**

Mr Speaker, during the new fiscal year, the Registrar of Companies will introduce a new corporate regulatory fee. The fee, which is planned to be \$150.00 annually for local companies and \$500.00 annually for other entities, is expected to generate approximately \$6 million.

Mr Speaker, historically, the primary responsibilities of the Registrar of Companies have been to effectively administer the registration and regulation of all corporate entities in Bermuda and ensure the provision of current and accurate registry information. As the Registrar of Companies has assumed regulatory responsibility for overseeing adherence of companies to changing global regulatory requirements, it is necessary to ensure that these compliance costs are appropriately funded by the entities that they will now be regulating. Consultation with industry has been ongoing over the last two years, and the new regime will be effective January 2024.

## **Vacation Rental Registration Fees**

Mr Speaker, vacation rentals are part of our tourism matrix. However, it must be noted that the initial vacation rental programme was introduced in 2018, when Bermuda's economy was still recovering and there were no limits placed on properties that were subject to rent control being converted to vacation rentals. In the many jurisdictions globally where vacation rentals have reduced the amount of affordable housing, governments must act to ensure that vacation rentals do not exacerbate housing shortages. Though the Government is not proposing a limit on vacation rentals at this time, there will be a fee introduced to register properties as vacation rentals, which will be based on the ARV of the property.

This new fee is expected to generate \$500,000 in additional revenue.

## **PATI Fees**

Mr Speaker, the Public Access to Information Regime (PATI) is a proud achievement of the PLP Government and serves as a way to ensure that the public has access to the information that the Government keeps on them and is better able to understand the reasoning for government actions. PATI increases the Government's transparency and accountability.

Despite this, the regime can be cumbersome and expensive. As an example, Mr Speaker, a government authority spent in excess of \$300,000 to respond to a single PATI request. These are funds that could have been used to advance the wellbeing of Bermuda but were instead spent researching information. High levels of expenditure on requests are not uncommon, as many government departments have had to halt vital work or hire short-term consultants to assist in responding to PATI requests.

Therefore, the Government will implement a nominal fee for PATI requests that are not from private individuals requesting information about the data that the Government holds about them. This nominal fee will not nearly cover the extraordinary amount that researching PATI requests costs the Government, but the Cabinet has deemed it necessary to implement a fee to ensure that at least some of the costs of requests are recouped.

### **Increase In Court Fees**

Mr Speaker, an assessment has been completed comparing Bermuda court fees to those in other jurisdictions and Bermuda's fees were found to be considerably lower than competitor jurisdictions. As Bermuda's international business sector has developed and grown, the number and complexity of court matters have increased significantly. A new scale of fees, which will impact matters being conducted in the Magistrates Court, Supreme Court and the Court of Appeal has been developed. It is anticipated that these changes will yield an additional \$750,000.

### **Path to a Balanced Budget**

Mr Speaker, last year in this Honourable House, I stated that the Government would reach a balanced budget by fiscal year 2024/25, and I am proud to share with Honourable Members and the public that we are still on the path to achieving that goal. However, it is vital that I provide some context, Mr Speaker, as I know there will be some who will comment that the Government should use the additional revenue to balance the budget this year. Yes, it is true that we could have achieved a balanced budget on paper this year, but to do so would not have been an economically wise choice.

Mr Speaker, the Ministry of Finance could have held ministers to the \$75 million dollar capital expenditure target set last year, which would have resulted in the continued deterioration of Bermuda's infrastructure and further delay of critical projects.

The Ministry of Finance could have held to last year's current expenditure target rather than increasing current expenditure to ensure that we deliver on key initiatives in the Government's platform and Bermuda's Economic Recovery Plan to improve the lives of Bermuda's residents.

The Ministry of Finance could have chosen not to reduce taxes on persons making less than \$132,000 a year and chosen not to reduce taxes on local businesses while working families and local businesses struggle with the highest global inflation seen in 40 years.

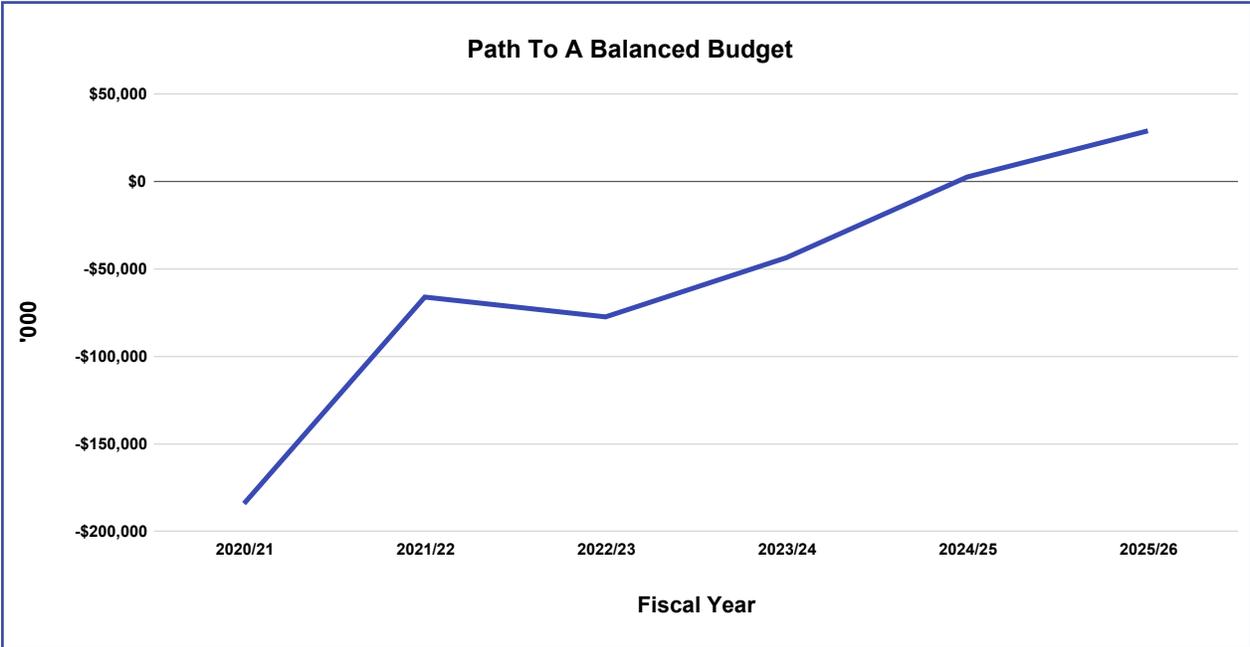
Yes, Mr Speaker, in theory, I could be presenting a balanced budget on behalf of this Government today, but, if we had made that choice, there would be more unpaved roads in Bermuda; our hospital would likely default on its Government-guaranteed debt; critical infrastructure would go unfixed; the Government would not be able to build more desperately needed affordable housing; the airport would be at risk of being shut down due to the inability to fund the firefighters necessary to keep it open; the Tynes Bay Waste-to-Energy facility would fail; and we would go back to landfilling at the Pembroke Marsh. In addition, we would not have the resources to be able to advance vital projects such as education reform and universal health care.

Mr Speaker, these are the choices you face in government. Rather than presenting budgets to please armchair critics or naysayers, we are determined to ensure that the people of this country know that they have a government that is delivering for them. Bermudians want to know that the government can balance the difficult choices to ensure that we execute our election promises in a fiscally responsible and prudent manner. Today's budget demonstrates our ability to do that.

Mr Speaker, with the path for growth that has been laid out in this budget, with the investments we are making to ensure that our infrastructure can be solid, with the investments we are making to advance critical issues like Universal Health Care and education reform which are so vital to our island's future; and with the investments we are making in affordable housing, Parish Primary School conversion, and healthcare facilities throughout the island, all while improving government efficiency, we will meet the target set last year to have a fully balanced budget in fiscal year 2024/25. With a balanced budget and sustained economic growth, this Government will be in a position to start reducing its public debt.

Mr Speaker, debt reduction will start this year when the Government repays a \$50 million bond from the balance in the Sinking Fund, which will see interest payments decline by \$2.4 million next fiscal year.

Planned Budgets for the Next Four Fiscal Years						
	ACTUAL 2021/22 \$000	REVISED ESTIMATE 2022/23 \$000	ORIGINAL ESTIMATE 2023/24 \$000	FUTURE ESTIMATE 2024/25 \$000	FUTURE ESTIMATE 2025/26 \$000	FUTURE ESTIMATE 2026/27 \$000
Revenue and Expenditure Estimates						
Revenue	1,085,639	1,111,036	1,155,525	1,207,524	1,243,749	1,281,062
Current Account Expenditure (excl.debt service)	908,041	932,625	972,632	982,358	992,182	1,002,104
Economic Relief/Additional Expenditures		8,000				
BHB Subsidy Grant		15,000				
COVID-19 Contingency	36,948	10,026	0	0	0	0
Current Account Balance (excl.debt service)	140,650	145,385	182,893	225,165	251,567	278,958
Interest on Debt/Guarantee Mgmt.	130,754	143,411	130,400	127,525	127,525	127,525
Surplus (Deficit) Available for Capital Expenditure	9,896	1,974	52,493	97,640	124,042	151,433
Capital Expenditure	75,920	79,338	96,007	95,000	95,000	95,000
Budget Surplus (Deficit)	(66,024)	(77,364)	(43,514)	2,640	29,042	56,433
			Revenue Increase	4.5%	3.0%	3.0%
			Expense Increase	1.0%	1.0%	1.0%
Projected Net Debt	3,052,960	3,098,516	3,142,030	3,139,390	3,110,347	3,053,914
Debt Ceiling	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Debt to Revenue Ratio	281%	279%	272%	260%	250%	238%



## Increasing Tax Compliance

Mr Speaker, monies owed to the Government but not paid reduce the Government's revenue and cause an unfair tax burden on the rest of the community. Therefore, as part of its path towards a balanced budget, this Government will make a more concerted effort towards tax collection through enhanced enforcement of policies and processes. It will also continue infrastructure investment within the Office of the Tax Commissioner to better equip its staff in their debt collection efforts.

Mr Speaker, it should be noted, however, that while the outstanding balance recorded at the end of the fiscal year is high, it includes the taxes to be paid at the beginning of the next quarter, which represent approximately 35% of the annual payroll tax revenue. Therefore, the \$314 million OTC receivable balance recorded in the 2021/22 financial statements includes payroll taxes of more than \$130 million, which were paid on time a month later. This is required by accounting standards, but it overstates the amount that is subject to active debt collection efforts.

Mr Speaker, that much being said, there is still a significant amount of funds owed to the Government and we intend to take further action with legislation that will place further restrictions on businesses, individuals and landowners who are not current with their tax obligations or current on their tax payment plans. These restrictions can include denial of contracts, grants, permits, licences, passports or other government authorisations.

Mr Speaker, the Office of the Tax Commissioner will also work more closely with the Department of Public Prosecutions and the courts to create a pathway for efficient adjudication of claims, including designated days each month for the court to consider cases for recovery of outstanding taxes. This option will be reserved only for taxpayers who have the means to pay but refuse to communicate and/or work with the Office of the Tax Commissioner.

Mr Speaker, the Office of the Tax Commissioner is committed to working with taxpayers to establish payment plans and decrease penalties for those willing to adhere to payment arrangements as agreed. Penalties and interests often from a sizable amount of outstanding tax debt and can discourage taxpayers from attempting to pay off amounts earned. The Office of the Tax Commissioner has begun implementing a new debt management system that aims to improve its processes and procedures, ensure consistent collection activities, and train its staff on best debt collection practices. Their system will also be used to enable data-driven decisions and practices that will result in more efficient and effective collection of tax arrears.

Mr Speaker, the Government has set a target of recovering \$7.5 million of past due taxes during this fiscal year, which is reflected in the payroll tax revenue projections.

## **Ending of Payroll Tax Concessions**

Mr Speaker, there is no need to belabour the profoundly negative impact the COVID-19 pandemic has had on Bermuda and our local businesses. As previously stated, the Government introduced a number of measures to provide short-term support to those businesses, including temporary tax concessions. It must be emphasised that these concessions were always intended to be temporary, as there is a strong likelihood of distorting the economy while reducing efficiency and productivity if they were to remain in place for extended periods of time.

Mr Speaker, as we continue to move this country beyond the pandemic, the Government will no longer be extending these payroll concessions and those businesses will be expected to recommence their payroll tax payments. It is important that these businesses do not build these concessions into their business models and make the necessary adjustments required to thrive in this evolving economy. Additionally, in many cases, these concessions were issued across industries and sectors, it is recognised that some companies received the subsidy despite not being in need.

## **Future of Payroll Taxes**

Mr Speaker, just as pandemic tax concessions are set to come to an end, the payroll tax relief for new hires is set to expire in March 2024. This programme, introduced in 2018, has been remarkably successful and currently there is about \$350 million of taxable remuneration that is not subject to employer payroll tax due to this exemption. This means that since the exemption was created, there is \$350 million being paid to employees of mostly international businesses, where their business is not responsible for the employer portion of the payroll tax. If this concession comes to an end next year, and if current employer payroll tax rates stay where they are, the Government can expect a minimum of \$30 million of additional payroll tax revenue.

Mr Speaker, though it is unlikely this successful relief which has boosted employment numbers will come to an abrupt end, it must be modified as it cannot be fair for exempted companies that started in 2018 to not pay any employer taxes after 2024 while our longstanding exempted companies continue to pay taxes on employees hired before 2018. Given the size of remuneration that is subject to this relief, it is likely that the Government will be able to further reduce employer rates in all payroll categories, including exempted companies, during next year's budget.

Mr Speaker, the additional revenue from payroll tax that can be expected from the revision of the new hire relief, combined with new hotel projects to come online in 2024 and continued expansion of our economy supported by this growth budget, it is expected that revenue will increase by 4.7% in fiscal year 2024/25 to hit the revenue target required to balance Bermuda's budget.

## Government Reform

Mr Speaker, the Government Reform Plan sets the direction for how the Public Service, as a collective, will support a future-forward Government for the people of Bermuda. The reform plan for the period 2019–2023, focused on foundational, system-wide public administration initiatives in the people and Technology components of the programme. Capacity and capability were strengthened in the People component of the programme. The Technology component focused on digitization.

Mr Speaker, in 2022/23, ministries facilitated a public value assessment of their services. The data was considered and specific services have been identified for alternative service delivery. In 2023/24 the ministries will work with internal and external consulting resources to complete reviews, establish the cost savings associated with alternative methods of delivery and, subject to consultation and the requisite approvals, implement wide-ranging service delivery changes across the Government. The alternatives could include mergers, public-private partnerships and, potentially, the cessation of certain services.

Mr Speaker, we have heard a lot from the Opposition who, as I said early in this speech, repeat baseless falsehoods in an attempt to score cheap political points. One of the favourite punching bags of the Opposition is Bermuda’s hardworking and dedicated public service which members of the Opposition repeatedly state is overstaffed as they accuse the Government of expanding the size of the public service.

Mr Speaker, once again, the Opposition is completely misleading the public. As I’ve said in this Honourable House time and time again, there are fewer persons on the Government’s payroll today than there were when we took office in 2017. I repeat, Mr Speaker, fewer employees in government today than when this PLP Government took office 67 months ago. In fact, Mr Speaker, if you look at employment numbers for 2022, you will see that the number of jobs in public administration fell again; this is not just what I am saying, it is what the data shows.

Mr Speaker, in July 2017, the total number of persons employed by the Government stood at 4,661; at the end of December 2022, that number stood at 4,483, a reduction of 178 positions or 3.8%. Yes, Mr Speaker, that narrative being pushed by some that this Government has increased the size of public service is blatantly untrue. The data shows exactly the opposite and demonstrates yet again that this Government is managing the public finances of Bermuda prudently.

<b>Number of Persons Employed by the Government of Bermuda</b>			
	<b>July 2017</b>	<b>December 2022</b>	<b>Difference</b>
<b>Number of Persons Employed</b>	4661	4483	-178
<b>Total Payroll Cost</b>	\$29,740,576	\$29,402,145	-\$338,431

Mr Speaker, we must stop using the public service as a punching bag! No, it is not perfect, but most public officers go above and beyond to provide services to the public. As the data I've just shared shows, public officers are delivering with fewer people, often doing double duty to ensure that vital government services continue to be provided. However, this is not sustainable. Pay scales in the public sector have fallen behind private sector counterparts and the Government struggles to retain its best employees who can receive more lucrative opportunities elsewhere.

This budget funds a review of specialist roles in the public service, allowing pay scales to be adjusted commensurate with expertise to ensure that the Government can attract and retain experienced talent in key areas such as legal, engineering, compliance, information technology and finance. This review is vital and will save money in the long term as specialised roles that cannot be filled currently require the use of external consultants, which costs the public purse more.

## **Pension Reform**

Mr Speaker, the gap in funding of Bermuda's pension liabilities for the Contributory Pension Fund (CPF) and the Public Superannuation Fund (PSSF) has been highlighted as a key issue by both the Government and its advisers. Recent projections have estimated that, unless the issue is addressed on a timely basis, the pension funds will not be able to pay future generations of pensioners. This has primarily resulted from the reality that Bermuda's population is ageing, our workforce is not as large as it needs to be, and the amount of benefits paid is not matched by the level of contributions. This is why it is vital to not only grow the working population but also enact reforms.

The Government has been working with the Public Funds Investment Committee and an international consulting firm with expertise in this area to update the framework for Bermuda's pension system. In particular, it has been determined that Bermuda should be consistent with most major financial centres and have individual social insurance contributions based on a percentage of income and not a fixed amount.

In addition, the consultants are assessing the other key levers to reform a pension system, namely retirement age and benefits to ensure that the pension system is sustainable into the future. The proposed changes, coupled with the significant work being done to build the working population, will be critical for ensuring that Bermuda stems the tide of continually increasing deficits in the funds which are so critical for future retirees.

Mr Speaker, these changes are vital and overdue, and I look forward to finalising the consultation with trade union and business representatives to enact these necessary changes. However, it is important to note that the intent of these changes is not to put a

further burden on employers. Sudden changes to our social insurance system could see marked changes in company budgets and could be detrimental to business health and local employment. It is expected that while there may be small adjustments to employer contributions to social insurance, the contributions as a percentage of income will apply to employees. As we've seen in this budget, the Government is intent on reducing taxes for employers so that they can power additional job creation.

However, Mr Speaker, before I close, I would like to let all of Bermuda's pensioners know that their Government will keep its promise, and we will increase social insurance benefits by the rate of inflation this year!

## Conclusion

Mr Speaker, I began this statement with a reference to the politics of hope. The trials of this present age dominate our thoughts and to some extent the development of our public policies. In such an age, it is easy for governments to be influenced by the most topical issues and fall into a reactive cycle that relegates vision and optimism to the back seat. But, now more than ever, governments must not just take the easy path. It is the Government's responsibility to do the hard work of both overcoming present challenges while also laying the foundations for a better future.

The hope of the people we serve transcends age, race, gender, religion, and sexual orientation. There is a collective desire to realise the best for Bermuda and a common theme emerges from social media encounters, constituency clinics and canvassing, and even protests on the Cabinet Office lawn. People want this island to thrive. They want to witness growth and prosperity. People want Bermuda to innovate and open up. People want to educate our children to the highest standard, equipping them for the jobs that drive this economy. People want to enjoy life and see their children and grandchildren doing so as well.

Mr Speaker, almost twenty-five years ago, the people of Bermuda embraced the politics of hope and for the first time elected a Progressive Labour Party Government. Those of us who toil day after day in the field of elective politics do so based on the trust that is represented by each and every vote that we received; and, having offered ourselves for public service, we understand the covenant into which we have entered with the people of Bermuda.

Mr Speaker, twenty-five years on that hope is undimmed. The vision is as clear as ever and no pandemic, no global inflation, no foreign war can come between this Progressive Labour Party Government and the sacred trust of delivering on the mandate of hope granted to us by the people of Bermuda.

Mr Speaker, I am immensely proud to commend to this Honourable House a Budget that will stay true to that mantra of hope, set out in those early days of Dame Lois Browne-Evans, Eugene Cox and David Allen; of Arthur Hodgson, Nelson Bascome and Walton Brown and so many others who dedicated their lives to service and the pursuit of that fairer and better Bermuda we continue to build.

Mr Speaker, as an heir to those giants of hope, I am humbled and yet immensely gratified to commend to this Honourable House the Estimates of Revenue and Expenditure for Fiscal Year 2023/24. I do so with the greatest of conviction that this Budget represents another step towards the even better and fairer Bermuda that we all wish to build and our path toward continued economic growth.

Table 1

**GOVERNMENT  
OF  
BERMUDA**

**SUMMARY OF  
CONSOLIDATED FUND  
ESTIMATES FOR 2023/24 TO 2025/26**

<b>ACTUAL 2021/22 \$000</b>		<b>ORIGINAL ESTIMATE 2022/23 \$000</b>	<b>REVISED ESTIMATE 2022/23 \$000</b>	<b>ESTIMATE 2023/24 \$000</b>	<b>ESTIMATE 2024/25 \$000</b>	<b>ESTIMATE 2025/26 \$000</b>
<b>Revenue and Expenditure Estimates</b>						
1,085,639	1	1,077,802	1,111,036	1,155,525	1,207,524	1,243,749
908,041	2	945,065	955,625	972,632	982,358	992,182
36,948	3	0	10,026	0	0	0
140,650	3	132,737	145,385	182,893	225,166	251,567
130,754	4	129,750	143,411	130,400	127,525	127,525
9,896		2,987	1,974	52,493	97,641	124,042
0	5	0	0	0	0	0
9,896	6	2,987	1,974	52,493	97,641	124,042
75,921	7	72,987	79,338	96,007	95,000	95,000
(66,025)	8	(70,000)	(77,364)	(43,514)	2,641	29,042
<b>Sources of Financing</b>						
66,025	9	0	0	0	0	0
0	10	70,000	77,364	43,514	(2,641)	(29,042)
66,025	11	70,000	77,364	43,514	(2,641)	(29,042)
<b>Capital Appropriations</b>						
92,864	12	72,987	79,338	96,007	95,000	95,000
2,143	13	0	0	0	0	0
95,007	14	72,987	79,338	96,007	95,000	95,000
0	15	0	0	0	0	0
(23,806)	16	0	0	0	0	0
71,201	17	72,987	79,338	96,007	95,000	95,000
4,720	18	0	0	0	0	0
75,921	19	72,987	79,338	96,007	95,000	95,000
75,921	20	72,987	79,338	96,007	95,000	95,000
0	21	0	0	0	0	0
<b>Consolidated Fund Balance (March 31)</b>						
1,000	22	1,000	1,000	1,000	1,000	1,000
0	23	0	0	0	0	0
(3,932,768)	24	(4,002,768)	(4,010,132)	(4,053,646)	(4,051,005)	(4,021,963)
<b>(3,931,768)</b>	25	<b>(4,001,768)</b>	<b>(4,009,132)</b>	<b>(4,052,646)</b>	<b>(4,050,005)</b>	<b>(4,020,963)</b>

<b>TYPE</b>	<b>DESCRIPTIONS</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Revenue	Growth, Tax Reform and Rate Increases	2.3%	7.2%	4.7%	3.0%
Expenditure	Spending Reductions/Increases	5.2%	2.9%	1.0%	1.0%
Debt Refinance	Senior Notes Due \$000	750,000			
Budget Surplus	Debt Re-purchases and/or Sinking Fund Contributions			up to 75%	up to 75%
<b>NET DEBT</b>	Position as at end of year	<b>3,098,516</b>	<b>3,142,030</b>	<b>3,138,389</b>	<b>3,109,347</b>

Table II

**ANALYSIS OF CURRENT ACCOUNT REVENUE**

HEAD (1)	REVENUE DESCRIPTION (2)	2021/22	2022/23	2022/23	2023/24 ESTIMATE (\$000) (6)	DIFFERENCE	
		ACTUAL (\$000) (3)	ORIGINAL (\$000) (4)	REVISED (\$000) (5)		2022/23 vs 2023/24 (\$000) (7)	% (8)
<b>TAXES &amp; DUTIES</b>							
12	CUSTOMS DUTY	224,511	228,216	224,215	227,264	(952)	(0)
27	SALE OF LAND TO NON-BERMUDIANS	9,950	8,000	6,000	6,500	(1,500)	(19)
29	TIMESHARING TAX	0	0	0	0	0	0
38	PASSENGER TAXES	781	12,854	19,800	27,305	14,451	112
38	STAMP DUTIES	38,279	27,200	28,255	32,254	5,054	19
38	BETTING TAX	262	95	95	15	(80)	(84)
38	LAND TAX	84,795	80,000	84,500	87,195	7,195	9
38	FOREIGN CURRENCY PURCHASE TAX	26,696	24,275	30,800	30,800	6,525	27
38	PAYROLL TAX	460,127	453,657	479,914	512,500	58,843	13
38	HOTEL OCCUPANCY	2,719	6,400	6,015	6,496	96	2
38	CORPORATE SERVICE TAX	5,063	4,848	4,737	5,250	402	8
38	FINANCIAL SERVICES TAX	14,227	13,501	14,200	14,539	1,038	8
38	TRANSPORT INFRASTRUCTURE TAX	0	5,900	8,900	11,805	5,905	100
<b>FEES, PERMITS &amp; LICENCES</b>							
03	LIQUOR LICENCES	662	400	800	850	450	113
12	OTHER CUSTOMS FEES & CHARGES	1,639	1,525	2,110	2,163	638	42
12	WHARFAGE	835	845	845	874	29	3
13	POST OFFICE	2,922	3,403	3,392	3,263	(140)	(4)
27	IMMIGRATION RECEIPTS	17,678	13,758	17,567	19,766	6,008	44
29	TRADE & SERVICE MARK	1,770	1,407	1,504	1,580	173	12
30	FERRY SERVICES	129	695	696	1,098	403	58
30	SERVICES TO SEABORNE SHIPPING	2,272	3,263	3,437	3,599	336	10
32	PLANNING FEES AND SEARCHES	1,389	1,233	1,233	1,255	22	2
34	VEHICLE LICENCES AND REGISTRATION	31,089	29,250	29,245	30,000	750	3
35	BUS REVENUES	1,483	2,849	3,307	3,307	458	16
36	SOLID WASTE	4,315	4,299	4,635	4,867	568	13
36	WATER	3,599	3,659	3,573	4,436	777	21
36	RENTALS	2,625	2,634	2,765	2,765	131	5
39	COMPANIES - INTERNATIONAL	62,554	63,840	64,330	71,639	7,799	12
39	COMPANIES LOCAL	2,635	2,700	2,700	3,300	600	22
39	COMPANIES LICENCES	794	865	845	1,460	595	69
48	CIVIL AVIATION RECEIPTS	20,632	17,800	0	0	(17,800)	(100)
79	PLANT PRODUCTION & MARKETING CTRE	194	191	187	216	25	13
89	TELECOMMUNICATIONS RECEIPTS	17,045	16,757	16,392	17,098	341	2
<b>OTHER RECEIPTS</b>							
03	FINES AND FORFEITURES	1,741	2,521	3,214	3,230	709	28
11	INTEREST ON DEPOSITS	1,949	1,200	900	750	(450)	(38)
	OTHER REVENUE	38,278	37,762	39,928	16,086	(21,676)	(57)
		<b>1,085,639</b>	<b>1,077,802</b>	<b>1,111,036</b>	<b>1,155,525</b>	<b>77,723</b>	<b>7</b>

Table III

**SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE**

HEAD (1)	DESCRIPTION (2)	2021/22	2022/23	2022/23	2023/24 ESTIMATE (\$000) (6)	DIFFERENCE 2022/23 vs 2023/24	
		ACTUAL (\$000) (3)	ORIGINAL (\$000) (4)	REVISED (\$000) (5)		(\$000) (7)	% (8)
<b>NON-MINISTRY DEPARTMENTS</b>							
01	GOVERNOR & STAFF	941	1,353	1,353	1,362	9	1
02	LEGISLATURE	4,936	5,288	5,288	5,374	86	2
05	OFFICE OF THE AUDITOR	3,357	4,082	3,914	4,196	114	3
56	HUMAN RIGHTS COMMISSION	1,044	1,216	1,216	1,347	131	11
63	PARLIAMENTARY REGISTRAR	635	1,022	1,022	1,255	233	23
85	OMBUDSMAN'S OFFICE	882	990	960	1,017	27	3
92	INTERNAL AUDIT	1,135	1,320	1,320	1,170	(150)	(11)
98	INFORMATION COMMISSIONER'S OFFICE	895	1,048	1,078	1,078	30	3
101	PRIVACY COMMISSIONER'S OFFICE	508	990	990	1,861	871	88
		<b>14,333</b>	<b>17,309</b>	<b>17,141</b>	<b>18,660</b>	<b>1,351</b>	<b>8</b>
<b>CABINET OFFICE DEPARTMENTS</b>							
09	CABINET OFFICE	42,532	32,162	30,804	31,763	(399)	(1)
13	POST OFFICE	9,086	8,935	9,474	9,285	350	4
43	DEPT. OF INFORMATION & DIGITAL TECH.	6,714	7,708	7,708	8,218	510	7
51	DEPT. OF COMMUNICATIONS	2,750	2,808	3,008	3,308	500	18
61	DEPT. OF EMP & ORG. DEVELOPMENT	6,303	6,704	6,704	7,598	894	13
80	PROJECT MANAGEMENT & PROCUREMENT	560	800	881	840	40	5
		<b>67,945</b>	<b>59,117</b>	<b>58,579</b>	<b>61,012</b>	<b>1,895</b>	<b>3</b>
<b>MINISTRY OF LEGAL AFFAIRS &amp; CONSTITUTIONAL REFORM</b>							
87	MIN. OF LEGAL AFF. & CONSTIT. REF. HQ	4,959	5,858	5,790	6,006	148	3
03	JUDICIAL DEPARTMENT	8,119	8,919	8,866	9,392	473	5
04	ATTORNEY GENERAL'S CHAMBERS	4,604	5,556	5,431	5,544	(12)	(0)
74	DEPT. OF COURT SERVICES	3,894	4,711	4,404	4,590	(121)	(3)
75	DEPT. OF PUBLIC PROSECUTIONS	2,888	3,362	3,362	3,625	263	8
88	NATIONAL DRUG CONTROL	3,644	4,311	4,431	4,064	(247)	(6)
		<b>28,108</b>	<b>32,717</b>	<b>32,284</b>	<b>33,221</b>	<b>504</b>	<b>2</b>
<b>MINISTRY OF FINANCE</b>							
10	MIN. OF FINANCE HQ	17,272	6,943	9,092	6,790	(153)	(2)
11	ACCOUNTANT GENERAL	70,129	87,289	82,302	82,209	(5,080)	(6)
28	SOCIAL INSURANCE	4,028	3,942	3,623	3,532	(410)	(10)
38	OFFICE OF THE TAX COMMISSIONER	4,921	4,113	4,113	3,901	(212)	(5)
39	REGISTRAR OF COMPANIES	4,005	7,602	6,833	9,540	1,938	25
58	DEBT & LOAN GUARANTEES	130,753	129,750	143,411	130,400	650	1
		<b>231,108</b>	<b>239,639</b>	<b>249,374</b>	<b>236,372</b>	<b>(3,267)</b>	<b>(1)</b>
<b>MINISTRY OF EDUCATION</b>							
16	MIN. OF EDUCATION HQ	3,848	5,341	6,129	7,236	1,895	35
17	DEPT. OF EDUCATION	109,525	112,328	112,328	114,872	2,544	2
18	LIBRARIES & ARCHIVES	2,861	3,027	3,027	3,085	58	2
41	BERMUDA COLLEGE	15,383	14,654	14,654	14,654	0	0
		<b>131,617</b>	<b>135,350</b>	<b>136,138</b>	<b>139,847</b>	<b>4,497</b>	<b>3</b>

Table III

**SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE**  
- continued

HEAD (1)	DESCRIPTION (2)	2021/22	2022/23	2022/23	2023/24	DIFFERENCE	
		ACTUAL (\$000) (3)	ORIGINAL (\$000) (4)	REVISED (\$000) (5)	ESTIMATE (\$000) (6)	2022/23 vs 2023/24 (\$000) (7)	% (8)
<b>MINISTRY OF HEALTH</b>							
21	MIN. OF HEALTH HQ	26,333	15,890	20,722	10,309	(5,581)	(35)
22	DEPT. OF HEALTH	27,006	28,690	27,663	30,429	1,739	6
24	HOSPITALS	158,351	147,251	162,251	155,159	7,908	5
91	HEALTH INSURANCE	2,679	2,669	2,669	3,343	674	25
		<b>214,369</b>	<b>194,500</b>	<b>213,305</b>	<b>199,240</b>	<b>4,740</b>	<b>2</b>
<b>MINISTRY OF ECONOMY &amp; LABOUR</b>							
44	MIN. OF ECONOMY & LABOUR HQ	1,041	1,589	1,589	2,044	455	29
14	DEPT. OF STATISTICS	1,907	2,171	2,256	2,360	189	9
27	IMMIGRATION	4,996	5,518	6,312	6,138	620	11
55	FINANCIAL ASSISTANCE	52,394	52,960	53,892	54,121	1,161	2
60	WORKFORCE DEVELOPMENT	3,012	4,004	4,104	4,114	110	3
94	DEPT. OF ECONOMIC DEVELOPMENT	3,244	7,695	8,066	8,394	699	9
		<b>66,594</b>	<b>73,937</b>	<b>76,219</b>	<b>77,171</b>	<b>3,234</b>	<b>4</b>
<b>MINISTRY OF TRANSPORT</b>							
48	MIN. OF TRANSPORT HQ	31,061	30,054	26,055	23,114	(6,940)	(23)
30	MARINE & PORTS	17,263	19,713	19,963	22,054	2,341	12
34	TRANSPORT CONTROL DEPARTMENT	4,395	4,482	4,523	5,206	724	16
35	PUBLIC TRANSPORTATION	22,339	17,788	18,801	21,977	4,189	24
		<b>75,058</b>	<b>72,037</b>	<b>69,342</b>	<b>72,351</b>	<b>314</b>	<b>0</b>
<b>MINISTRY OF PUBLIC WORKS</b>							
36	MIN. OF PUBLIC WORKS HQ	8,204	5,625	4,989	6,139	514	9
53	BERMUDA HOUSING CORP	6,050	6,050	6,050	6,550	500	8
68	PARKS	7,580	9,458	7,957	9,726	268	3
81	PUBLIC LANDS & BUILDINGS	19,069	20,410	20,057	21,762	1,352	7
82	WORKS & ENGINEERING	31,852	27,716	33,957	31,114	3,398	12
		<b>72,755</b>	<b>69,259</b>	<b>73,010</b>	<b>75,291</b>	<b>6,032</b>	<b>9</b>
<b>MINISTRY OF YOUTH, CULTURE &amp; SPORTS</b>							
71	MIN. OF YOUTH, CULTURE & SPORTS HQ	877	1,273	1,263	1,168	(105)	(8)
20	YOUTH, SPORT & RECREATION	8,986	9,616	9,626	10,659	1,043	11
52	DEPARTMENT OF CULTURE	1,211	1,980	1,980	1,891	(89)	(4)
		<b>11,074</b>	<b>12,869</b>	<b>12,869</b>	<b>13,718</b>	<b>849</b>	<b>7</b>
<b>MINISTRY OF NATIONAL SECURITY</b>							
83	MIN. OF NATIONAL SECURITY HQ	3,449	2,018	2,218	2,683	665	33
06	DEFENCE	9,019	7,857	7,857	8,558	701	9
07	POLICE	59,072	62,158	62,158	62,625	467	1
12	CUSTOMS	16,640	16,575	16,574	17,696	1,121	7
25	DEPT. OF CORRECTIONS	23,834	22,893	22,292	24,892	1,999	9
45	FIRE SERVICES	13,804	13,212	17,037	14,880	1,668	13
		<b>125,818</b>	<b>124,713</b>	<b>128,136</b>	<b>131,334</b>	<b>6,621</b>	<b>5</b>

Table III

**SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE**  
**- continued**

HEAD (1)	DESCRIPTION (2)	2021/22	2022/23	2022/23	2023/24	DIFFERENCE	
		ACTUAL (\$000) (3)	ORIGINAL (\$000) (4)	REVISED (\$000) (5)	ESTIMATE (\$000) (6)	2022/23 vs 2023/24 (\$000) (7)	% (8)
<b>MINISTRY OF SOCIAL DEVELOPMENT &amp; SENIORS</b>							
86	MIN. OF SOCIAL DEVELOP. & SENIORS HQ	6,183	6,925	7,257	7,625	700	10
23	CHILD & FAMILY SERVICES	14,850	17,666	16,631	18,814	1,148	6
		<b>21,033</b>	<b>24,591</b>	<b>23,888</b>	<b>26,439</b>	<b>1,848</b>	<b>8</b>
<b>MINISTRY OF HOME AFFAIRS</b>							
93	MIN. OF HOME AFFAIRS HQ	1,700	2,811	2,811	1,918	(893)	(32)
29	REGISTRY GENERAL	911	1,649	1,649	1,660	11	1
32	DEPT. OF PLANNING	2,783	3,349	3,349	3,596	247	7
49	LAND VALUATION	817	1,008	1,008	865	(143)	(14)
79	ENVIRONMENT AND NATURAL RESOURCES	7,745	8,084	8,084	8,475	391	5
89	ENERGY	735	484	484	482	(2)	(0)
97	LAND TITLE & REGISTRATION	1,240	1,392	1,392	1,380	(12)	(1)
		<b>15,931</b>	<b>18,777</b>	<b>18,777</b>	<b>18,376</b>	<b>(401)</b>	<b>(2)</b>
		<b>1,075,743</b>	<b>1,074,815</b>	<b>1,109,062</b>	<b>1,103,032</b>	<b>28,217</b>	<b>3</b>

Table IV

## ANALYSIS OF CURRENT ACCOUNT EXPENDITURE BY OBJECT ACCOUNT

EXPENDITURE						DIFFERENCE	
OBJECT CODE DESCRIPTION		2021/22	2022/23	2022/23	2023/24	2022/23 vs 2023/24	
(1)	(2)	ACTUAL (\$000) (3)	ORIGINAL (\$000) (4)	REVISED (\$000) (5)	ESTIMATE (\$000) (6)	(\$000) (7)	% (8)
	SALARIES	306,197	331,699	323,163	340,866	9,167	3
	WAGES	71,790	66,356	66,061	69,792	3,436	5
	EMPLOYER OVERHEAD	64,262	80,848	76,999	75,885	(4,963)	(6)
	OTHER PERSONNEL COSTS	4,557	4,829	4,915	5,702	873	18
	TRAINING	1,839	2,834	2,774	4,268	1,434	51
	TRANSPORT	1,091	1,944	1,967	2,131	187	10
	TRAVEL	1,088	2,767	2,757	3,214	447	16
	COMMUNICATIONS	5,838	7,255	7,228	7,384	129	2
	ADVERTISING & PROMOTION	1,008	1,684	1,526	1,825	141	8
	PROFESSIONAL SERVICES	67,523	62,641	73,751	64,361	1,720	3
	RENTALS	11,682	11,926	12,086	13,478	1,552	13
	REPAIR & MAINTENANCE	17,637	19,776	19,227	21,575	1,799	9
	INSURANCE	7,179	9,232	8,867	9,455	223	2
	ENERGY	12,656	14,847	15,990	17,467	2,620	18
	CLOTHING & UNIFORMS	1,240	1,094	977	1,253	159	15
	MATERIALS & SUPPLIES	21,655	23,452	21,538	24,172	720	3
	EQUIPMENT	4,178	599	857	561	(38)	(6)
	OTHER EXPENSES	4,514	3,609	5,056	3,448	(161)	(4)
	RECEIPTS CREDITED TO PROG	0	(20,752)	(9,773)	(19,098)	1,654	(8)
	GRANTS & CONTRIBUTIONS	342,650	320,330	334,209	325,298	4,968	2
	PUBLIC DEBT CHARGES	127,159	127,845	138,887	129,995	2,150	2
		<b>1,075,743</b>	<b>1,074,815</b>	<b>1,109,062</b>	<b>1,103,032</b>	<b>28,217</b>	<b>3</b>

Table V

**GOVERNMENT DEBT TRANSACTIONS & AMOUNTS  
OUTSTANDING 2012/13 TO 2025/26**

YEAR	GROSS BORROWING	REPAYMENTS	NET BORROWING (REPAYMENTS)	GROSS DEBT OUTSTANDING	MEMORANDA INTEREST ON DEBT
(1)	(\$000) (2)	(\$000) (3)	(\$000) (4)	(\$000) (5)	(\$000) (6)
2012/13	223,280	0	0	1,574,000	
2013/14	800,000	69,000	731,000	2,305,000	(i)
2014/15	0	120,000	(120,000)	2,185,000	
2015/16	150,000	0	150,000	2,335,000	
2016/17	212,169	63,234	148,935	2,483,935	
2017/18	85,000	0	85,000	2,568,935	
2018/19	620,000	508,935	111,065	2,680,000	
2019/20 (iii)	187,361	180,000	7,361	2,687,361	(iii)
2020/21	662,639	0	662,639	3,350,000	
2021/22	66,024	0	0	3,350,000	
2022/23 (Rev)	133,892	140,000	(6,108)	3,343,892	
2023/24 (Est)	0	50,000	(50,000)	3,293,892	
2024/25 (Est)(ii)	(2,640)	0	(2,640)	3,291,252	
2025/26 (Est)(ii)	(29,042)	0	(29,042)	3,320,958	

(i) In 2013/14 - \$51M of Interest on Debt was funded from the Sinking Fund

(ii) Budget Surplus up to 75% towards Debt re-purchase and/or Sinking Fund Contributions

(iii) In 2019/20 Gross Debt includes \$182.4M borrowing in relation to Morgan's Points/Caroline Bay Loan Guarantee commitments, along with \$3.8M interest incurred on this borrowing

Table VI  
**BERMUDA GOVERNMENT  
DEBT AND LOAN GUARANTEES**

**UTILISATION OF STATUTORY BORROWING POWERS**

ACTUAL 2021/22 (\$000)	DETAILS	REVISED ESTIMATE 2022/23 (\$000)	ESTIMATE 2023/24 (\$000)
	DEBT & LOAN GUARANTEES OUTSTANDING AS OF MARCH 31		
3,350,000	BORROWINGS UNDER LOAN FACILITIES (GOVT)	3,343,892	3,293,892
3,350,000	TOTAL DEBT OUTSTANDING (GOVT)	3,343,892	3,293,892
297,040	Less: SINKING FUND CONTRIBUTIONS (i)	245,376	151,862
	NET CUMULATIVE GOVERNMENT		
3,052,960	DEBT & GUARANTEES OUTSTANDING (ii)	3,098,516	3,142,030

- (i) Government introduced a Sinking fund with effect 31st March, 1993. The intent being to set aside a sum equivalent to 2.5% of the public debt outstanding at the end of the preceding year, in order to repay the principal sum borrowed after approximately 20 years.

In 2013 the Government Loans Act 1978 was amended to allow excess funds borrowed to be deposited and extracted from the Sinking Fund to fund future years.

With effect from August, 2020, the statutory debt limit was increased to \$3.5 billion.

- (ii) The Government has the following guarantees:

Guarantee	\$ Millions
Bermuda Housing Corporation	28.4
West End Development Corporation	60.3
Bermuda Economic Development Corporation	1.8
Bermuda Hospitals Board	758.2
Morgan's Point/Caroline Bay	165.0
Bermuda Tourism Authority	5.0
Bermuda Casino Gaming Commission	9.8
Hotel Bermuda Holdings Ltd.	25.0
Bermuda Land Development Corporation	21.6
Bermudiana Development Company Limited	10.0
National Sports Centre	2.6
Bda Commercial Bank-Mortgage Guarantee	50.0

- (iii) With effect 1st April, 2011 these guarantees are no longer charged against the statutory debt ceiling unless the guarantee obligation becomes due and payable by the Government, pursuant to the amended Gov't Loans Act 1978. The total amount of utilized Loan Facilities are restricted by the Government Loans Act 1978, as amended.

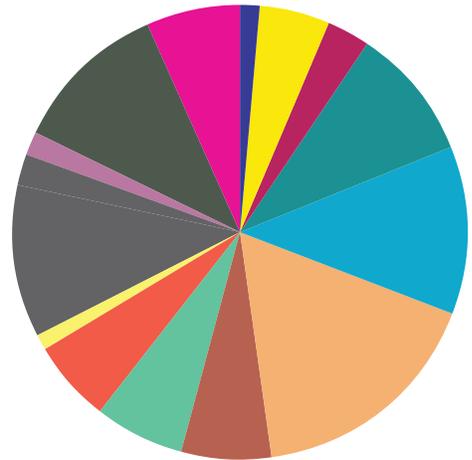
Table VII

**PROFESSIONAL SERVICES**

ACCOUNT DESCRIPTION		ACTUAL	ORIGINAL	REVISED	ESTIMATE
(1)	(2)	2021/22	ESTIMATE	ESTIMATE	ESTIMATE
		(\$000)	2022/23	2022/23	2023/24
		(3)	(\$000)	(\$000)	(\$000)
			(4)	(5)	(6)
5260	Local Consultants	21,574	21,228	31,080	25,622
5265	Overseas Consultants	6,310	9,294	8,547	9,997
5270	Contractors	23,913	18,447	20,246	14,894
5275	Medical	5,030	4,866	4,919	4,419
5280	Optical Services	14	22	39	22
5285	Educational Services	56	203	154	125
5290	Chiropodist Services	7	4	3	4
5295	Psychological Services	26	20	20	40
5300	Dental Services	79	66	74	66
5305	War Pension Award	1,174	1,119	1,043	951
5310	Counselling Services	388	399	343	399
5315	Child Care Services	112	190	165	190
5320	Recreational Services	236	312	352	314
5325	Legal Services	2,623	2,028	2,606	2,303
5330	Liquidation Fees	0	50	50	50
5340	Membership Fees - Govt.	403	420	396	421
5345	Forensic/Lab Services	297	583	532	583
5350	Forensic/lab accounting	19	127	127	127
5355	Security Services	2,338	1,295	1,258	1,414
5360	Conservation Services	2	0	0	20
5365	Animal Control Services	22	28	27	28
5370	Board & Comm. Fees	690	1,103	1,005	1,533
5375	ID Parade - Police	20	20	20	40
5380	Jury & Witness Fees	20	110	107	110
5385	Court Costs	1,679	37	37	49
5390	Audit Fees	0	70	25	70
5395	Examination Fees	491	600	576	570
		<b>67,523</b>	<b>62,641</b>	<b>73,751</b>	<b>64,361</b>

## Estimated Expenditure 2023/24 in BD\$ Millions

■ Non-Ministry.....	18.7
■ Cabinet Office Departments.....	61.0
■ Legal Affairs & Constitutional Reform.....	33.2
■ Finance.....	106.0
■ Education.....	139.8
■ Health.....	199.2
■ Economy & Labour.....	77.2
■ Transport.....	72.4
■ Public Works.....	75.3
■ Youth, Culture & Sports.....	13.7
■ National Security.....	131.3
■ Social Development & Seniors.....	26.4
■ Home Affairs.....	18.4
■ Interest/Guarantee Mgmt.....	130.4
■ Capital Estimate.....	96.0



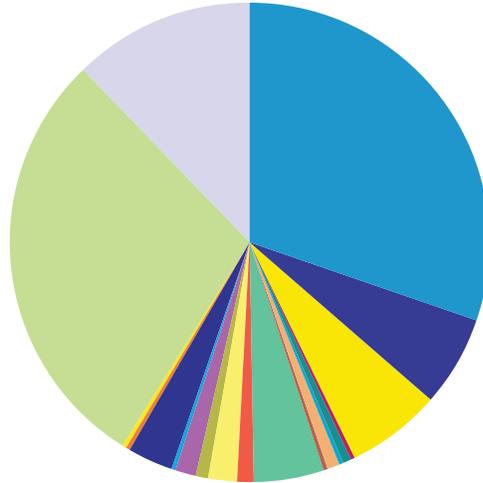
### Categories of expenditure expressed as a percentage of total estimated expenditure for 2023/24 of \$1,199.0 million



— Non-Ministry.....	1.6
— Cabinet Office Departments.....	5.1
— Legal Affairs & Constitutional Reform.....	2.8
— Finance.....	8.8
— Education.....	11.7
— Health.....	16.6
— Economy & Labour.....	6.4
— Transport.....	6.0
— Public Works.....	6.3
— Youth, Culture & Sports.....	1.1
— National Security.....	11.0
— Social Development & Seniors.....	2.2
— Home Affairs.....	1.5
— Interest/Guarantee Mgmt.....	10.9
— Capital Estimate.....	8.0

## Estimated Expenditure 2023/24 in BD\$ Millions

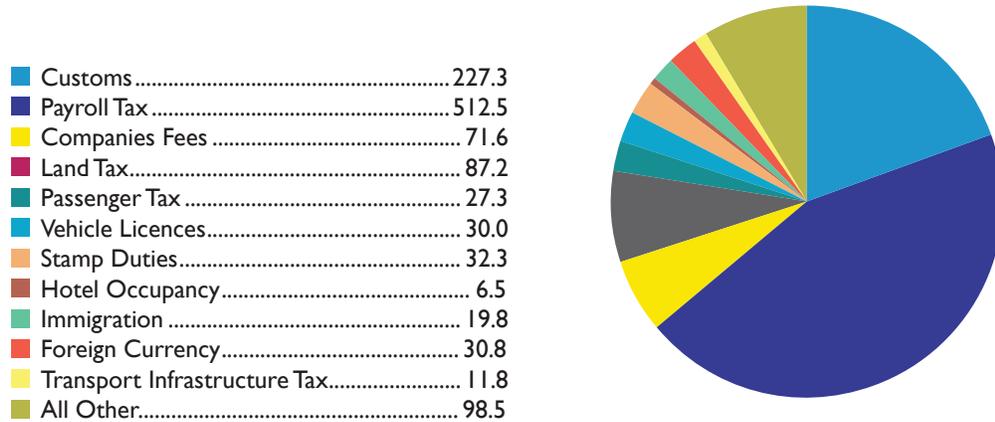
Total Current Account Expenditure \$1,103.0, excluding Capital Expenditure



Salaries.....	340.9
Wages.....	69.8
Employer Overhead.....	75.9
Other Personnel Costs.....	5.7
Training.....	4.3
Transport.....	2.1
Travel.....	3.2
Communications.....	7.4
Advertising & Promotion.....	1.8
Professional Services.....	64.4
Rentals.....	13.5
Repair and Maintenance.....	21.6
Insurance.....	9.5
Energy.....	17.5
Clothing, Uniforms, Laundry.....	1.3
Materials & Supplies.....	24.2
Equipment Purchases.....	0.6
Other Expenses.....	3.4
Receipts to Credited to Program.....	-19.1
Govt. Grants & Contributions.....	325.3
Debt Charges.....	130.0

## Estimated Revenue 2023/24 in BD\$ Millions

Total Revenue \$1,155.5 million



### Categories of revenue expressed as a percentage of total estimated revenue for 2023/24 of \$1,155.5 million

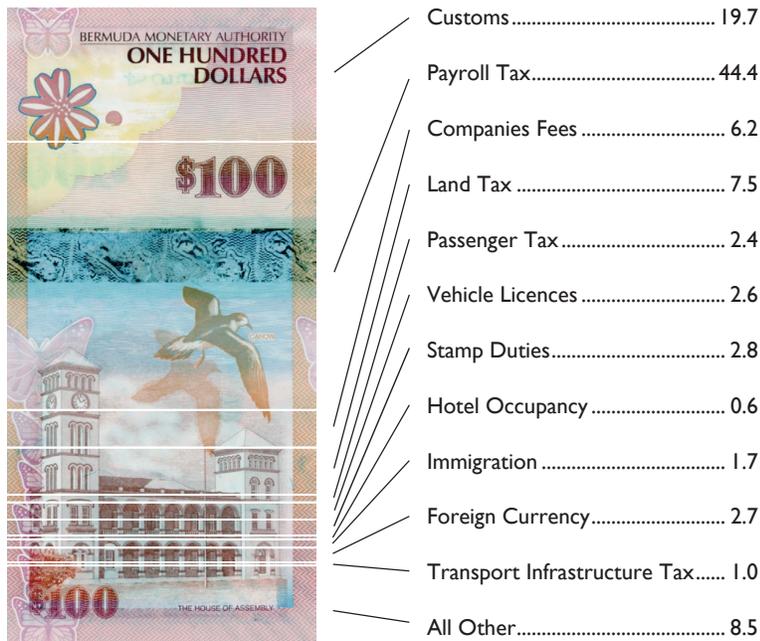


Table XI

<b>Employee Payroll Tax Rates</b>				
<b>Previous Income Bands</b>	<b>FY 22/23 Rates</b>		<b>New Income Bands</b>	<b>FY 23/24 Rates</b>
<b>\$0 - \$48,000</b>	1.50%		<b>\$0 - \$48,000</b>	0.50%
<b>\$48,000 - \$96,000</b>	9		<b>\$48,000 - \$96,000</b>	9.25%
<b>\$96,000 - \$235,000</b>	9		<b>\$96,000 - \$200,000</b>	10.00%
<b>\$235,000 - \$900,000</b>	9.50%		<b>\$200,000 - \$500,000</b>	11.50%
			<b>\$500,000 - \$1,000,000</b>	12.50%

<b>Annual Savings In Payroll Tax For Employees</b>			
<b>Taxable Remuneration</b>	<b>FY 22/23 Tax Payable</b>	<b>FY23/24 Tax Payable</b>	<b>Yearly Payroll Tax Change</b>
\$36,000	\$540	\$180	-\$360
\$39,000	\$585	\$195	-\$390
\$42,000	\$630	\$210	-\$420
\$45,000	\$675	\$225	-\$450
\$48,000	\$720	\$240	-\$480
\$51,000	\$990	\$518	-\$473
\$54,000	\$1,260	\$795	-\$465
\$57,000	\$1,530	\$1,073	-\$458
\$60,000	\$1,800	\$1,350	-\$450
\$63,000	\$2,070	\$1,628	-\$443
\$66,000	\$2,340	\$1,905	-\$435
\$69,000	\$2,610	\$2,183	-\$428
\$72,000	\$2,880	\$2,460	-\$420
\$75,000	\$3,150	\$2,738	-\$413
\$78,000	\$3,420	\$3,015	-\$405
\$81,000	\$3,690	\$3,293	-\$398
\$84,000	\$3,960	\$3,570	-\$390
\$87,000	\$4,230	\$3,848	-\$383
\$90,000	\$4,500	\$4,125	-\$375
\$93,000	\$4,770	\$4,403	-\$368
\$96,000	\$5,040	\$4,680	-\$360
\$99,000	\$5,310	\$4,980	-\$330
\$102,000	\$5,580	\$5,280	-\$300
\$105,000	\$5,850	\$5,580	-\$270
\$108,000	\$6,120	\$5,880	-\$240
\$111,000	\$6,390	\$6,180	-\$210
\$114,000	\$6,660	\$6,480	-\$180
\$117,000	\$6,930	\$6,780	-\$150
\$120,000	\$7,200	\$7,080	-\$120

Taxable Remuneration	FY 22/23 Tax Payable	FY23/24 Tax Payable	Yearly Payroll Tax Change
\$123,000	\$7,470	\$7,380	-\$90
\$126,000	\$7,740	\$7,680	-\$60
\$129,000	\$8,010	\$7,980	-\$30
\$132,000	\$8,280	\$8,280	\$0
\$135,000	\$8,550	\$8,580	\$30
\$138,000	\$8,820	\$8,880	\$60
\$141,000	\$9,090	\$9,180	\$90
\$144,000	\$9,360	\$9,480	\$120
\$147,000	\$9,630	\$9,780	\$150
\$150,000	\$9,900	\$10,080	\$180

