

# 2018 Reply to the Budget Statement

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Delivered by the

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LEADER OF THE OPPOSITION

## Introduction

Mr. Speaker, I rise today to deliver the Opposition reply to the Government's 2018-2019 Budget Statement "In Support of the Estimates of Revenue and Expenditure" delivered last week. The OBA laid the foundation for the Premier's budget for the upcoming year and surprisingly other people agree with me. The OBA had a strategy to lead Bermuda out of debt and the evidence suggests that it has been successfully executed.

The OBA Government delivered on:

- Hotel investment
- Creation of the Bermuda Tourism Authority
- America's Cup
- Increase in tourism arrivals
- Airport Redevelopment

The Bermuda Tourism Authority's (BTA) figures, recently released, show that the 2017 results were extraordinary. The release noted that 2017 brought the highest number of visitors to the island in recorded history and stated the total arrivals for that period (692,947) is "the best statistical performance dating back to 1965". The BTA release also indicated that "in 2017, the 35<sup>th</sup> America's Cup played a critical role in driving demand and higher visitor spending not only in May and June but throughout much of the year". The release stated that "Bermuda's Tourism industry has been on a path for growth since 2015, after decades of decline, the America's Cup helped to accelerate the growth trajectory".

Mr. Speaker, the America's Cup was one of the most important projects which the OBA government realized. It had a significant and positive

economic impact for all Bermudians. This was despite significant and vitriolic criticism from the PLP Opposition and deafening silence from the PLP Government.

This outstanding fiscal performance is borne out in the America's Cup Review Report which confirms the overall positive impact of this historic event on Bermuda and Bermudians.

It should be noted that the America's Cup Review Report has not yet been formally released to the public. As well, the Government has not acknowledged that the expenditure on this event produced the desired results and was a fiscally prudent risk/reward revenue growth option.

This tourism success was also coupled with success in other critical economic areas.

The Updated Review of The Bermuda Economy 2017, released in early December, reported that there was an increase in the total value of new construction projects started and that employment income increased. Additionally, there was significant revenue growth resulting from the collection of higher payroll taxes and customs duty.

Mr. Speaker, the OBA has paved the way. We have brought Bermuda this far. Bermudians are relying on the Government to take us the rest of the way.

Mr. Speaker, when one really studies the 2018/19 Budget you are struck by two important factors.

Firstly the 2017/2018 results are really the OBA results because of when the new Government came to power.

Secondly the 2018/2019 budget is built upon many policy initiatives started under the OBA Government. The proposed new PLP growth

initiatives are uncertain especially give that there are no revenues attributed to them in current years Budget.

Mr. Speaker, on page 7 of his statement, under the heading AUSTERITY VS GROWTH, the Premier frames the choice faced in Government budgeting. Instead, the choice faced by Bermuda in early 2013 was between continued PLP insolvency and financial survival. We chose the latter. And Premier Burt stands here as the beneficiary of that choice.

The OBA stopped the decline in the economy by improving the efficiency of Government without laying off Government workers. We brought public spending under control, while ensuring key investments in Bermuda and her people.

The former OBA Government also stimulated a number of investments, such as:

- Morgan's Point
- The Loren
- Continuation of extensive renovations to the Hamilton Princess
- St George's Hotel
- Airport Redevelopment

These projects resulted in creation of jobs for Bermudians, and other benefits of which have been felt by single parents, couples, university students, senior citizens.

Mr. Speaker, let us now address the 2018/19 Budget estimates.

The Government is estimating \$1.09 billion of revenue which is up by \$47m from last year's estimate or \$45m from last year's revised figure.

Three key assumptions are driving this estimate:

1. an increase in land tax charged on commercial properties
2. adjustments for notional remuneration under payroll tax
3. increased customs revenues

A major portion of the revenue increase (\$15m) will be coming from the increase in land tax charged on commercial properties. This policy is being pursued instead of the contemplated new tax on commercial rents. The introduction of this temporary measure serves to highlight the complexity and lead time required to make changes to the various forms of taxation.

It also raises the concern as to whether this becomes a flow through tax depending on the terms of the lease, impacts on local competitiveness and vacant commercial properties in the City of Hamilton.

Unfortunately, the commercial real estate market is down with fewer renovations and fewer capital projects.

Adjustments for notional remuneration impact a small segment of our working population. The second largest revenue increase \$10m will come from the adjustment for the basis for notional remuneration for payroll tax where the new definition will be on all income received, on a cash basis. For too long, some firms have sought to avoid responsibly paying their fair share. We support this as an equitable tax rise.

However, our concerns centre on the implementation of the tax, on Government's ability to collect these taxes and on the pressures that this initiative will place on the Office of the Tax Commissioner. We look forward to further information from the Government on this.

Thirdly, and extraordinarily, the Government is banking on the level of customs duty continuing at the 2017/18 level and even increasing. Rather amazingly, the PLP – in Opposition and then in Government –

has refused to acknowledge the phenomenal impact of the America's Cup to the Bermudian economy. And yet, they are continuing to hope for the America's Cup dividend to continue to deliver Government revenue. It is simply not realistic to expect this in a year where there will be no America's Cup, or any other significant revenue event.

It would be remiss of me not to acknowledge Government's Tax Reform Commission, of which I am a member. I, embrace the commission's goals and like every Bermudian, look forward to concluding our review expeditiously.

Finally, I do need to raise briefly Government's proposed sugar tax. As is always the case, the devil will be in the detail. We cannot meaningfully comment on this in the absence of further information as to what will be taxed, what levels of taxes will be set and how this will be implemented. To that end, we look forward to the results of the current consultation process and to what policy proposals will result. However, I do note with interest a clear commitment to a sugar tax in the Budget Statement without any clear statement on its effect on Government revenues or expenditures in the upcoming financial year.

### **Current Expenditures**

Mr. Speaker, turning to projected expenditures, the budget statement does raise a few questions. We see a projected increase of 3% in Salaries, Wages and Employer overheads. Are these projections realistic in light of the recently announced agreement to a 2.5% increase in public sector pay which is to be backdated to 1 April 2017?

We note that the Premier has pledged to increase pensions for our seniors by the rate of inflation. We applaud this initiative. As the OBA

has stated in the past, it is important that increases in pensions be tied to the cost of living. However, it is important that we cannot keep pushing these issues down the road, and efforts should be made to ensure the long-term solvency of our pension funds.

The Premier stated that he will provide \$500,000 to restart a solar rebate programme with a focus on seniors on low or fixed incomes in order to reduce their electricity bills. This would only be of benefit to seniors who (1) own their own homes, and (2) take on major upfront expenditures, before they will ever see a benefit. We question whether this is realistic.

We also applaud the Government's efforts to establish a programme of limited Government guarantees to support the development of senior residential facilities. In fact, this appears to have been lifted directly from our election manifesto promise to provide incentives to local construction companies and developers to build senior care facilities and to renovate existing ones.

We congratulate the Government for honouring the former Government's commitment to return the \$25 million subsidy for hospital care for children, indigents and seniors this budget year. It is regrettable that the Government erroneously attributed the cut to a desire by the former Government to fund America's Cup which was not the case. As the former Government we supported the Hospital and worked closely with it as it progressed its sustainability. We are encouraged that the Government is stating its aim to implement larger reforms in health system financing as this is something that we were committed to as a way to reduce the cost of health care in Bermuda.

On the question of education, the OBA fully supports the attainment of proper education standards within our schools. We promised before the election last year to create a Centre of Teaching Excellence, to enhance the teaching skills, lesson content and classroom management. It is for this reason that we are disappointed that the Current Government will be slashing funding for improved educational standards by 35%.

The education of our children is fundamental to producing decent, productive, positive and respectful citizens. Education is also fundamental to shaping both locally and globally, a preferred direction for the future of our Island. Our Education system must therefore be one that ensures our students are equipped with the knowledge and skills they need to be successful in a rapidly changing society. Progress in learning is strengthened when our students, parents, teachers, principals, support staff and our broader community all have a clear understanding of what must be done to achieve this chosen future for Bermuda.

In light of this, Mr. Speaker, we are delighted that the PLP Government followed through with the development Plan 2022: Bermuda Strategic Plan for Public School Education. This plan highlights the significant work that the Department of Education has to undertake to deliver a transformational vision for public education which will ensure that every young Bermudian should be educated to the level that will enable them to compete and lead locally and globally.

The plan's priorities include enhancing teacher practice and leadership, improving infrastructure, and ensuring student career and workforce readiness, but very little implementation details were provided. In light

of this the Government must provide more details and resources that will demonstrate how these stated priorities will be implemented and delivered.

It is crucial that this plan be a complete blueprint for the future and not just an aspirational dream.

To deliver on this plan there has to be strong leadership that will actively champion the recommendations showcased in therein. This means that there has to be a clear understanding and acceptance that the change required can be performed only by an individual who is transformational, not transactional. Accordingly, this will require a restructuring of the Department of Education to ensure that staff are equipped and able effectively to deliver the strategies outlined in the plan.

Mr. Speaker, it is vital that an organizational restructuring be considered because it is, from a governance perspective, the first rung on the ladder of reform for the Department of Education — and it is critical for the effectiveness and success of the plan. While change is never easy, a realignment of the existing staffing will signal the advent of a new era in the delivery of education in Bermuda. The senior management team must include those individuals who can create the best and most effective team.

To achieve effective implementation, there should be a director of education — or education commissioner — a director of finance, a director of IT services, a quality assurance director and a director of communications. It is this team that would drive the objectives set out in the new plan and provide the necessary resources to enable the Permanent Secretary of Education to effectively support our students, teachers and the Minister of Education.

We note with concern that the staffing of the Office of the Tax Commissioner (OTC) does not appear to have been increased and in light of the significant accounts receivable and the projected changes in tax categories which inevitably result in new complex procedural issues, wonder how this will be managed to ensure that the "single point of failure" in the tax collection system - the OTC, does not continue to impact negatively on revenue collection and thus cash flow.

### **Capital Expenditures**

Mr. Speaker, we note that \$ 58 million has been spent in the first 6 months while \$67 million has been budgeted for the full year. We also note that significant funding has been earmarked for the trash trucks and this has not been used. Yet, we are somehow to believe that current issues with the collection of trash are to do with underinvestment by the OBA Government. Where the Government has capital headroom, they have not used it and instead they want to blame us for not investing. The time for 'politricks' has to end, and the excuse of blaming us will increasingly ring hollow in the months to come.

### **Public Works**

Government hopes to move from private buildings into Govt property. However, they are going to hire significantly more people on the Government payroll. How than can we fit more people in a smaller space. It appears unrealistic. Are there plans for renovations to the old police station? Or, the old Department of Education?

### **Infrastructure**

Mr. Speaker, what is interesting is that the Finance Minister makes no mention of the Bermuda Infrastructure Fund. He announced the Fund's

creation in November last year under the management of Fortress Investment Group LLC. Given that Government is potentially on the hook for some management fees, I find it extraordinary that there is not a mention of this Fund or of any ancillary work related to it in the Budget Statement. This could lead outsiders to question whether this initiative was ever viable to begin with.

## **Global Conditions**

Mr. Speaker, the Fiscal Responsibility Panel in their 2015 Annual Assessment specifically identifies the following major risks to Bermuda:

- Uncertainties in the tourist industry
- Uncertainties in the financial service and insurance industries - Risks from global initiatives in financial regulation and tax cooperation . One risk, the threat of action against jurisdictions offering opportunities for financial crime, appears to have been successfully addressed thanks to the efforts to upgrade Bermuda's system of financial regulation and AntiMoney Laundering Measures.
- Events in global capital markets. With its high level of government debt with relatively short maturities Bermuda is of course vulnerable to the likelihood of rising dollar interest rates. With debt interest already accounting for 13% of the annual revenues it is easy to see this could by itself lead to further downgrades by rating agencies.

The assessment goes on to state as follows:

*"In these circumstances, we therefore believe the" OBA" "Government is right to have committed to achieving budget balance (on the*

*Government's preferred definition) by 2018/19, and thereafter take further steps to reduce net debt."*

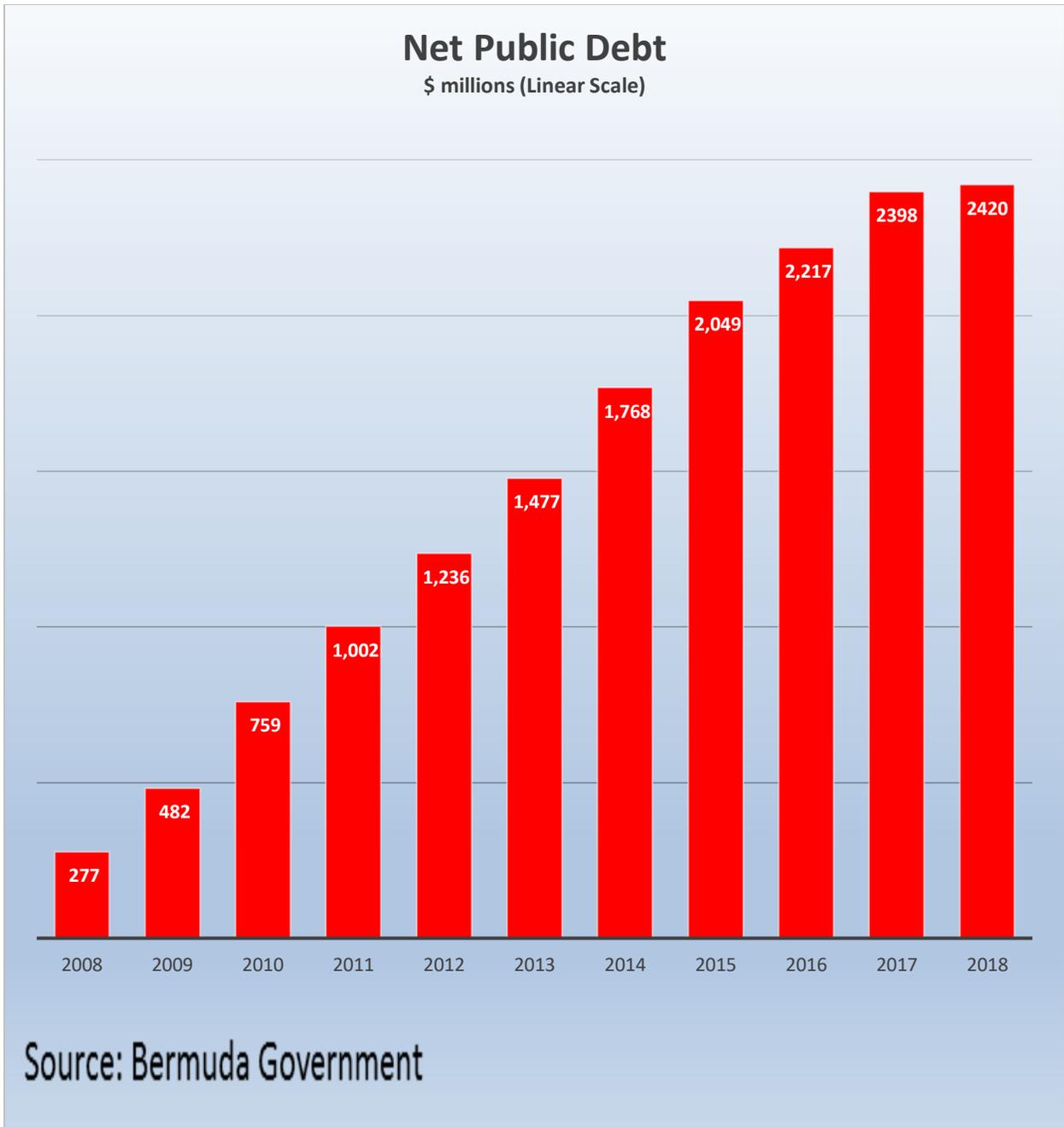
Our reliance on inward investment maybe comprised by some of the events that helped to shape 2017 as Americans finding it more attractive to invest onshore.

Mr. Speaker, with the express aim of bringing businesses back to the U.S.A. Corporate income tax rate has been dropped to 21 percent from 35 percent.

The question is how does Bermuda mitigate against this new threat to our International Business? Equally, how does Bermuda safely take advantage of the new bitcoin industry?

### **Foreign Debt**

Mr. Speaker, who would have thought that in a short ten years National Debt has become the most talked about line item in the review of Government Expenditure?



We all can remember that the explosion of private sector borrowing corresponded with the overheating of the economy. The overheating that drove property prices , rents and general prices up, that produced a glut in office buildings and some types of residential units.

Mr. Speaker, I think it would be helpful to remind Bermudians how we got ourselves into this current debt situation. I would ask you to cast your mind back to when, in my opinion, we started down the slippery slopes.

Firstly, the PLP Government of the day stimulated an already heated economy. This was compounded by changing the definition of public debt. Public debt used to include loans owed by government plus guarantees given by government. As the government accumulated deficits and needed to raise its statutory debt ceiling, instead of adjusting its ceiling, the Government of the day chose to "move the goal posts" by changing the definition of public debt to exclude guarantees. This is where we find ourselves today.

As every household in Bermuda knows, interest on debt has to be paid. Today, the national debt requires Government to pay interest at the rate of \$340,000 a day. Every Bermudian needs to be aware that a significant part of every tax dollar raised by the Government will go towards servicing its debt. This leaves less to pay for Government services, investments and public service pay.

The sooner we reduce our budget deficit and get our debt problem under control, the sooner we will reap the benefits of debt reduction such as faster economic growth, enhanced employment opportunities and faster wage growth. We will have more flexibility to spend our money the way we want – to address Bermuda's priorities, to meet the needs of all our people in the near term and for the future.

The PLP made a clear commitment to balancing Bermuda's budget by 2019. The budget statement makes it clear that they have failed! They have pushed back this commitment to 2021. Given the PLP's past

record for failed revenue and expense projections, we cannot even trust that this delayed commitment will be met. This is unfortunate, given that Bermuda's credit agencies will be paying close attention.

Mr. Speaker, on page 7 of his Budget statement, the Finance Minister tried to mischaracterize the OBA's time in government. In doing so, he may have accidentally made an important point:

“You continue to spend as you always have, without worrying about cutting back. You simply borrow more money to maintain your unaffordable lifestyle, while doing nothing to improve your situation. While you may be living, you are living on borrowed time.”

This statement provides evidence that previous fiscal mismanagement by the PLP left us in significant debt, and reminds us of their past inability to adhere to their budgets. However, we remain hopeful that he appreciates the importance of remaining on the glide path set forth by his predecessor, Bob Richards, as Minister of Finance.

### **Domestic Economy**

Mr. Speaker, all economic indicators confirm that Bermuda is at an economic turning point. After consecutive quarters of growth, Bermuda has just seen 2 quarters of contraction. Is this a blip that can be reversed by Government action or is it the start of a recession that Bermuda must prepare for? The Ministry of Finance is lowering its 2017 GDP growth estimate by 0.75%, which itself follows a marginal GDP contraction of 0.1% in 2016.

The 35<sup>th</sup> America's Cup gave Bermuda a \$330 million boost to the island's economy and the event came in nearly \$13 million under

budget. Professional services firm PwC conducted an independent economic and social impact assessment on the event stating that the sailing event, which was, originally forecast to cost the island \$77 million, ended up \$12.9 million under budget “This represents a 525 per cent return on investment, including future tourism revenue. This means that for every \$1 of the \$64.1 million spent, \$5.25 is being returned into Bermuda’s economy, resulting in the generation of extra revenue for residents and local businesses and residents, as well as providing additional wages for our local workers. The benefits and objectives of AC 35 will be realized over years to come, and by necessity, will require careful stewardship and collaboration. We must continue to nurture every ounce of value from the investment to ensure the continued maximization of this significant investment opportunity.

The PLP Government continued to reap the America’s Cup dividend for the second half of the 2017/2018, which was delivered to them by the OBA. It will be key to see how things unfold moving forward and whether the PLP will be able to leverage this important aspect of the OBA’s legacy which they inherited for future economic gains.

The gross turnover generated by retail stores increased by 2.9 percent in 2017 while jobs in the sector rose by 0.7 per cent. Building material stores experienced the highest growth fueled by increase in construction activity.

The Government’s stamp duties projected revenues are highly optimistic. Real estate sales have dropped since the election, as have construction projects, which will lead to lower stamp duties and payroll taxes.

In 2017, International Business provided 3,838 jobs in the economy reflecting a growth of 0.2% year over year. Foreign exchange earnings over the 9 months increased by \$54.4 million. As noted in the 2017 National Economic Report of Bermuda, "this sector creates benefits to the Bermudian economy by way of Jobs for Bermudians and revenues for local businesses. It also provides business visitors that support the tourism industry and provides government with revenues from taxes and fees."

Over the first three quarters of 2017, the BMA registered 33 new insurers.

## **Tourism**

The Bermuda Tourism Authority, established in 2013, had its genesis under the direction of the late Shawn Crockwell, the former Minister of Tourism and Transport. For the first time in Bermuda's history, our tourism product is being guided by an independent, private enterprise. 2017 brought 692,947 visitors to the island. That is the best recorded statistical performance since 1965. Additionally, year-end hotel occupancy passed the 60 percent mark for the first time since 2007. The Southampton Princess recently announced that it expects 2018 to be a "bumper".

## **Employment**

The 2017 National Economic Report of Bermuda states that the number of jobs is estimated to have grown by 0.1 percent. The conclusion in the 2018-2019 Budget Statement that " this marginal level of job growth is disappointing given the hopes that the America's Cup would stimulate the economy and employment", is equally disappointing and

perhaps reflects the Government's bias towards the America's Cup and its impact. Of course, no one from the PLP Government mentions that 2017 was the second consecutive year that the number of jobs has increased since 2008. It also conveniently fails to mention that a significant driver of recent decreases in jobs filled owes much to the OBA's programme of voluntary early retirement, which saved significant cost to the public purse.

The net increase in positions filled - 40 jobs, is a composite of 67 jobs "shed" in public administration and 54 jobs "shed" in education, health and social work. (One can presume that this 121 job decline was part of the previous government's civil service headcount reduction without termination so that perhaps the net increase should be deemed to be 300% higher.)

Additionally, employment income increased which in turn drove significant revenue growth resulting from the collection of higher payroll taxes and customs duty.

During the first three quarters of 2017, the value of new projects started rose from \$87.0 million in 2016 to \$537.5 million, an increase of 517.8 percent. The Updated Review of The Bermuda Economy 2017, released in early December, reported that there was an increase in the total value of new construction projects started.

Mr. Speaker, the Government has produced a budget statement that is very aspirational. Although they have identified what decisions they have made with respect to the various policy options identified in the Pre-Budget report, in many cases the impact on Revenues has not been clarified. On the expenditure side, while the ministry highlights provide

a basic review much more information on implementation would have provided clarity of timing and impact of initiation.

Mr. Speaker, Premier Burt states in his budget statement that his government will be “transformational”; that he will open the gates of economic growth to more and more Bermudians through economic diversification and greater opportunity.

He asserts that “a diversified economy will help us, as a society, break down from the systematic inequality that has marred the Bermuda economic miracle”. The budget, as suggested will:

- “See us invest in Bermudians”
- Bring fairness to our tax system
- Scrap outdated policies.....which are a barrier to true empowerment.
- Place Bermuda toward economic growth, economic diversification and economic security for all Bermudians”.

We know the “what”, but Bermuda deserves to know the “how”.

Perhaps more fundamentally, the budget statement has failed to relate this back to the fundamental question at the forefront of the minds of Bermudians: JOBS. The Premier has provided us with grand plans for the creation of new industries, but can the Minister of Finance provide us with a clearer indication as to how many jobs will be created and as to the quality of jobs which Bermudians can expect.

Mr. Speaker, this budget does not deliver on all its promises. Many of the policies presented are entirely “aspirational” in nature. They have not been properly fleshed out. These proposals are normally found in election manifestos and Throne Speech statements.

As an example, the Premier states that he will welcome global law firms to Bermuda. What does he mean by this? Where are the specifics? Bermuda has always been welcoming of global firms. This is not a new idea. We know nothing about how this would be different from what came before.

The most concrete commitment we have is a process of “consulting” with industry. This process is ordinarily very intense, extensive and time consuming. This is especially so if the stated intent is not only to make Bermuda’s economy more competitive and stimulate additional investments in Bermuda but also to require “participation” opportunities and progress for Bermudians. The challenge here as we see it is how to determine which Bermudians get the opportunities. It raises the possibility of a form of discrimination or preference especially if one has to be a special category of Bermudian.

Mr. Speaker, all Bermudians are hopeful that they will get the benefit.

We then get an additional commitment to “consulting” on expanding the types of banks that can operate in Bermuda. This is another “Throne Speech” type initiative which will not see any effect on employment or investment growth this fiscal year.

We also question whether the Premier has properly investigated the economic implications of this initiative. Would new banks realistically come to Bermuda? Would there be significant new business to attract new banks? Or would this simply divide existing levels of banking needs amongst more participants?

As is always the case with new industries or new businesses in Bermuda, we need to be vigilant about protecting the aspirations of

Bermudians in the job market. Levels of non- Bermudian staff, sufficient Bermudian staff will have to be properly prepared for and factored into the workforce development planning process.

There's not enough detail to comment sensibly on the policy proposal. Past efforts have not been successful, so more is needed before we can understand further.

The Premier also announced that he is seeking to scrap the 60/40 rule in order to opt for a 40/60 rule instead. To be clear, we are talking about a policy that has traditionally required that local companies be majority-owned by Bermudians.

The Premier himself noted that a number of Bermudians are out of work due to consolidation and globalization – in the banking sector. Banks were some of the earliest movers and shakers who sought a relaxation of the 60/40 requirements (started under a PLP Government, I might add). Removing restrictions on ownership leads companies to adopt a more capital efficient model of business. In other words, outsourced jobs are a real possibility.

A reasonable person might hear the proposal and ask “is he selling out Bermudians”? The jury is out on this policy initiative. Unfortunately, since we have no greater understanding of the nuts and bolts of this policy, Bermudians cannot meaningfully understand the initiative. (Though it does appear that we will have another ‘consultation’ or strike up another ‘committee’ or ‘plan to have a plan’.)

Only a few days later, however, in comments reported in the media, the Premier already appears to be backtracking from this idea. He says now that we will be moving at a ‘slow pace’. We have no information as

to timelines, which once again, causes us to question whether the policy has been thought through.

How do you tap into the potential already here?

Whether it removes a barrier to true empowerment depends upon 'who' decides to take advantage of the opportunity. We believe that Bermudians have an entrepreneurial spirit and desire to try new things – the number of small business set up just to take advantage of the America's Cup opportunity demonstrate this. Especially since a number of these pop ups went on to become permanent new business. If the Government wants to “create conditions and opportunities that usher the “left-behind from the stands and sidelines to the playing field”, it will be absolutely essential, to see how the government regulates entry. At the current time, prior experience or demonstrated ability plays a big part in the process.

The country is hopeful.

Mr. Speaker, the Government is not clear on how it hopes to stimulate investment from PRCs. As an 'aspirational' goal, yes, we would agree that PRCs should invest their money in Bermuda and create jobs and opportunities rather than remit overseas. But ... how will the Government achieve this?

I do believe that we need to keep in mind that PRCs are in a different position to that of other non-Bermudians who may be looking for an offshore jurisdiction in which to invest. What might be worthwhile for one group may not work for the other.

With that in mind, it remains to be seen what will make it worth their while for PRCs to invest further in Bermuda. Of course, the fact that

these individuals have obtained PRC status is an indication of their commitment to Bermuda. However, the simple reality is that PRCs will not invest in Bermuda if they do not feel that they can be fully integrated into Bermudian society.

Additionally, there is aggressive competition for foreign direct investment from other jurisdictions seeking to attract new investors. Just as Bermuda is in constant competition with other jurisdictions offering international business services, so too will we be in competition with other jurisdictions for inward investments. All Bermudians need a clearer understanding from the Government as to how it hopes to differentiate Bermuda from these competing jurisdictions. From construction workers to boardrooms, and from single mothers to the less well off in society – we all need clarity as to where the Government wishes to lead us.

Mr. Speaker, the Government wants to diversify the Bermuda economy. A laudable ‘aspirational’ goal, yes. However, what will be the extent of job creation for Bermudians? How will this be achieved? We are told that the Government is moving with urgency with respect to blockchain and digital currencies. Other countries are grappling with the proper regulation of these new technologies. Regulators the world over have taken a dim view of these developments. Just this week, the Governor of the Bank of England, Mark Carney, states that Bitcoin has failed as a currency.

The haste with which Government is moving here raises some concerns. The timing is key as Bermuda is preparing for an impending

CFATF assessment. Great care is needed to avoid any harm that could be caused if Bermuda is not properly prepared for digital currencies.

The introduction of new industries reminds us that the government has made no mention of the state of the gaming industry, other than noting that it will provide additional funds for the Bermuda College to provide gaming industry training.

Mr. Speaker, Government wishes to reserve 20% of capital spending for companies that meet the empowerment criteria under new procurement policies. This is commendable and is quite similar to the OBA Government's initiative of reserving 20% of capital spending for small businesses.

The Government states it will ensure that contracts are given to firms that have traditionally been unable to compete with the scale of large companies. This points to a focus by the Government on the size of companies. However, we would hope that broader issues of diversity are encouraged. For example, Government can use its purchasing power to follow the new Code of Practice for Project Management and Procurement which states that the Government will "use its purchasing power to promote equality of opportunity with regard to disability, gender and race. We hope that the Government will not be paying lip service. We would expect more regular reporting than that which is proposed by Government, such as on a quarterly basis. We would also expect such reporting to adopt appropriate and meaningful metrics to ensure that Government is meeting its stated objectives and to ensure that contractors are accountable for the funds which they receive.

In the 2017/18 budget the OBA government spelled out clearly how it was going to give more tax breaks to lower and middle-class Bermudians while keeping a neutral impact on the Budget. The OBA tax reforms would have given an increased break on those making between 60k and 139k per year, where the majority of Bermudians find themselves. In order to offset these reductions, those earning more than 139k per year would have paid more, thus creating a more equitable and progressive tax system. This progressiveness is missing from the budget of a so-called “Progressive” Labour Government.

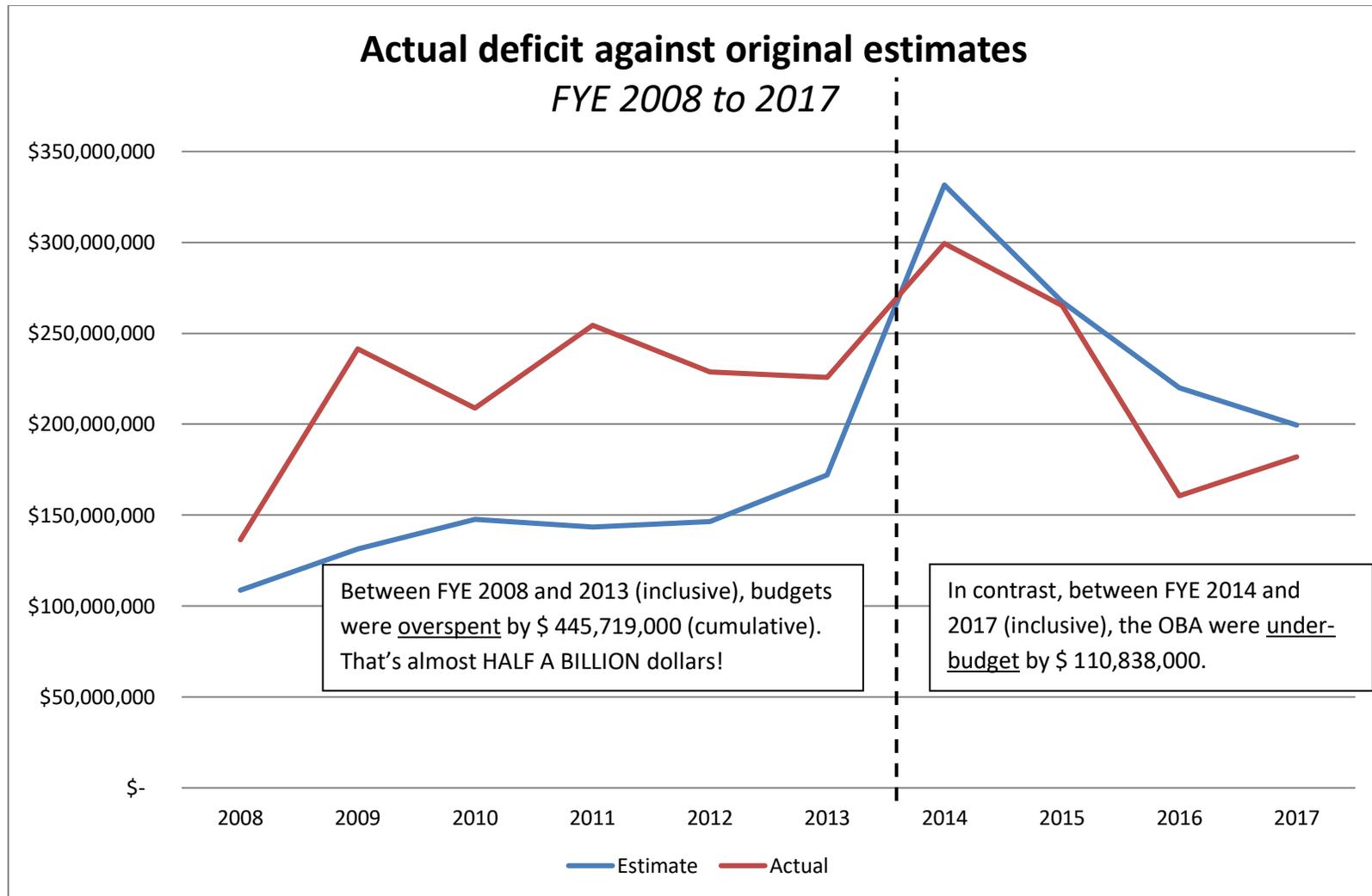
Mr. Speaker, I stand here as Leader of the Opposition. I know that the OBA has paved the way. We have brought Bermuda this far. Bermuda is relying on the Government to take us the rest of the way.

Mr. Speaker, all Bermudians, including the single mother, the struggling families, the university student and the senior citizen, want to see Bermuda continue on a sustainable footing.

The policies that result in concrete benefits for the people are welcome. Providing hope is to be applauded, but being fiscally responsible is DEMANDED.

In the future we will not just simply hold the government accountable on the numbers spelled out within their Budget but also in the commitment to their policies. The success of this will be measured by the outcomes that are provided to those Bermudians that feel disenfranchised or are on the sidelines of success. These measures should be reported quarterly to ensure that the goals are met.

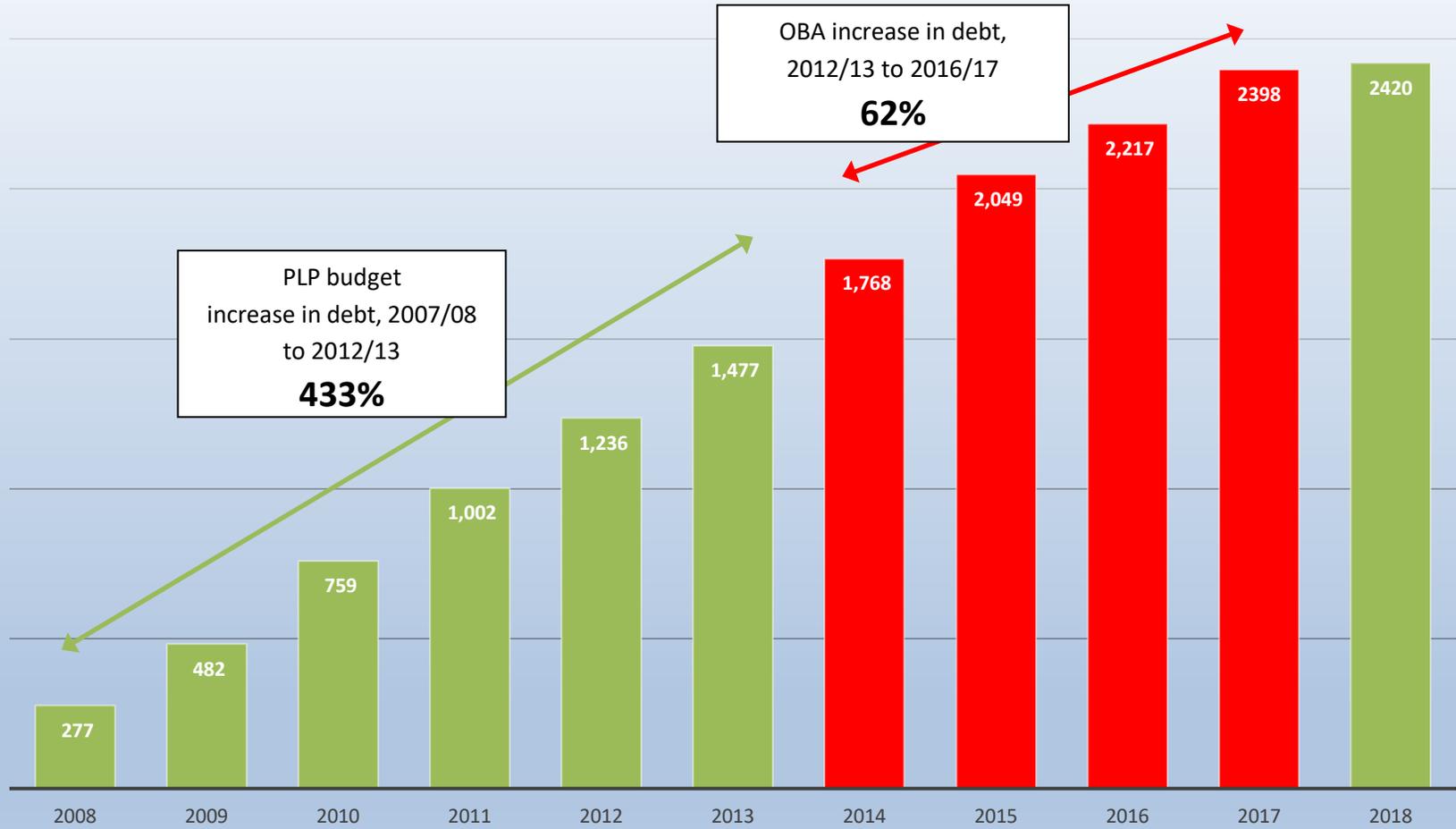
Mr. Speaker, the people of our island expect us to do the right thing for them, for their children and for future generations of Bermudians.



For much of the PLP's time in office, they were consistently off with their budget forecasts. Every year, they blew past their budget limits by tens, and sometimes hundreds, of millions of dollars. In contrast, OBA always came in at or below their budget forecasts.

# Net Public Debt

\$ millions (Linear Scale)



PLP budget  
increase in debt, 2007/08  
to 2012/13  
**433%**

OBA increase in debt,  
2012/13 to 2016/17  
**62%**

Source: Bermuda Government

■ PLP Budget  
■ OBA Budget