

# JOBS & ECONOMIC TURNAROUND PLAN





## Our OBA Government will be committed to social and economic equity for all — good paying jobs, safe neighbourhoods and great schools. We will leave no one behind.

Every day, Bermudians from all walks of life speak to me about the hardships they are enduring as the result of our failing economy.

Families whose breadwinners have lost their jobs tell me they are struggling to make ends meet. Small-business owners have fewer customers. Construction workers say there is little work to be found. Retail workers fear layoffs and shop closures. Taxi drivers and hospitality workers have lamented how few visitors there are. And landlords who rely on a tenant to help them with their mortgage tell me how difficult it is to pay their monthly bills with their rental apartment unoccupied.

Simply put, Bermuda faces an economic crisis so severe it casts a cloud of uncertainty over our future. With a \$1.5 billion debt, more than 3,000 of our fellow Bermudians unemployed and over 36 percent of our young people between the ages of 16 and 24 unable to find work, Bermuda faces the most severe challenge to its prosperity and long-term stability in its modern history.

The current Government claims the global recession is responsible for our economic crisis. And while it has played a role, a majority of Bermudians now realise that Government policies and mishandling of the economy have made the impact of that global recession much worse than it needed to be. This is clearly evident when we see that our island neighbours to the south have already experienced modest economic turnaround, while Bermuda is still deep in recession, with little improvement in sight.

Why is that the case for Bermuda?

Since 2004—long before the global recession started—the Government has lived beyond its

means, spending tens of millions of dollars on lavish overseas trips, hundreds of cars with GP license plates and overpaid consultants who under deliver. All of these excesses have been paid for by you, the taxpayer.

While it's evident that they should have been saving during the good times to tide us over during the bad, unfortunately they did not. So to cover the excesses created by this reckless spending, Government has borrowed more than a billion dollars. And now, the Government finds itself forced to continue borrowing just to meet its payroll while Bermudians—especially lower- and middle-income Bermudians—are paying the price of this Government's excesses with reduced incomes and loss of jobs.

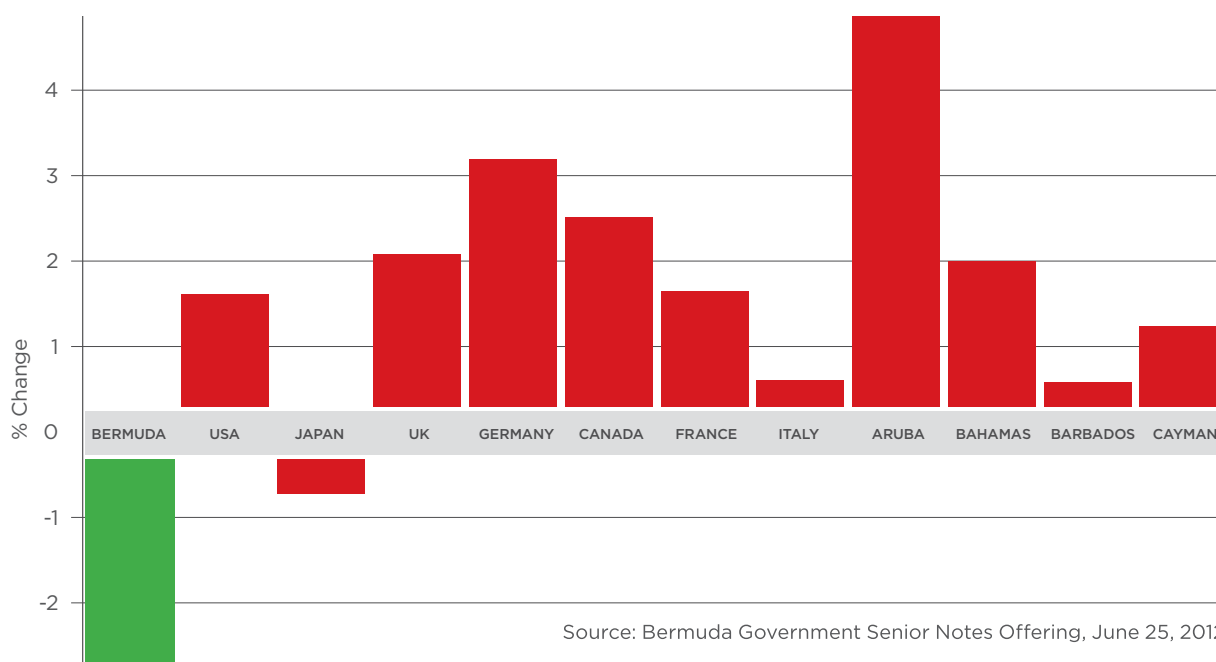
Over the past 10 years, more than 2,700 Bermudian jobs have gradually disappeared because of this Government's economic policies. Unpredictable taxation and the rising cost of doing business forced many local employers to cut back, and a job-killing term-limit policy sent many international-business jobs—that should have gone to Bermudians—overseas to our competitors. As a result, Bermuda is going through an historic decline in Bermudian jobs and opportunity.

Now, the Government has claimed our economic plan for recovery calls for drastic cuts and austerity—and then, without skipping a beat, they have said our plan calls for too much spending. Well, they seem to know as little about our plan as they do about prudent economic stewardship.

Here's what we know. The choice in the coming election is not between growth and austerity. The real choice is years of further decline and continuing job losses based on

# GDP Growth 2011

Relative to Major Trading Partners and Caribbean Nations.



the Government's record so far, or responsible growth and disciplined financial management under an OBA government.

We believe that a balanced approach to economic management is the only way to send Bermuda on the road to meaningful recovery. Harsh austerity measures could have a negative impact on growth and prolong the recession. And we know that we can't grow our way out of debt by continued Government spending alone; that could lead Bermuda into a much deeper financial hole and the loss of our hard-earned reputation.

That's why it's time Bermuda had a Government that really invests in our people, welcomes rather than alienates job creators and plans for the future by living within its means, just like responsible individuals, families and businesses do.

The OBA Jobs and Economic Turnaround Plan will put Bermuda back on the road to recovery by stimulating investment, restoring badly needed confidence, creating new jobs for hard-working Bermudians and laying the foundation for future growth and shared prosperity. Our future depends on it.



**CRAIG CANNONIER, JP, MP**  
Leader, One Bermuda Alliance

# THE OBA JOBS & ECONOMIC TURNAROUND PLAN

Positive, sure-handed leadership of the economy is needed more urgently than ever. The OBA Jobs and Economic Turnaround Plan will put Bermuda back on the road to recovery by restoring much needed confidence, stimulating investment, creating new jobs for hard-working Bermudians and laying the foundation for future growth and shared prosperity.

We must come out of this recession with all the ingredients in place for an economic expansion that generates jobs and opportunities, grows paycheques and creates

a safer and more secure future for all. To achieve this, we must create a new foundation for growth—one that encourages local and international business to flourish—and makes our customers, whether they are business owners, guest workers or tourists, feel welcome.

The OBA will reform policies, practices and systems that hamper economic growth, and we must grow the economy. It is the only way to generate the income Bermuda needs to support critical social programmes and pay down our debt.



**“The OBA Turnaround Plan will create 2,000 jobs over the next five years by implementing pro-growth economic policies. These 2,000 jobs will come in a range of sectors including construction, hospitality, retail, financial services and international business.”**  
Bob Richards, Shadow Finance Minister,  
Constituency 11, Devonshire East.

The OBA's Jobs and Economic Turnaround Plan follows two tracks, providing balance between responsible growth and disciplined financial management.

**The first track** implements specific pro-growth economic policies to stimulate much-needed foreign investment, restore confidence in our economy and create new jobs.

**The second track** eliminates wasteful Government spending and reduces the national debt, thereby making more money available for critical social programmes like the police service, healthcare, education and training, and social support for families.

**By implementing our two-track approach, the OBA will:**

- 1 Grow the economy to create good-paying jobs for hard-working Bermudians
- 2 Control Government spending
- 3 Reduce Government debt
- 4 Create ladders of opportunity by investing in education and skills training
- 5 Strengthen critical Government services
- 6 Reduce the cost of living

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## Grow the Economy to Create Good-Paying Jobs for Hard-Working Bermudians

Growing the economy to create jobs is the first track of our balanced economic plan.

Bermudians want good-paying jobs that allow them to support their families while giving them a sense of pride. Over the last ten years, we know from Government statistics that close to 3,000 Bermudian jobs and another 2,000 jobs held by non-Bermudians have been lost to our economy — roughly 5,000 lost jobs. The OBA Turnaround Plan will create 2,000 jobs over the next five years by implementing pro-growth economic policies. These 2,000 jobs will come in a range of sectors including construction, hospitality, retail, financial services and international business.

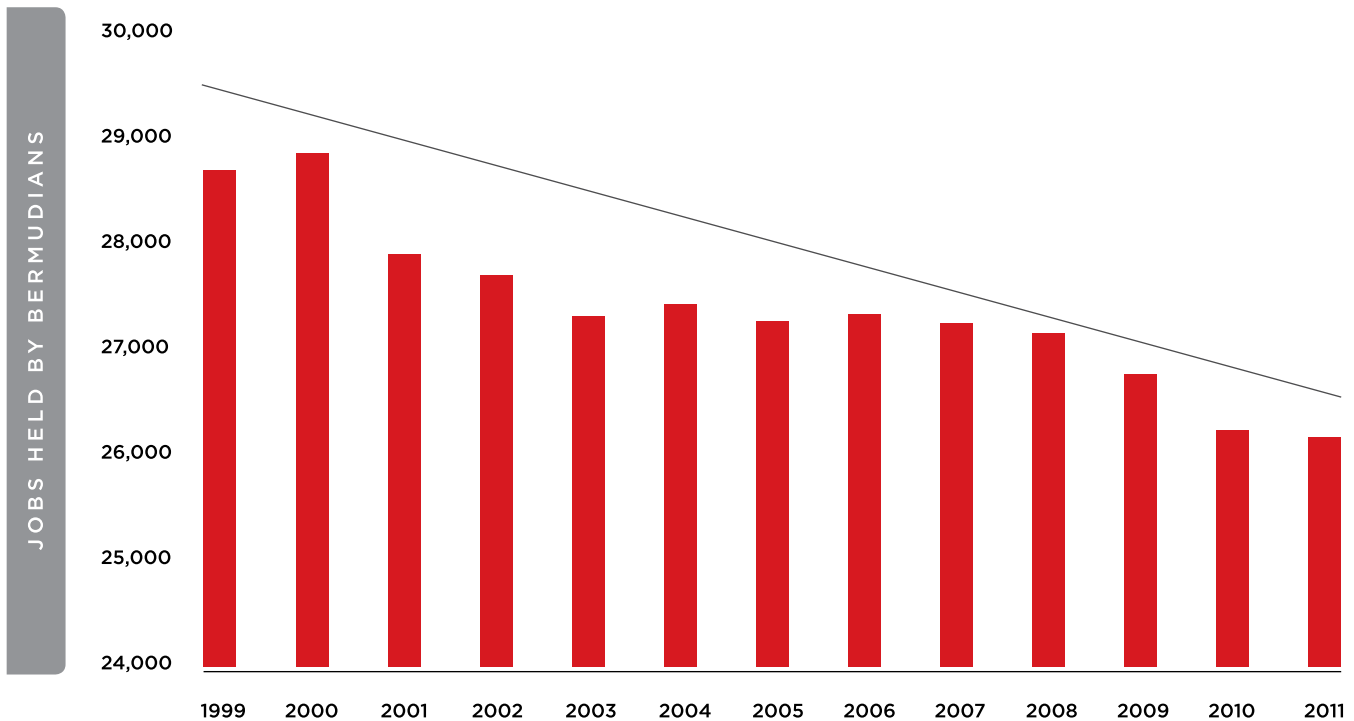
**To accomplish this the OBA will:**

### **Support Local Business Owners and Entrepreneurs**

- Create jobs in the construction industry by reforming the approval process at the Department of Planning and implementing a fast-track system for straight forward applications.
- Grant local employers a two-year payroll-tax exemption for new Bermudian hiring.
- Boost Bermuda's small-business sector by ensuring that 20 percent of Government spending on goods and services—about \$80 million annually—is reserved for the island's small businesses.

# Bermudian-held job losses

## 10 years in the making



Source: Bermuda Government Department of Statistics and Economic Review

- Require Government to pay its bills in 30 days, generating cash flow for businesses both small and large.
- Create jobs by initiating an island-wide road-improvement programme.
- Stimulate entrepreneurship and job creation by expanding the Economic Empowerment Zones in Bermuda—for example, by extending the North Hamilton EEZ and developing the Marsh Folly area—and providing incentives for local job creators.
- Provide concessions to businesses and individuals committed to “green solutions,” spurring entrepreneurship and creating new jobs while safeguarding our natural environment.
- Support Bermuda’s agricultural and fishing industries and work with them to establish apprenticeship programmes to provide jobs and training for young Bermudians.

### Attract New Foreign Investment

- Implement welcoming policies in partnership with the Corporation of Hamilton that stimulate foreign investment in Hamilton, particularly on waterfront redevelopment, thereby boosting tourism and generating jobs.
- Support policies in partnership with the Corporation of St. George’s that stimulate foreign investment in the Town of St. George, creating jobs in the construction and tourism sectors and leading to its rejuvenation and redevelopment.

### Rejuvenate Our Tourism Industry

- Move with urgency to put professionals, rather than politicians, in charge of our tourism industry by setting up a professional, results-oriented and accountable Tourism Authority to rejuvenate tourism and create jobs.
- Invite blue-chip hotel owners, operators and developers to Bermuda for a hospitality-

development summit that would deepen our understanding of their investment requirements. Armed with that knowledge, we will make Bermuda attractive to new hotel developments, thereby stimulating the construction and tourism sectors of our economy.

- Invest in the marketing of our World Heritage Site jewel, leading to an increase in visitors to St. George's and creating jobs in the tourism and retail sectors.
- Increase air arrivals by providing the marketing resources necessary and focussing on our core northeast U.S. customer base.



**“We will rejuvenate Tourism by putting professionals, not politicians, in charge of a results-oriented and accountable Tourism Authority.”**  
**Shawn Crockwell, Constituency 31, Southampton West Central.**

Streamline and modernise the outdated, cumbersome and inefficient Hotel Concessions Act to attract new hotel investors, encourage the upgrading of existing properties and create jobs and training programmes for Bermudian hospitality workers.

- Work with Bermuda College, hotels and restaurants to enhance job-training programmes for Bermudians seeking careers in the culinary arts and hospitality sector.
- Reinstate the Tripartite Economic Advisory Council to enhance communication and the critical working relationship among unions, government and business.
- Hold a referendum on casino gaming.
- Make hotel developments in St. George's and Morgan's Point a reality.
- Secure a cruise ship for St. George's.

### **Make International Business Welcome in Bermuda**

- Partner with the private sector to aggressively market Bermuda to the international business world, inviting and welcoming job creators to the island.

- Create an International Business Concierge to assist new international businesses as they seek approval to do business in Bermuda and as they start operations.

- Make Bermuda more welcoming to job creators by fast-tracking work-permit approval for high-level staff at start-up.

- Grant all employers a two-year payroll-tax exemption for new Bermudian hiring, thereby stimulating the job market.

- Suspend the current term-limit policy for two years and institute reasonable guidelines that protect Bermudian jobs while encouraging new job creation.

- Implement policies to create new revenue streams in the international-business sector, for example by making the aircraft registry a QUANGO, thereby enabling it to hire the additional expertise necessary to grow the register and increase revenues.

- Establish an International Risk Institute in Bermuda by partnering with a leading risk management university to offer courses on island, thereby stimulating the tourism and retail sectors of our economy and creating new career opportunities for Bermudians.

- Diversify the international-business sector of the economy by making Bermuda attractive to fund managers and administrators, by diversifying the lines of business written by our insurance and reinsurance industry, and by expanding the existing insurance-linked securities market.



**“For St. George's, we will create jobs by attracting foreign investors to develop the waterfront in the Old Town.”**  
**Kenneth Bascome, Constituency 1, St. George's North.**



## 2 Control Government Spending

The OBA plan to eliminate wasteful government spending is the second track of our balanced economic plan.

### To accomplish this, the OBA will:

- Set up a Spending and Government Efficiency (SAGE) Commission to streamline government processes, improve delivery of services and make government more efficient, more cost-effective, more transparent and more user-friendly.
- Provide the Public Accounts Committee the support it needs to help prevent the kinds of abuses and excesses that have so damaged the public purse and the island's reputation.
- Create an Office of the Contractor General, independent of Government, to oversee Government projects from tendering to completion, to ensure that policies are strictly enforced and to identify unfair practices or offensive conduct.
- We will introduce whistle-blower legislation to protect those who act in the public interest by bringing attention to wasteful Government spending.
- Insist upon financial accountability in the civil service, ensuring that budgets are strictly adhered to.

### There are also immediate steps that can be taken to reduce Government spending which the OBA will implement, such as:

- Cut down on the use of consultants by Government.
- Eliminate unnecessary Government travel.
- Reduce the number of GP-licensed cars and set up car pooling to reduce costs.
- Reduce Ministers' pay by 10 percent.
- Freeze the size of the civil service and reduce it through attrition — no layoffs of civil servants.
- Reduce costs by moving rented Government offices out of Hamilton to less expensive locations.
- Renovate existing WEDCO buildings in Dockyard rather than build new units, leading to cost savings.



**SYLVAN RICHARDS JR.**  
#7, HAMILTON SOUTH



**PATRICIA GORDON-PAMPLIN**  
#23, PAGET WEST

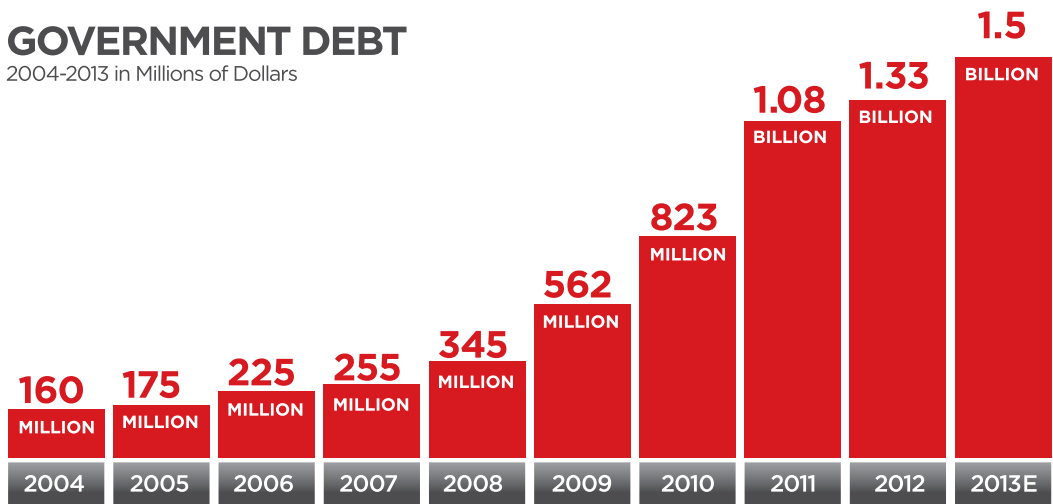
Create an Office of the Contractor General, independent of Government, to oversee Government projects from tendering to completion, to ensure that policies are strictly enforced and to identify unfair practices or offensive conduct.



### 3 Reduce Government Debt

A government is like any Bermudian household on a budget. If spending exceeds income, the family must dip into its savings to make ends meet. When savings are depleted, the only alternative left is borrowing.

#### GOVERNMENT DEBT 2004-2013 in Millions of Dollars



SOURCE: BERMUDA MINISTRY OF FINANCE

Government has consistently spent beyond its means for more than eight years, and in the last five years revenues have been much weaker than Government predicted. The combination of these two factors has resulted in the staggering, seven-fold increase in debt to almost \$1.5 billion from 2005.

To service this debt, Government now pays \$85 million per year in interest to foreign creditors and an additional \$30 million in sinking-fund payments (money mandated by law for debt repayment), totaling \$115 million per year. The \$115 million currently spent on servicing the debt is greater than the total spending on any other ministry, except healthcare and education. If current trends continue, debt servicing will soon be the single largest government expenditure, and there will be even less money to support critical government services like the police service, education, healthcare and social support for families. In

fact, if the increases in debt do not stop, then the debt-service requirement will soon overwhelm government finances.

The OBA's two-track economic plan of implementing pro-growth strategies and eliminating wasteful government spending will have a positive impact on reducing government debt. Our pro-growth strategies will create new jobs and business activity on island. That increased activity will result in increased government revenues. We will use annual surpluses to pay down our national debt. In addition, by controlling excessive spending, the Government will start to live within its means once more.

In the meantime, Government will still have debt that requires proper management. To facilitate this, the OBA will marshal as many resources as are available in Bermuda by creating a Public Debt Advisory Board. The International Monetary Fund and the World

Bank consider such boards as international best practice for sovereign-debt management as they promote transparency and confidence among both creditors and citizens.

Members of this Board will be drawn from the private sector. As a leading offshore financial centre, Bermuda has residents that have the appropriate financial expertise. The Board will advise and assist the Minister of Finance on planning and managing government's existing debt, and any potential future borrowing requirements. The net result will enhance

confidence and transparency with Bermuda's creditors and credit rating agencies by providing:

- An orderly reduction in the public debt and debt service costs.
- The replacement of the present approach with a more effective risk management framework to manage risk and cost trade-offs.
- An effective partnership between Government and private-sector expertise.



**ALEXIS SWAN**  
#24, WARWICK  
SOUTH EAST



**MARK PETTINGILL**  
#25, WARWICK  
NORTH EAST

It's time Bermuda had a Government that really invests in our people and welcomes rather than alienates job creators.

## 4

### Create Ladders of Opportunity by Investing in Education and Skills Training

Bermudians must have the appropriate skills and training in order to obtain the best jobs and participate in our economy in a meaningful way.

Unfortunately, public education reform—as recommended in the Hopkins Report—has been extraordinarily slow, and the lack of an integrated technical curriculum in our public education system has meant that a lot of young Bermudian talent has been needlessly frustrated. This threatens Bermuda's future economic success.

The 2012 Labour Force Survey shows a strong connection between educational attainment and income. It also clearly demonstrates that

Bermudians with higher education and skills training have much lower rates of unemployment.

#### The OBA plan for education and skills training will:

- **Create ladders of opportunity for ambitious and hard-working Bermudians by providing access to quality education and training that leads to good-paying jobs.**



**TONI SPRING**  
#33, SANDYS SOUTH



**GRANT GIBBONS**  
#22, PAGET EAST

We will create ladders of opportunity for all Bermudians by providing access to quality education and training that leads to good-paying jobs.

- **Reform the public education system to provide our young people with a strong foundation and good options for fulfilling careers.**

The OBA's plan for the education and training needs of Bermudians begins in pre-school and continues through Bermuda College. It also includes those Bermudians who may have completed their formal education but need additional skills or retraining to maximise their job opportunities and take-home pay. We recognise that not everyone will complete formal education through secondary school and there must be an education safety net through GED and other vocational programmes to address their specific needs.

In a successful economy, there are many essential jobs that Bermudians should rightly occupy with proper training and education — jobs in financial services, healthcare, education, hospitality and construction, to name a few. It is the responsibility of Government to help prepare Bermudians to take advantage of these opportunities. Here are some of the education initiatives an OBA Government will pursue to create maximum job opportunities for both young and older Bermudians:

**Public-school-system initiatives:**

- Expand preschools to make early education more accessible to all, especially single-parent households, and enhance early-childhood screening and intervention for learning and behavioural deficits to ensure that more children are school-ready by the time they enter primary school.

- Implement a fully integrated, modern technical curriculum, beginning in middle school and continuing through Bermuda College. This will ensure that all students have early exposure to a technical/vocational foundation so they are able to start a productive career when they graduate from secondary school.
- Extend the school day to allow more time for music, arts, sports and additional academic assistance if needed, and work with principals and teachers to develop flexible schedules.
- Increase the number of guidance counselors in schools to provide meaningful direction to students with educational and career choices, as recommended in the 2009 Mincy Report.
- Incorporate modern internship and day-release programmes in areas ranging from hospitality to financial services to better prepare students for job opportunities during the summer and upon graduation.
- Explore single-sex education for at-risk Bermudian males that would combine a solid academic foundation with technical education and solid career options.
- Transition Bermuda College into a four-year institution in select subject areas to give Bermudians without the ability to study abroad more options for college-level training on island.

## Ongoing education and retraining

In order to properly prepare younger Bermudians entering the job market, as well as Bermudians already in the labour force, we will partner with the business community, unions and Bermuda College to define the skills and training required for good-paying jobs in the professions and trades. An OBA Government will:

- Create a modern version of the National Training Board as a Bermuda Technical Education and Workforce Development Agency in conjunction with employers. The agency will include a National Training Centre as well as a National Certification and Assessment Centre.
- Provide additional support for GED and job training programmes for Bermudians who have not completed their education and need to upgrade their skills in order to enhance their employment opportunities.

## 5 Strengthen Critical Government Services

Support for critical Government services is essential in these difficult economic times. Investment and confidence in our economy will only happen if we are safe and secure in our homes, we have the education and training to participate in the economy, and we are healthy enough to pursue opportunities.

### The OBA plan to strengthen critical government services will:

- Move immediately to set up Operation Ceasefire in Bermuda, weaning gang members from gang life and freeing them up to become productive citizens.
- Provide the community with security and peace of mind by giving police the resources and support they need to combat crime.
- Ensure that FutureCare is financially sustainable so that seniors can continue to enjoy health coverage for decades to come, including access to affordable prescription drugs, doctor's visits and the high-quality healthcare they deserve.
- Facilitate and support the expansion of affordable assisted-living programmes for our increasing senior population.
- Reopen the hospital medical clinic to ensure access to medical care for the most vulnerable members of our society, making sure that all our people get the care they need.
- Provide the Department of Immigration with the resources they need to protect Bermudian jobs by cracking down on employers who abuse immigration rules.
- Work with social agencies such as the Salvation Army to provide good quality transitional housing and support programmes for the most vulnerable members of our society.
- Introduce a banking and financial services ombudsman service through the Department of Consumer Affairs to assist families with mortgage issues.
- Ensure that families who are struggling financially get the child daycare and financial and housing assistance they need.



**R. WAYNE SCOTT**  
#27, WARWICK  
NORTH CENTRAL



**LEAH SCOTT**  
#30, SOUTHAMPTON  
EAST CENTRAL

We will support seniors by ensuring that FutureCare continues to provide the health coverage they deserve for decades to come.

## 6 Reduce the Cost of Living

Our high cost of living imposes a tremendous financial burden on Bermudian families. We will make Bermuda more affordable for them.

The OBA plan to reduce the cost of living will:

- Reduce the cost of electricity by properly regulating the energy sector.
- Lower energy costs for households, hotels, businesses and the hospital through the promotion of combined heat and power generation (cogeneration) and more energy-efficient building design.
- Reduce the cost of healthcare through tighter control of Government-financed programmes, including the Bermuda Hospitals Board, which accounts for 40 percent of all healthcare spending in Bermuda.
- Waive stamp duties for first-time homeowners on properties valued under \$1 million.

We will help Bermudian workers by granting a two-year payroll tax exemption to businesses for new Bermudian hires.



**ANTHONY FRANCIS**  
#13, DEVONSHIRE  
NORTH CENTRAL



**SUZANN ROBERTS-HOLSHOUSER**  
#4, ST. GEORGE'S SOUTH

# Conclusion

Our Jobs and Economic Turnaround Plan will put Bermuda back on the road to recovery by restoring confidence, stimulating investment and laying the foundation for future growth and shared prosperity.

Getting the economy up and running on all cylinders will provide opportunities for Bermudians to earn good-paying jobs and help create a secure future for their families.

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*For families whose main breadwinner is unemployed*, our plans will help create 2,000 new jobs.

*For all Bermudian workers*, we will grant a two-year payroll tax exemption to local and international businesses for all new Bermudian hires.

*For construction workers*, we will create jobs by attracting new foreign investment in our tourism sector, and by reforming the approval process at the Department of Planning.

*For workers in hospitality*, we will create jobs by attracting foreign investors to partner with us to develop the Hamilton and St. George's waterfronts, rejuvenate tourism by putting professionals in charge of a Tourism Authority and aggressively market our unique characteristics as a destination.

*For entrepreneurs and small business owners*, we will create jobs by reserving \$80 million in Government spending annually for Bermuda's small business sector, and by ensuring that Government's bills are paid within 30 days, putting money into the hands of Bermudian small business owners.

*For workers in retail*, we will create jobs by attracting more visitors to Bermuda, and by creating more jobs across the other sectors of our economy, giving Bermudians more spending power.

*For workers in international business and related service industries*, we will stimulate job creation by making Bermuda more welcoming and attractive to international companies.

*For landlords who have lost tenants during the downturn*, some of the new jobs will be filled by guest workers, so Bermudians will be able to rent their apartments again, and pay their mortgages.

*For Bermudians working in retail, hospitality and tourism*, those guest workers will buy cars, bikes, furniture and more from Bermudian businesses, and eat and drink in restaurants





employing Bermudians, providing benefits to the retail and hospitality sectors of our economy. Their friends from overseas will come for visits, boosting the tourism sector, and spend money on the Island, stimulating the retail and hospitality sectors.

*For parents and students*, our comprehensive education plan will provide enhanced programmes from pre-school through Bermuda College, giving young Bermudians the education and skills they need to earn good-paying jobs.

*For those unable to travel abroad to study*, we will transition Bermuda College into a four-year institution in select subject areas to give Bermudians more options for college-level training on island, leading to good-paying jobs.

*For all Bermudians*, we will set up a Bermuda Technical Education and Workforce Development Agency to develop skills that lead to good-paying jobs, as well as an International Risk Institute to create new career opportunities for Bermudians.

*For all Bermudians*, our plan to eliminate wasteful Government spending and reduce the national debt, will free up money to be spent on critical Government services such as the police, education, healthcare and social support for families that will benefit all Bermudians.

*For the most vulnerable members of our society*, we will re-open the hospital medical clinic.

*For seniors*, we will ensure that FutureCare is financially sustainable without increasing Bermuda's debt so that seniors can continue to enjoy the health coverage they deserve for decades to come.

*For all Bermudian families*, we will reduce the tremendous financial burden by taking concrete steps to reduce the cost of living.

*For all Bermudians*, we will fulfill our promises while remaining committed to creating social and economic equity in Bermuda. We will leave no one behind.



VOTE FOR  
CHANGE  
VOTE  
OBA



 One Bermuda Alliance

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