



THE CABINET OFFICE

Head 09

BUDGET BRIEF 2015-2016

Presented by

The Hon. Michael Dunkley, JP, MP

Premier

2nd March, 2015

Mr. Chairman,

I am grateful for the opportunity to lead the debate and present the Estimates of Revenue and Expenditure for Heads 9, 26, and 80, the Cabinet Office, the Department of Human Resources and the Office of Project Management and Procurement, respectively.

I will present each Head in turn.

THE CABINET OFFICE

HEAD 09 FOUND ON PAGE B-30 – B-34 OF THE ESTIMATES OF REVENUE AND EXPENDITURE

Mr. Chairman

I am pleased to present the budget for Head 09, The Cabinet Office, found on pages **B-30** to **B-34** of the Budget Book.

MANDATE

The Cabinet Office is the Heart of Government, providing services to Cabinet, The Premier and Ministries of Government. The Cabinet Office also co-ordinates initiatives on cross cutting issues, acts as the corporate headquarters for the Public Service, providing services, advice and guidance for other government departments and by extension, to the wider public sector.

Mr. Chairman

The Cabinet Office is responsible for the Departments that provide support services to other Ministries.

Those service Departments in the Cabinet Office Ministry include—

- The Department of Statistics;
- The Department of Human Resources;
- Information Technology Office;
- The Department of Communication and Information;
- Project Management & Procurement;
- E-Government; and

- Sustainable Development

EXPENDITURE OVERVIEW

Mr. Chairman

As shown in detail on page **B-31**, the total current expenditure for 2015/ 2016 is estimated to be six million, two hundred and ninety six thousand dollars (\$6,296,000), which represents a decrease of six hundred and ninety-six thousand dollars (\$696,000) or ten percent (10%) under the Original Budget for 2014/ 2015.

Mr. Chairman

The two major programme areas for The Cabinet Office shown on page **B-31** are:

1. General (0901), and
2. Economic Policy and Foreign Affairs (0902).

The first programme, General (Services) - Programme business unit 0901 has been allocated a budget of four million, six hundred and sixteen thousand dollars (\$4,616,000). This budget is six hundred and ninety-seven thousand dollars (\$697,000) less than the 2014/15 original budget allocation, reflecting a thirteen percent (13%) decrease. The budget is allocated across 6 cost centres within the Cabinet Office, including:

1. **General Administration or Head Office** which has a budget allocation of two million, seven hundred and ten thousand dollars (\$2,710,000); representing a decrease of two hundred and eighty-six thousand dollars (\$286,000) or ten percent (10%) less than the 2014/15 original budget allocation.
2. **Professional Development and Travel** which has a budget allocation of one hundred and sixty-eight thousand dollars (\$168,000), representing a decrease of thirty-two thousand dollars (\$32,000) or sixteen percent (16%) less than the 2014/15 original budget allocation.
3. **Protocol and Hospitality**, which has a budget allocation of four hundred and fifty thousand dollars (\$450,000), representing a decrease of one hundred and forty-five thousand dollars (\$145,000) or twenty-four percent (24%) less than the 2014/15 original budget allocation.

4. **Central Policy Unit [CPU]**, which has a budget allocation of four hundred and seventy-seven thousand dollars (\$477,000), representing a decrease of two hundred and thirty-four thousand dollars (\$234,000) or thirty-three percent (33%) less than the 2014/15 original budget allocation.
5. **Public Access to Information [PATI]**, which has a budget allocation of one hundred and thirteen thousand dollars (\$113,000), representing a decrease of thirty-three thousand dollars (\$33,000) or twenty-three percent (23%) less than the 2014/15 original budget allocation.
6. **Management Services**, which has a budget allocation of six hundred and ninety-eight thousand dollars (\$698,000), representing an increase of thirty-three thousand dollars (\$33,000) or five percent (5%) more than the 2014/15 original budget allocation.

The second programme, **Economic Policy and Foreign Affairs**, business unit 0902, has been allocated a budget of one million, six hundred and eighty thousand dollars (\$1,680,000). This budget is one thousand dollars (\$1,000) more than the 2014/15 original budget allocation, reflecting less than one percent increase. The budget is allocated across the two overseas offices within the Cabinet Office, including:

1. **The London Office**, which has a budget allocation of one million and thirty-two thousand dollars (\$1,032,000), representing a decrease of five thousand dollars (\$5,000) less than the 2014/15 original budget allocation.
2. **The Washington DC Office**, which has a budget allocation of six hundred and forty-eight thousand dollars (\$648,000), representing an increase of six thousand dollars (\$6,000) or one percent (1%) more than the 2014/15 original budget allocation.

Mr. Chairman,

The subjective analysis for the Cabinet Office is on **page B-32** of the Estimates book. The object code description increases or decreases are attributed to the following:

- **Salaries** – a decrease of twelve percent (12%) or four hundred and forty four thousand dollars (\$444,000) which represents the following changes:
 - An increase of one hundred and forty-three thousand dollars (\$143,000) resulting from the discontinuation of furlough days
 - A reduction of sixty-one thousand dollars (\$61,000) resulting from the freezing of the vacant post of Assistant Protocol Officer
 - A reduction of one hundred and eighty thousand dollars (\$180,000) resulting from the transfer of an Assistant Cabinet Secretary into an

existing post of Permanent Secretary in the Ministry of Economic Development

- A reduction of overtime in the amount of fifty-six thousand dollars (\$56,000)
 - A freezing of a post in the PATI unit in the amount of one hundred and forty-four thousand dollars (\$144,000)
 - A reduction of one hundred and twenty-three thousand dollars (\$123,000) representing salaries for four interns for one half of a year. The four interns completed their internship in October 2014;
 - A net reduction of two hundred and twenty eight thousand dollars (\$228,000) resulting from the decrease in the number of political staff;
 - An increase of one hundred and forty five thousand dollars (\$145,000) for administrative staff that transferred from other Ministries to Cabinet Office;
 - An increase in salaries of sixty thousand dollars (\$60,000) representing a correction in salaries in the Management Consulting Section that was incorrectly deducted from budget in 2014/2015
- **Wages** – a decrease of fifty percent (50%) or eighty-six thousand dollars (\$86,000). This reduction results from: (1) the freezing of the post of housekeeper at Clifton in the amount of sixty-eight thousand dollars (\$68,000); (2) the reduction of overtime in the amount of twenty four thousand dollars (\$24,000); and (3) the increase relating to furlough days six thousand dollars (\$6,000);
 - **Training** – a reduction of two thousand dollars (\$2,000) or twenty-five percent (25%) in an effort to reduce costs;
 - **Travel** – a decrease of fourteen percent (14%) or thirty-five thousand dollars (\$35,000) in an effort to reduce costs;
 - **Communications** – a decrease of seven percent (7%) or ten thousand dollars (\$10,000) in telephone costs in an effort to reduce costs;
 - **Advertising & Promotion** - a decrease of twenty-four percent (24%) or forty-three thousand dollars (\$43,000). This results from decreasing advertisements in the Official Gazette in addition to a small decrease in PATI advertising;
 - **Professional Services** – a net reduction of seventy-six thousand dollars (\$76,000) or nine percent (9%) resulting in net reduction of costs allocated to:

- A slight increase in consultant fees in the London Office in the amount of one thousand dollars (\$1,000);
- An increase of ninety-four thousand dollars (\$94,000) for a legal adviser in the PATI unit;
- A reduction in overseas consultants and contractors in the amount of one hundred and sixty thousand dollars (\$160,000);
- A reduction in consultants and contractors for the Protocol Office and CPU in the amount of eleven thousand dollars (\$11,000).
- **Repair and Maintenance** - a small increase of \$6,000 or 4% to account for anticipated repairs as equipment ages.
- **Energy and Materials and Supplies** – a decrease of seventeen thousand dollars (\$17,000) or twelve percent (12%) in an effort to reduce costs;
- **Other Expenses** – an increase of eleven thousand dollars (\$11,000) or nine percent (9%) for hospitality costs relating to events managed by the Protocol Office.

MANPOWER

The full-time staffing establishment, including posts in the London and Washington, DC offices, is thirty one (31), down from thirty-seven (37) in 2014/ 2015. The change in numbers is due to the following:

- a. A reduction of two (2) posts related to political staff from General Administration;
- b. A reduction of two (2) posts from Protocol & Hospitality, namely the Assistant Protocol Officer and the Clifton Housekeeper;
- c. A reduction of three (3) posts from Central Policy Unit related to the Interns; and
- d. An increase of one (1) post in the Washington Office resulting from the establishment of the Director's post. A salary for this post will be determined once a job description has been produced and evaluated.

OUTPUT MEASURES

Mr. Chairman

The Cabinet Office's Output Measures are shown on pages **B-33 to B-34**. It should be noted that the Output Measures have been amended to be more meaningful as well as performance-based. Attention should be drawn to the fact that the target outcomes were partly or completely achieved in all measures.

MAJOR ACHIEVEMENTS

Mr. Chairman,

At this juncture, I am pleased to highlight the major achievements in each cost centre listed on **B-31**:

General Administration

The 2014/ 2015 allocation for General Administration covers the cost of advisory, administrative, and other support services to the Office of the Premier; arranging Cabinet meetings; appeals to the Cabinet; liaison with Government House on treaties, international conventions, deportations and high-level visits; oversight of performance across all Ministries and Departments; publication of Government Notices and statutory instruments; and conduct of Civil Service disciplinary matters.

Public Service Reform

Mr. Chairman, Honourable colleagues will be aware that the Public Service Reform is a major Initiative of this Government. It was launched during the 2014/15 fiscal year to serve as a delivery model for the implementation of the SAGE Recommendations. The aim of the initiative is to create greater operational efficiencies and to reduce costs.

The Government has not been idle in this regard and has been actively engaged in the implementation process.

You will recall that our objectives were:

- To Streamline Government Processes
- To Improve Delivery of Services
- To Make Government more Efficient
- To Make Government more cost Effective
- To Make Government more Transparent; and
- To Make Government more user Friendly

In October, 2014 the Government announced that it had accepted and agreed to implement sixteen high level SAGE recommendations and I'm pleased to report on our progress to date.

Ministerial Code of Conduct

Mr. Chairman, it is imperative that Government Ministers establish clear and demonstrable leadership and therefore the Government accepted the recommendation to amend the Ministerial Code of Conduct. I can report today that the Ministerial Code of Conduct has been amended and the final draft of the document together with a verification agreement, which is intended to be signed by each Minister confirming that they have read, understand and agree to the contents of the amended Ministerial Code of Conduct, is with the Attorney-General's Chambers for final review. It is expected that all Cabinet Minister will sign-off on the amended Ministerial Code of Conduct prior to the end of March 2015.

Succession Planning

Mr. Chairman, it was agreed that the Government would formalize a succession planning policy. I can report that the framework for the succession planning policy has been completed and internal consultation has commenced. I can further report that to support the implementation of the policy the Government will roll-out the employee records module within its Human Resource Management System to automate and update the records of all Government employees.

This is a critical step as automated employee records underpin and supports the implementation of the talent management module of the HRIMS system which is at the foundation of succession planning within any large and complex organization. It is expected that the Succession Planning Policy will be completed during the upcoming fiscal.

Independent Negotiators and Harmonization of Union Agreements

Mr. Chairman, we have implemented the recommendation to retain an independent body to negotiate with Unions and are moving to harmonize Union Agreements. The Government retained Mr. Gary Phillips, Mr. John Harvey and Mr. Martin Law to serve as independent negotiators. While the issues relative to collective agreements and the way forward remains a work in progress, the Government is confident that the use of the independent negotiators is in the long-term best interest of the Service. It is expected that the independent union negotiators will continue to engage our Union partners as we negotiate new and harmonized Union Agreements.

A significant component of the harmonization of the Union Agreements is directly linked to the reformation of Government's human resource policies and operating structure to include performance, accountability and all other human resource policies. This is another of the recommendations that the Government has agreed to implement.

Mr. Chairman, I can report that the Government has approved the development and/or amendment of a suite of ninety-six human resource policies. The policy development work is being progressed in four phases. The framework and early drafts of all policies in phase one have already been completed and consultation is currently in progress. The suite of policies is intended to streamline delivery by focusing on strategic outcomes and represents a holistic approach to performance management. At the end of the process the Government will deliver its first Public Service Handbook, which will standardize human resource practices and collective agreements across all six of our Unions. This work Mr. Chairman is at the heart of the harmonization process.

Moreover Mr. Chairman, the Government has reviewed the operating structure its Human Resource Department and has agreed an operating model designed to create greater efficiency. A team from Deloitte assisted the Government with this undertaking and the work was completed in December 2014. The development of the implementation plan is now in progress. It is expected that implementation of the new operating model will commence in the coming months.

Consolidation of Departments and programmes

Mr. Chairman, you will recall that the Government accepted the recommendation to realign, merge, amalgamate and/or discontinue certain departments and programmes. This work has already commenced and will be evidenced throughout the presentation of the Department and Ministry budgets.

The Public Bodies Reform Functional Review Working Group is deeply engaged in a functional review to identify functions that are:

- Duplicated across the Government;
- Redundant and should be discontinued; and/or
- Considered inappropriate and should be transferred to a more appropriate body.

As a result this work, the Government will be able to make informed decisions that will affect the future shape and size of the public service.

Digitization

Mr. Chairman, digitization of services represents yet another tool that will serve to increase efficiency, streamline service delivery and ultimately reduce costs. You will recall that the Government accepted the recommendation to expand digital record keeping and other digital services. I can report today that the new Government Portal will signal the first major change in the way that the Government provides services. The development of the information architecture for www.gov.bm has been completed and the new customer-centric portal is expected to launch in the fall of 2016. Following the launch of the new portal, the public can expect to see the introduction of a range of Government services provided on-line. Ultimately this will result in a reduction in the number of front-line customer service officers required by the Government.

Fiscal Asset Management

Mr. Chairman, as a result of this host of changes, the Government will require fewer assets to support service delivery. Therefore, Government accepted the recommendation to produce a fiscal asset management plan. I can report today that the format and template for the Property Asset Management Plan has been completed

and recommendations for the amendment of the Public Lands Act 1984 regarding the acquisition and disposal of land will be considered in the coming weeks.

Mr. Chairman, the Public Service Reform initiative is the platform through which the Government will reduce the size, cost and shape of the Service and dramatically increase operating efficiency. This is a long-term initiative Mr. Chairman and I am pleased to report the significant progress that has been made since the Government announced those SAGE recommendations that it will implement.

Professional Development and Travel

Mr. Chairman

In 2014/15, I have participated in a number of overseas events on behalf of the people of Bermuda. These visits serve as a major component of our efforts to generate interest and investment in Bermuda, and thereby increase the employment of our people.

Some of the highlights include:

- The Bermuda Tourism Newport Event, Rhode Island - to participate in a business development event for the Bermuda Tourism Authority;
- The Campaign for Bermuda Wellness, New York – to attend, at the invitation of Bermuda Hospitals Charitable Trust (BHCT), the launch of a fund raising campaign for the Bermuda Wellness Foundation;
- The Boston Red Sox Tourism Promotion, Boston - to build awareness for Bermuda in the Boston market by leveraging the relationship with the Boston Red Sox in conjunction with Gosling's Bermuda;
- Pre-Joint Ministerial Council (JMC) Meeting, Cayman - to meet with the Heads of Government of Overseas Territories to plan the agenda and agree collective positions ahead of the JMC Meeting in the UK;
- Business Development and Media Outreach, New York - to meet with companies interested in establishing financial service businesses in Bermuda and conduct media interviews to promote Bermuda as an International Financial Centre and Tourism destination;
- America's Cup Venue Selection Announcement, New York - to participate in the announcement that Bermuda was selected to host the 2017 America's Cup;
- 63rd Annual National Prayer Breakfast and Meetings with Congressional Leaders, Washington D.C. - to meet with US Congressional Representatives and to attend the 63rd National Prayer Breakfast.

A similar schedule of official business visits is anticipated for the fiscal year 2015/ 2016, but the schedule will be in line with the reduced budget allocation.

Protocol and Hospitality

Mr. Chairman

The Protocol and Hospitality team plays a leading role in arranging ceremonial functions including the presentation of the Throne Speech; the Remembrance Day ceremony; official dinners and receptions at Camden; and facilitating VIP delegations and visitors on arrival and departure at the LF Wade International Airport. The team also is responsible for managing the operation of Camden.

Central Policy Unit (CPU)

Mr. Chairman

The CPU's mission is to work efficiently and effectively with all stakeholders, lending the expertise necessary to generate policy options which are the best for Bermuda, taking into account societal, economic and other prevailing considerations of the day.

The CPU carries out a number of varied functions, which include providing advice on current or emergent proposals to the Secretary to the Cabinet and the Premier, developing and implementing policy initiatives and generally improving the standard of policy communication within the Government. More specifically, the CPU assists with the coordination of policy proposals across the Bermuda Government and identifies, explores and considers the wider implication of those proposals.

Mr. Chairman

Up until October 2014, the CPU managed the Cabinet Office Intern Programme, which has been temporarily discontinued because of the economic climate. This programme provided Bermudian university graduates opportunities to learn more about the inner workings of Government, with a view to prepare them for future employment in either the public or private sector. The four Interns in the 2013/2014 cohort remained with the CPU for the first three months of their one year contract, and were exposed to opportunities for research, critical thinking and debate. Thereafter, each Intern transitioned to a series of three month stints at various Government Departments such as Energy, Planning, Environmental Protection, the House of Assembly, Magistrates Court, Public Works and Marine and Ports. As stated earlier, the Programme has been discontinued for the next fiscal year.

Mr. Chairman

The Unit has undertaken a number of other assignments during the past fiscal year. The CPU drafted a National Strategic Plan which, although still under review, will assist with

providing focus and direction as the Government moves Bermuda toward economic and social recovery.

The Unit has provided one-on-one advice to Ministries developing policy proposals within a five day turnaround time, ensuring that policies are not only well-thought-out but also that the content, once agreed, is sustainable into the future.

The Unit continues to provide advice and assistance with identifying Bermuda's role in the development of CARICOM's 5 year strategic plan, and continues to play a role in helping to assess Bermuda's future within CARICOM. The CPU has also coordinated responses for requests for information from the United Nations, the International Labour Organization and other international conventions to which Bermuda is party. Particular documents on which the Unit has worked include the UN International Convention of Civil and Political Rights, the Convention for the Elimination of all forms of Racism and the UN General Assembly Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples.

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The CPU continues to work on guiding Government public authorities as they prepare for the April 1st 2015 implementation of Bermuda's first ever Public Access to Information regime. To that end, the CPU has enlisted additional help from 2 officers seconded from other Government Departments as well as 1 legal consultant.

Mr. Chairman

The value brought by the CPU to the Government is undeniable and in fact, its role has been supported by both the SAGE Commission and other reviews of the Civil Service. A review is currently underway to determine both the optimal operational and staffing level for the CPU. To that end, Government's Management Consulting section is currently conducting a review to determine the most efficient and effective operational model for the CPU so that it can better support the strategic planning for the Government

Public Access to Information (PATI)

Mr. Chairman

The fundamental principle of Public Access to Information (PATI) legislation in Bermuda is to provide a statutory right for people to request and obtain information held by public authorities. Bermuda has joined more than 90 countries around the world that have enacted some form of freedom of information (or public access to information) legislation.

No matter the country, public access to information is intended to increase transparency and eliminate unnecessary secrecy on the part of the Government. One

way in which this can be achieved is by proactively informing the public about the activities of public authorities and by generally making more information available to the public domain. In jurisdictions where such regimes are in operation, there has been a marked increase in levels of transparency and accountability on the part of the Governments. There are clearly benefits for citizens as well, because their level of understanding about how Government operates necessarily increases by virtue of being able to ask for and to receive information.

In Bermuda, the Public Access to Information Act 2010, taken together with the Public Access to Information Regulations 2014, outline how the access regime is intended to operate in Bermuda.

Mr. Chairman

The Central Policy Unit within the Cabinet Office has been charged with ensuring that public authorities, as defined by our legislation, are in a state of readiness for implementation. The staff at the Central Policy Unit- Policy Analyst Mrs. Marisa Sharpe, Junior Policy Analyst Mr. Gilbert Rowling and Policy Analyst Mrs. Alberta Dyer Tucker has been bolstered by the addition of two secondees – Mrs. Nicole Simons from the Department of Archives and Mr. Richard Hazelwood from the Bermuda Post Office, as well as by the temporary addition of Mrs. Kathy Lightbourne Simmons, a legal consultant to the Cabinet Office.

The combined group is known as the PATI Implementation Team. They have reviewed the legislation, recommended a number of amendments to the Act and to the Regulations, made presentations to several public authorities about PATI, and have responded to operational questions from various public authorities.

Although it is intended that the combined PATI Implementation Team will remain in place for several months after 1st April 2015 in order to continue offering assistance to those public authorities who may request it, it is actually intended that Ministries, Departments and all public authorities will “own” PATI and ensure that all requests and requirements are appropriately met.

To be clear, although it may have been proposed in earlier models of operation that there would be a central PATI Office charged with handling requests and troubleshooting problems on behalf of all public authorities, this will not be the case. It has been determined that a more efficient and meaningful model of PATI operation is for requesters to have queries handled right at the organization that holds the information, rather than going through another organization.

In order to ensure that there is a common understanding and agreement about preparation, the PATI Implementation Team holds periodic meetings with government departments such as E-Government, the Office of Information Technology, the Departments of Human Resource and Communication and Information. Each of these

organizations contributes to the PATI infrastructure, be it through the creation of advertisements, the development of an electronic tracking system or the creation of a PATI webpage.

Mr. Chairman

You would be aware that His Excellency the Governor announce on Friday the appointment of Ms. Gitanjali Gutierrez as Bermuda's first Information Commissioner to oversee Bermuda's PATI regime. According to the PATI legislation, the Information Commissioner serves for a period of 5 years. The position answers to the Governor, and can be thought of in broad terms as operating in a manner similar to the Ombudsman.

There will necessarily be an arms-length distance between the office and the rest of Government as a whole. In addition to making sure that the public is well informed about PATI, the Information Commissioner will publish Codes of Practice relating to PATI operations and will act as a mediator for any PATI-related issues.

Mr. Chairman

PATI has been a long time coming to Bermuda. From the seminal work done in 2003, to the passage of the legislation in 2010, to the full implementation slated for 1st April 2015, we have seen at least 12 years of work at varying levels of intensity, carried out around this regime. Mr. Chairman, it is clear that this Government is committed to the public's right to have access to information held by the Government. We have accepted our responsibility to raise levels of transparency and accountability by ensuring that PATI is implemented. PATI is now here and will require us, all of us, to approach our business differently.

Management Services

Mr. Chairman

The Management Consulting Section provides professional business management consulting services and value-added advice to Ministries and Departments through a broad array of public sector consulting. In particular, the section helps analyze, rationalize, transform and implement programs and services. The Management Consulting Section provides analytical support to internal clients enabling them to make evidence-based decisions, identify strategic and/or operational challenges, and optimize operational approaches to realize efficiency and program effectiveness. The overarching objective is to achieve greater public value in the changing political, economic and legislative environments in which the Government operates. Consistent communication, positive stakeholders' relations, and the ability to lead organizational change are key success factors for the Management Consulting Section's work.

Mr. Chairman,

As noted on page **B-34**, The Management Consulting Section achieved its target outcome of completing 80% of requests for the preparation and/or review of Cabinet Memoranda and evaluated 85% of Ministry/Department job description packages within one (1) month of date of receipt. As noted in last year's budget brief, when taking into consideration the Management Consulting Section's overall purpose and its' alignment with the goals of the Public Service Reform, it was deemed necessary to add two (2) output measures namely, (i) Project/Report recommendations identifying cost savings to the amount of \$750,000 within fiscal year 2014/15, and (ii) Identifying a minimum of 25 performance measures that will improve service delivery and performance. I am pleased to report that to date, the Management Consulting Section has recommended costs savings that equate to \$632,673 or 84% of our target within the fiscal year, and they have exceeded expectations by identifying more than the projected target goal of 25 performance measures. It is important to note that the work of the projects can span over two (2) fiscal years, depending on the start and end dates and the complexity of the reviews.

Mr. Chairman,

Taking into consideration the unprecedented economic challenges that we face, the Management Consulting Section assisted Ministries and Departments with delivering better service to the public and achieving public value for money. Some of the projects completed by the Management Consulting Section include:

- **Stabilising the Department of Maritime Administration.** Following the Department of Transport UK Audit findings in February 2013, the embargo imposed by the British Maritime Regulator was lifted in March 2014 as a result of the Management Consulting Section working with the Department of Maritime Administration. Thus, they can continue with operating the Bermuda Shipping Registry which continues growing, resulting in additional revenue generation for the Government of Bermuda. In addition, the Department received favourable results from the Department of Internal Audit.
- There is a high demand for aircraft registry services globally. **The Department of Civil Aviation** has a well-established and highly reputable aircraft registry. In order to remain competitive and positioned for growth, the Management Consulting Section has realigned internal resources and assisted in identifying efficiencies in their processes so that they can seize future opportunities which will result in increased revenue and efficient civil aviation services. In the first quarter of fiscal year 2014/15, the Cabinet approved a reorganization structure that will support their continued growth and transition to a different operating model. Ongoing discussions are taking place. It should be noted that this is one (1) of the SAGE Commission's recommendations that is being fulfilled and it is also aligned with the Public Service Reform. No additional resources were required, and efficiency levels increased due to the realignment of staff resources and recommendations for process improvements.

- Following the establishment of the Tourism Authority, the Management Consulting Section was asked to determine if the **Regulatory and Policy Unit** should remain within the Ministry of Tourism Development and Transport as approved by the Cabinet or was this Unit better suited in another Department or Ministry. The results of the review process supported Cabinet's recommendation for the Regulatory and Policy Unit to stay within the Ministry of Tourism Development and Transport as it is the Government's responsibility to set policy and regulation for industry. However, the Management Consulting Section recommended that the Ministry consider shifting from the current regulatory process to a quality assurance programme. This will support the objectives of the Tourism Authority in making Bermuda a preferred tourism destination.
- The Management Consulting Section has recently completed a review of the **National Office for Seniors and the Physically Challenged (NOSPC)** within the Ministry of Health, Seniors and Environment. The purpose of the review was to determine its' role, function and organisation structure. The outcome of the review was to stabilize the operations in order to plan its strategic direction in serving the needs of its target population. Recommendations were made on the strategic objectives, operating structure and process improvements of the entity. Recommendations are being implemented.

The London Office

Mr Chairman

Since the inception of the London Office in 2009 it has continued to provide service to the Government by fostering greater working relationships with Departments of Her Majesty's Government (HMG) while working in cohesion with Governments of the Overseas Territories on collective priority issues. The London Office continues to be recognized as the official representation of Bermuda and the Government of Bermuda in the UK by all Departments within HMG to include both Houses of Parliament, the UK Diplomatic Corp such as Embassies and High Commissions; the United Kingdom Overseas Territories Association; the Commonwealth Secretariat along with all UK based Commonwealth Associations; Bermudians living in the UK including students; the general UK public, to include private companies and Civil Societies who have an interest in Bermuda. The office continues to host a satellite office for the Department of Civil Aviation and the Department of Maritime Administration.

The role of the London Office for the fiscal term 2014 -2015 specifically concentrated on managing the reputational risk of Bermuda's financial services industry in the UK and in Europe. As we are aware the UK Government has applied political pressure to Governments of the Overseas Territories to adopt a public register of Beneficial

Ownership. The London Office alongside the Ministry of Finance has provided the required assistance to the Government's engagement on this matter to minimize the risk directed by her majesty's Government by effective continuous dialogue and briefings to UK officials. The London Office consistently engages and works in partnership with the UK public sector and engages with UK private sector and Civil Societies to ensure the Government's agenda is carried through. This refers to matters on island or in the UK and Europe. The office is also responsible for ensuring that commitments made by the UK Government and Government's of the Overseas Territories in the 2014 Joint Ministerial Communiqué are fulfilled alongside this Government's agenda.

In January 2014 Bermuda became a signatory to the Overseas Association Decision (OAD), which manages the relationship between the European Commission and the Overseas Countries and Territories (OCT) on relevant matters within the European Union. The London Office holds responsibility for Bermuda's engagement within the OAD. The purpose of that engagement is to share in best practice how each OCT creates sustainable development through participating in EU partnerships and adding value to its economic development through innovation, competitiveness and green growth. Sharing of these values provides OCTs with a special relationship within the European Union (EU) programming and political visibility in Europe. The London Office will continue to engage with the European Commission and advise the Government on access to:

1. European Regional Funding: Where the European Commission supports OCTs' efforts to position themselves as regional hubs in services such as higher education, healthcare, commerce, transportation, shipping, logistics, communications and scientific research by encouraging private investment from EU based companies and financial backing by the European Investment Bank (EIB) and local financial institutions in these sectors.
2. European Horizontal Thematic Programmes as it relates to the Overseas Association Decision based on priorities set in partnership with the European Commission and the OCTs.

The London Office continues to provide a consular service to Bermudians living and studying in the UK and Europe. The assistance provided by the London Office include Emergency assistance (each case assessed by Government Departments); accessing emergency travel documents; providing UK residency advice and assistance to Bermudians; as well as travel advice to other nationals residing in Britain who wish to travel to Bermuda and require access to Government services.

The Washington DC Office

Mr Chairman

The fiscal year 2013-2014 was a year of transition for the Washington, DC representative

office with the introduction of new personnel. With that transition, the office re-examined its current approach and reassessed its mandate.

The Washington, DC Office of the Government of Bermuda was established in September 2009 generally to strengthen relationships with the United States public and private sector.

The Washington, DC Office has continued to serve as a full time liaison to US Congressional members and staff since May 2010. The Overseas Representative and Director, has accepted and attended several meetings with congressional members and high level staff and advisors to inform them of Bermuda's broad public policy agenda in the United States.

Areas of interest remain but are not limited to: taxation and protection of the insurance / reinsurance industry, promotion of Bermuda's tourism sector through its linkage with the Bermuda Tourism Agency Offices in both New York and Bermuda, and the general promotion of Bermuda as an international business centre.

The Washington DC Representative office has worked diligently to complete a strategic assessment and develop a plan for the years ahead; this plan is at 25% completion as it regards the ability to execute.

To that end, the Washington, DC office completed the following:

- Based on best practices, defined the role of the Washington, DC office and developed a plan to execute on Bermuda's key strategic objectives
 - Ensure / Protect Bermuda's status as a friendly global partner
 - Establish global relationships that create trade partnerships, cultural exchange, foreign direct investment and travel / tourism opportunities
 - Create structure to support Bermudians and Bermuda-based businesses in key overseas markets
- Further develop key messages for Bermuda that reflect Bermuda's diplomatic, tax, trade, cultural and social policy positions
- Invited to and attended quarterly meetings with G20 Embassies in Washington DC
- Engaged as a member of the Board of Directors for the Foreign Trade Commissioners Association and attended meetings, conferences and receptions with the regard to this entity.
- Referral of several businesses to Bermuda including SpaceX, Black Emergency Managers Association and Turkish Airlines, among others.

- Referral of National Bar Association Subcommittee Group for approximately 1000 beds for 2015.
- Diligently working with Department of Fisheries on the potential for the introduction of aquaculture as an industry into Bermuda together with meeting with potential investors in the US and Bermuda.
- On a monthly bases, attended meetings with US Senators, Congressman, staffers, and congressional committees in particular:
 - Official visits with the Premier of Bermuda.
 - Meetings and communications with Senate finance committee regarding ongoing investigation of Bermuda companies.
- Organized a reception for India and Bermuda businesses hosted by the Indian Ambassador at the Indian Consulate General in New York.
- Provided ongoing research and monitoring of legislative and public policy developments in the U.S., Canada, Mexico, Latin America and Asia, as possible in light of budgetary constraints.
- Organized and completed 2015 economic research report on Bermuda's economic role in the world economy, particularly, the United States and Canada, the major European economies – United Kingdom, Germany and France, China and its regional microstates – Hong Kong and Singapore between 2007 and 2013.
- Hosted the first official Bermuda Day Reception abroad.
- Organized the first official celebration of Cup Match abroad, with an educational lecture by Ms. Kristin White of the St. Georges foundation.
- Organized the first evening of art event exhibiting artwork by Bermudian artist Sharon Wilson and Monica Jones in honor of CBC Annual Legislative Conference. Ms. Wilson also gave a lecture on art and race relations in Bermuda.
- Acquired an unpaid intern for the 2014 summer to assist with various office projects, events and social media.

PLANS FOR THE UPCOMING YEAR

Mr. Chairman

I will now to identify the plans for the 2015/ 2016 budget year by cost centre:

General Administration/ Head Office

Mr. Chairman

The main focal area for the Head Office continues to be Public Service Reform. As indicated earlier, the objective of the Reform is to achieve results in the following 6 areas:

- To streamline government processes;
- To improve delivery of services;
- To make government more efficient;
- To make government more cost-effective;
- To make government more transparent; and
- To make government more user-friendly.

Under the leadership of the Secretary to the Cabinet and the Deputy Head of the Civil Service, the new form of the Public Service has begun to take shape.

Central Policy Unit (CPU)

Mr. Chairman

The CPU will be focusing mainly on implementing the Public Access to Information Act (PATI) across Government. The impact of PATI on the public service cannot be understated. The coming year will be critical to ensuring that the regime is implemented successfully.

Management Services

Mr. Chairman,

During 2015/16 the Management Consulting Section will continue to focus on the Government's Public Service Reform while carrying out its mandate. Thus, the Management Consulting Section's function should be viewed as progressive, that is, delivering increased benefits in terms of efficiency and effectiveness of how public services are performed and delivered, while also sharpening the focus of Ministries/Departments on the realization of the Bermuda Government's goals and priorities.

The Management Consulting Section has commenced an operational and organizational review of the **Department of Marine and Ports**. The review is in its'

early stages. The Management Consulting Section is working with the Department's new management to organize resources, realign its' business units, and identify cost reductions. The Management Consulting Section will look at the staff complement and recommend an organisation structure that will facilitate succession planning for up-and-coming Bermudians in the industry. The Management Consulting Section will also look at overall scheduling and identify how it can better support the transportation and tourism industry in Bermuda. Furthermore, the Management Consulting Section's work will assist the Department of Marine and Ports with closing audit gaps that were recently identified by the Department of Internal Audit. The end result will be a Department that is more efficient and effective than the current state. .

The Management Consulting Section has commenced a review of the **Departments of Environmental Protection and Conservation Services and the Environmental Health Section within the Department of Health**. The purpose of the review is to determine areas of linkages in order to improve operating efficiency and effectiveness. The outcome of the review will be to optimize regulatory capabilities in the areas of public and environmental health.

It is necessary for the Management Consulting Section to play its' role in assisting the Bermuda Government with meeting the six (6) Public Reform goals. Thus, the Management Consulting Section will conduct more strategic reviews with the intent of determining if they are operation critical.

The London Office

Mr. Chairman,

The Director has been tasked to examine the current lease of the London property with the intention of finding alternative space with similar value in Central London. The purpose is to find accommodation that provides cost savings to the Government. The property has served the Government well over these past years however the current property market in London suggests that now is the time to review other alternatives. Currently the majority of the London Office budget goes towards the overhead of the property leaving limited expenditure for the office to carry out its mission.

The Washington DC Office

Mr. Chairman,

In FY 2015-2016, based on its research and guidance, the Washington, DC office will continue its efforts to establish a fully effective overseas representative office that is global in nature, but primarily focused on the United States, Canada, and Asia, with a strategic plan and targeted objectives that drives diplomatic, policy, business, cultural

and social connections on behalf of the Government and to the benefit of all Bermudians.

Where possible, the Washington, DC office will focus efforts on advancing treaties, MOU's and agreements that will further Bermuda's economic and social progress, enhance its reputation, attract talent and generate support for the jurisdiction.

These efforts will include:

- Ongoing diplomatic engagement on daily basis in Washington, DC and New York, NY as well as other key regional markets as appropriate through
 - Executive and Legislative Branches (U.S. Government):
 - U.S. Consulates and Embassies of all countries that have TIEA's signed with Bermuda including N. America, Latin America and Asia
 - Engagement with key associations: Securities Industry and Financial Markets Association (SIFMA), US Chamber of Commerce, National Foreign Trade Council, and Foreign Trade Commissioners Association
- Regular review and dissemination of research and statistics that underscore the benefits Bermuda provides in the global economy including capital flows, investment, trade and job support / creation through the dissemination of the 2015 Bermuda Economic Impact Study.

Mr. Chairman

The Cabinet Office is the Heart of the Government. For the Government to be effective, the Cabinet Office must be effective. The culture and leadership of the entire Public Service emanates from our offices. We understand our responsibility for good governance and leadership, particularly during these most challenging of times, and we take that responsibility seriously.

In closing, I would like to express my appreciation to all of the individuals who comprise the Cabinet Office for their unstinting dedication and service. Given the nature of our work, many of them are called upon around the clock, and they respond without hesitation. Without them, we could not have achieved the success that we have enjoyed.

Thank you, Mr. Chairman



DEPARTMENT OF HUMAN RESOURCES

Head 26

BUDGET BRIEF 2015-2016

Presented by

The Hon. Michael Dunkley, JP, MP

Premier

2nd March, 2015

Mr. Chairman,

It gives me great pleasure to present the budget for Head 26, The Department of Human Resources, found on pages **B-38 – B-43** of the Budget Book.

MISSION

The Department of Human Resources' mission is "to partner with internal and external stakeholders to provide professional, strategic and value added solutions to maximize human capital and enable operational success."

EXPENDITURE OVERVIEW

Mr. Chairman,

The total expenditure is estimated to be three million, eight-hundred and eighty-four thousand dollars (**\$3,884,000**) for **2015 - 2016** and represents a decrease of two hundred and ten thousand dollars (**\$210,000**) or approximately five percent (5%) lower than the budget of 2014 – 2015.

Mr. Chairman,

The subjective analysis for the Department is on **page B-39** of the estimates book. The following object code description increases or decreases are attributed to the following:

- **Salaries** – an increase of five percent (5%) or one hundred and thirteen thousand dollars (\$113,000) which represents funding that has been replaced as a result of the furlough days ending as at 31st March 2015.
- **Wages** – a decrease of ninety-two percent (92%) or seventy-one thousand dollars (\$71,000). These funds were previously utilized to cover an additional resource to assist with providing administrative support for the Learning and Development section. Also, funding that was allocated for maternity coverage has been removed.
- **Other Personnel Costs** – a decrease of one hundred percent (100%) or nine thousand dollars (\$9,000) primarily due to the elimination of bonus awards for the officers within the Department.
- **Training** – a reduction of twenty-five thousand dollars (\$25,000) or thirteen percent (13%) for professional development for officers within the Department.
- **Travel** – a decrease of forty-six percent (46%) or thirty-seven thousand dollars (\$37,000) in available funding for officers within the Department to travel overseas to attend specialized conferences and workshops. Funding has also been reduced for airfares to relocate employees to and from Bermuda.
- **Communications** - this decrease of seven percent (7%) or one thousand dollars (\$1,000) is representative of savings for courier costs.

- **Advertising and Promotion** – a reduction of ten thousand dollars (\$10,000) or twenty-nine percent (29%) for available funding for the advertisement of local and overseas recruitment and promotions of the Government of Bermuda as an employer of choice.
- **Professional Services** – a decrease of one hundred and eighty-nine thousand dollars (\$189,000) or sixty-six percent (66%) for available funding for local and overseas facilitators. Also, funding for membership fees has been eliminated.
- **Rentals** – a fourteen thousand dollar (\$14,000) or three percent (3%) reduction in funding for the rental of office and audio/visual equipment rental to assist with the facilitation of workshops. Funding associated with rental of buildings to host external training courses has also been decreased.
- **Repair and Maintenance** – the one hundred and twenty-four thousand dollars (\$124,000) or eighty-three percent (83%) increase is a result of the Department having to find money within its operational budget to fully fund the annual hosting, support and license costs for the Government of Bermuda’s first Human Resource Information Management (HRIM) system.
- **Materials & Supplies** – there has been a ninety-one thousand dollar (\$91,000) or fifty-five percent (55%) reduction primarily associated with materials and supplies that are used within the Department.

CAPITAL EXPENDITURE

Mr. Chairman,

Funds budgeted for Capital Acquisition for 2015 - 2016 amounts to **thirty-six thousand dollars (\$36,000)**. These items are listed on **page C-8**, and the allocated funding will be used to purchase copier/printer/scanner equipment, and to cover costs for implementing an automated process in the Human Resource Information Management System (HRIMS) for employees to register on-line for workshops offered by the Department of Human Resources.

MANPOWER

Mr. Chairman,

The manpower estimates for the Department as outlined on **page B-40** are twenty-nine (29) full-time equivalents which remain the same as fiscal year 2014 - 2015.

Mr. Chairman,

I would like to highlight the fact that the Department is 100% Bermudian.

OUTPUT MEASURES

Mr. Chairman,

The performance measures developed for the Department of Human Resources are found on **pages B-41 to B43**.

Mr. Chairman,

Competencies describe the behaviors, skills, knowledge and attributes that an employee must possess to be effective in his/her job. Currently, there are competencies that were established for the civil service as part of the performance appraisal process. The Department of Human Resources, however, was desirous of agreeing and establishing specific leadership competencies during 2013 - 2014. This initiative was not achieved due to insufficient resources. The new target outcome has been agreed for 31st October 2015.

As a result of not being able to establish the leadership competencies, briefing awareness sessions could not be conducted.

Mr. Chairman,

To ensure that the public service's performance management culture is transformed to be outcome driven and one that is integrated across the service, a comprehensive performance management approach was communicated to all public officers by the targeted deadline of 30th April 2013. The approach will contribute to the effective management of employees as individuals as well as teams in order to achieve high levels of organizational performance which in turn will drive a vibrant, world-class public service.

Mr. Chairman,

Communication regarding performance management continued to make certain that all public officers across the service have an opportunity to increase their awareness of the importance of performance management. This was achieved by offering four (4) lunch and learn sessions between June 2013 and January 2014.

Mr. Chairman,

We are pleased to report that five (5) Bermudian professional and technical trainees were appointed to posts that are difficult to fill and/or held by contract officers between April 2013 and March 2014. The posts these individuals were appointed to included Electrical Engineer (1 post), Comptroller (1 post), Airworthiness Safety Inspector (1 post), Management Accountant (1 post) and Process Controller (1 post).

The Department of Human Resources was able to achieve one hundred percent (100%) of the annual review of trainee development plans, exceeding the forecasted ninety percent (90%). This review ensures the agreed outcomes of the trainee development plans are being achieved, and enables appropriate placement of suitably qualified Bermudians.

Mr. Chairman,

You may recall that the Department of Human Resources successfully launched Phase One of the Government of Bermuda's first Human Resource Information Management System (HRIMS) on April 1, 2013, which allows persons seeking employment within the Government of Bermuda to apply online. With the implementation of the Human Resource Information System the Department developed two (2) new recruitment performance measures that reduces time to hire and the turnaround time to prepare employment contracts. The Department's aim is to ensure the Government of Bermuda acquires the best talent; therefore the first performance measure is to improve the recruitment and selection process by reducing the time to hire on average from twenty (20) weeks to ten (10) weeks for local recruitment and from twenty-four (24) weeks to twelve (12) weeks for overseas recruitment. During fiscal year 2013– 2014, a combined overall reduction of eighteen percent (18%) was achieved and the continued aim is to achieve a fifty percent (50%) reduction. There are aspects of the recruitment and selection processes that are outside of the control of the Department of Human Resources, such as the Review Committee process that impacted the time to hire, and the delegation of recruitment, i.e. due to staffing levels the Department of Human Resources does not drive every recruitment process.

Mr. Chairman,

The second aim is to improve efficiency for the recruitment process by reducing the turnaround time to prepare employment contracts on average by fifty percent (50%), that is, from ten (10) working days to five (5) working days. I am pleased to report that the actual turnaround time to produce employment contracts was reduced by seventy-seven percent (77%) which exceeded the outcome measure. The positive outcomes of increasing efficiencies in the recruitment and selection are being realized with the Human Resource Management Information System.

Mr. Chairman,

The outcome to communicate a succession planning framework by November 30, 2013 was not achieved due to other areas that were deemed to be priority. However, now that recommendations from the Spending and Government Efficiency (SAGE) Report have been reviewed and decisions made on which ones will be accepted, the Department of Human Resources can commence work on formulating a succession planning framework to ensure there is a consistent approach across the organization. Once finalized it is anticipated that this framework will be communicated by December 31, 2015.

MAJOR ACHIEVEMENTS

Mr. Chairman,

I will now give an overview of the Department of Human Resources for the 2014 - 2015 fiscal year.

The Department of Human Resources is pleased to announce that two (2) major recommendations from a review conducted by The Cabinet Office's Management Consulting Section were agreed and work has commenced.

The first was the development of a Government Human Resource Model. A Request for Proposal (RFP) was published in May 2014 and Deloitte was the approved vendor to undertake this review. The review took an aggressive approach in terms of timelines for the publication of a draft report for Cabinet approval. Work commenced mid September and the final report was submitted in November 2014. The report recommended that before the Government of Bermuda changes the HR organizational structure, that focus should be on enhancing core HR processes. This will be a focus for 2015-2016 and more details will be provided later in the brief.

Mr. Chairman,

Harmonization of policies across the public service was another recommendation that was accepted, and the Department has commenced efforts to amalgamate human resource policies for the Public Service.

In 2014, the Department developed a Human Resources Policy Suite. The Policy Suite is a catalog of 96 policies and related instruments that have some operational integration with the Department of Human Resources – it includes categories on Absence Management, Career Transition, Compensation & Pay Administration, Employee Benefits, Employment, Job Classification, Safety & Health, Information Management, Labour Relations, Learning & Development, Performance Management, Privacy & Protections, and Termination.

The drafting of HR instruments was designed with the intention of ensuring applicability across the public service. In other words, each policy consideration and recommendation will aim to support the entire Service, i.e. all employees, irrespective of the Ministry, Department, union representation, etc.

As a general principle, all policy instruments are governed or advanced by Government documentation which include legislation, regulations, codes and commissioned reports. This means, that as propositions are accepted, determinations of governing documents including collective Bargaining Agreements, will need to be reconsidered.

Due to the size of the policy suite, the policy development was separated out into four (4) phases. As a result of utilizing a human resource working group comprising of professionals

from across the Service, development work for those policies that fall within phase one has commenced. It is anticipated that the commencement of work for phases two and three will commence during 2016-2017.

Mr. Chairman,

During the second quarter of 2014 – 2015, the Department of Human Resources continued work on Phase Two, which is the Talent Management module. This module includes succession planning, performance management and learning and development.

The identification of what talent we have across the organization was seen as a critical first step as part of gathering information for succession planning. Therefore, on September 10, 2014, the Employee Self Service (ESS) was launched for all public officers. Employees, irrespective of which union represents their positions, have an opportunity to highlight such things as their education, employment history, and professional developments pursuits. As this is the first phase of gathering employee data for succession planning, all Government employees in permanent, temporary additional and trainee positions are now able to input their information into the Human Resource Information Management System (HRIMS).

As self service is a new concept to the Government of Bermuda and to prepare employees for this new initiative, the Department of Human Resources provided ESS demonstrations sessions to employees between August and October 2014. Approximately 770 employees attended the demonstrations. For those departments that deemed it difficult to have staff attend one of the Department of Human Resources' demonstrations, a video demonstration was produced. The video option was made available to departments so they could have their respective in-house representatives share the information with staff. In addition, Frequently Asked Questions (FAQs) were prepared and these have been circulated via email on a regular basis with a reminder for employees to create their profiles.

Mr. Chairman,

Some of the benefits of having a fully-functioning Talent Management System that incorporates an Employee Self Service are as follows:

- Employees can share their career plans and aspirations with management
- Provides opportunities for career movement and growth
- Managers can easily find talent within the organization
- Identification of necessary employee training and development to ensure employee growth

It would be remiss of me not to share that the Talent Management module is integrated with the Enterprise One (E1) system hosted by the Accountant General's Department to enable employees' information such as name, date of birth, employee number, and Position ID number to automatically populate each employee's profile. This is an example of how systems across Government can be integrated to achieve efficiencies.

Mr. Chairman,

During 2014/2015, work commenced to automate the course registration for public officers. The Learning and Development Section completed business process mapping for course registration and has started to test the automated processes. This feature, which is a component of the Talent Management module within the Human Resource Information Management System (HRIMS), will enable employees to submit training requests to their line managers/supervisors for review and approval before the request is submitted to the Department of Human Resources. Courses that are full would enable on-line wait-listing and appropriate email notifications for such areas as course acceptance and wait-listing will be generated from the system.

Mr. Chairman,

Based on the need for the Public Service to improve delivery of services resulting in a more efficient, more cost effective, more user friendly and an accountable Public Service, the Department of Human Resources' five-year learning and development strategy focuses on performance management and building leadership capacity.

The focus for year one (2013-2014) was employees who have been in service for up to five (5) and all employees who supervise staff from Executive to Foreman level irrespective of years of service. Fiscal year 2014-2015 included employees who have been in service for up to 10 years and all employees who supervise staff from Executive to Foreman level irrespective of years of service.

Mr. Chairman,

The Department of Human Resources continues to manage two (2) talent management programmes, namely the Professional and Technical Trainee Scheme and the Public Service Bursary Award Scheme.

The Professional and Technical Trainee Scheme provides Bermudians with the opportunity to obtain qualifications and work-related experiences that enable them to fill professional and technical positions within the Public Service.

Mr. Chairman,

There are currently fifteen (15) trainees enrolled in the Professional and Technical Trainee scheme seeking to obtain qualifications and experiences to eventually fill posts such as Management Accountant, Business Analyst, Environmental Health Officer, Land Title Legal Officer, Land Surveyor, Maritime Operations Controller, Supervising Engineer, Quantity Surveyor, Planner, and Civil Engineer.

Mr. Chairman,

The Public Service Bursary Award Scheme is another successful programme that awards bursaries to Bermudians who are enrolled in courses of study at a university, college or other training institution in order to acquire professional or technical qualifications. The areas of study are identified by Permanent Secretaries and/or Heads of Departments as essential or desirable for appointment to office in the Public Service.

Mr. Chairman,

Fifteen (15) bursaries valued at ten thousand dollars (\$10,000) can be awarded annually. Currently, Bursary Awardees are studying in the fields of accounting, dental hygiene, library science and information, engineering, aviation and medicine.

There were two (2) bursary recipients who successfully completed their programmes of study and were recognized during the fiscal year 2014-2015. These individuals completed studies in occupational therapy and biology.

Mr. Chairman,

The Department embarked on a pilot to enhance the performance appraisal programme. The new form was offered in an electronic format aimed to reduce labour hours and create efficiencies for the process of submissions. It also introduced new parameters for levels of assessment relevant to the type of employee and restrictions aimed to produce more precise information. Utilizing the current rating scale of 1-5, the system was designed to break down this measurement to offer greater detail in levels of performance of both individuals and the civil service as a whole.

Results of the pilot programme were proven successful as new key performance indicators could be reported on to better qualify Government's performance based on competencies and technical functions of participating employees. Survey results also demonstrated the pilot was well received amongst the departments who participated, including: the Department of Human Resources, the Department of Statistics, the Department of e-Government, the Department of Immigration and the Ministry of Public Works (BPSU only).

PLANS FOR THE UPCOMING YEAR

Mr. Chairman,

In fiscal year 2015 - 2016 the Department of Human Resources will continue to work towards achieving its vision of building a competent, engaged workforce which drives a vibrant, world-class public service. Therefore as previously mentioned, before changing the Government's HR model, process mapping of the employee lifecycle for the Service must commence. The employee lifecycle comprises of recruitment and on-boarding; compensation and benefits administration; performance management; succession and career planning; separation. As

there are no harmonized processes for the Government of Bermuda as an employer, these areas that comprise the employee lifecycle, if they exist, currently differ based on the Union representation of the respective positions. This initiative will be a priority for the Department of Human Resources. Once reviewed the future state processes will be created, revised and implemented during fiscal year 2015-2016.

Mr. Chairman,

The Officers under Head 26, the Department of Human Resources, have persevered throughout the 2014 – 2015 fiscal year in developing professional and strategic partnerships with their stakeholders with a focus of providing value-added solutions to achieve operational success. I would like to thank the Director, Mrs. Carlita O'Brien and her team for a job well done.



OFFICE OF PROJECT MANAGEMENT AND PROCUREMENT

Head 80

BUDGET BRIEF 2015-2016

Presented by

The Hon. Michael H. Dunkley JP, MP

Premier

2nd March, 2015

Mr. Chairman,

It gives me great pleasure to present the budget for Head 80, The Office of Project Management and Procurement (OPMP), found on pages **B-51 – B-53** of the Budget Book.

MISSION STATEMENT

Mr. Chairman

The Mission of the Office of Project Management and Procurement is to provide oversight and guidance to Government Departments and Ministries regarding project management and procurement activities to ensure fairness, transparency and consistency in awards of contracts and adherence to applicable rules and industry best practices.

EXPENDITURE OVERVIEW

Mr. Chairman

The total current expenditure for the OPMP is estimated to be eight hundred and sixty eight thousand dollars (**\$868,000**) for **2015/16** and represents a decrease of forty five thousand dollars (**\$45,000**) or approximately five percent (**5%**) lower than the budget of **2014/15** and is explained in further detail in the subjective analysis on page **B-52**, as follows:

1. **Salaries** (Line one), which has a budget allocation of eight hundred and seven thousand dollars (\$807,000), representing an increase of four thousand dollars (\$4,000) or less than one percent (1%) more than the 2014/15 original budget allocation.
2. **Other Personnel Costs** (Line two) has been allocated a budget of five thousand dollars (\$5,000) representing an increase of (\$5,000) or one hundred percent (100%) more than the 2014/15 original budget allocation. This change is due to professional membership fees;
3. **Training** (Line three) has been allocated a budget of nine thousand dollars (\$9,000) representing a decrease of eleven thousand dollars (\$11,000) or fifty five percent (55%) less than the 2014/15 original budget allocation. This change is due to the government wide budget reduction initiative.
4. **Travel** (Line four) has been allocated a budget of five thousand dollars (\$5,000) representing a decrease of eight thousand dollars (\$8,000) or

sixty two percent (62%) less than the 2014/15 original budget allocation. This change is due to the government wide budget reduction initiative.

5. **Communications** (Line five) has been allocated a budget of eight thousand dollars (\$8,000) representing an increase of two thousand dollars or thirty three percent (33%) more than the 2014/15 original budget allocation.
6. **Rental Fees** (Line seven) has been allocated a budget of seven thousand dollars (\$7,000) for the rental of office equipment;
7. **Repair and Maintenance** (Line eight) has been allocated a budget of five thousand dollars (\$5,000), a decrease of twenty seven thousand dollars (\$27,000) or eighty four percent (84%) less than the 2014/15 original budget allocation. This change is due to software maintenance no longer being required.
8. **Clothing, Uniforms & Laundry** (Line nine) has not been allocated a budget. This is a decrease of four thousand dollars (\$4,000) or one hundred percent (100%) less than the 2014/15 original budget allocation. This line item is no longer required in the department.
9. **Materials & Supplies** (Line ten) has been allocated a budget of twenty two thousand dollars (\$22,000) a decrease of six thousand dollars (\$6,000) which represents a decrease of materials and supplies due to the government wide budget reduction initiative.

CAPITAL EXPENDITURE

Mr. Chairman

Funds budgeted for Capital Acquisition for 2015/16 amount to seventy-seven thousand dollars (\$77,000). This budget is listed on **page C-8**. Sixty-seven thousand dollars (\$67,000) will be used to complete the development and implementation of the Purchasing and Tendering System (PATS). Ten thousand dollars (\$10,000) has been allocated to obtain a replacement photocopier.

PERFORMANCE MEASURES (B-53)

All Cabinet memoranda, contracts and request for proposals (RFP, RFI, EOI) received by the Office of Project Management and Procurement for vetting will receive a response within five working days of receipt.

The department plans to perform compliance audits on four projects, six procurement processes and twelve contracts. In addition the department expects to review twenty four requests for procurement documents.

MAJOR ACHIEVEMENTS

Mr. Chairman

During fiscal year 2014/15, the Department vetted ninety five percent of all documents received for review within five working days. In addition, the Department reviewed eighty four procurement documents, twenty nine Cabinet Memos and forty eight contracts.

PLANS FOR THE UPCOMING YEAR

Mr. Chairman

During fiscal year 2015/16, OPMP plans to:

- Publish the Procurement Code of Practice as required by Section 33(2)(b) of the Public Treasury (Administration and Payments) Act 1969, once the draft document has been approved;
- Perform compliance reviews on projects, the procurement process and contracts;
- Conduct training sessions to educate senior managers and executives on procurement guidelines and best practices;
- Implement the Purchasing and Tendering System (PATs).
- Develop and implement a Procurement Procedure Manual (PPM) which will include template documentation and in depth procedures for procurement;
- Draft and implement updated guidelines for managing Capital Projects for all Ministries and Departments; and
- Implement a Small Business Government Contracting Program in conjunction with the Bermuda Economic Development Corporation.

Mr. Chairman

I would like to expand a little on the Procurement Procedure Manual (PPM).

While the rules regarding the use of the public purse have become more stringent and standards have been raised, when purchasing on behalf of Government, Public Officers must focus on controlling spending, applying the same principles as if the money were their own. Government must continue to leverage its name, its credit rating and its buying power. To this end, a process of asserting control over major suppliers has begun.

Historically there has been no central coordination of contracts. Major long term contracts have been set up by each department or Ministry, often with the same supplier. Government contracts have been negotiated using inefficient commercial pricing. Poor negotiation has led to inadequate flexibility of service levels for many contracts

As a result, we are incorporating in the Procurement Code of Practice the following principles:

1. Mandating centralised procurement for common categories to leverage this buying power and to achieve best practice;
2. Producing accurate expenditure and consumption data;
3. Pricing common items at the same level for all central Government departments (and making contracts available to the wider public sector); and
4. Overseeing and managing across Ministries demand and specifications.

Let me stress that while procurement will continue to be decentralised, control and oversight will be centralised.

Mr. Chairman

In closing I wish to thank the small team at OPMP for their diligent work over the past year. They have worked under challenging conditions, operating with a shortage of staff.

Thank you, Mr. Chairman