



2014/15 SESSION
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BERMUDA
HOUSE OF ASSEMBLY

OFFICIAL HANSARD REPORT

11 March 2015
Sitting number 14 of the 2014/15 Session
(pages 1455–1572)

Hon. K. H. Randolph Horton, JP, MP
Speaker

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BERMUDA HOUSE OF ASSEMBLY**OFFICIAL HANSARD REPORT****11 MARCH 2015****10:05 AM***Sitting Number 14 of the 2014/15 Session**[Hon. K. H. Randolph Horton, Speaker, in the Chair]***PRAYERS***[Prayers read by Hon. K. H. Randolph Horton, Speaker]***CONFIRMATION OF MINUTES****2, 4, 6 and 9 March 2015**

The Speaker: Honourable Members, we would like to confirm the Minutes of March 2nd and March 4th—March 2nd and 4th. Members should have received those Minutes.

Are there any objections or changes necessary?

I hear none, so that means that the Minutes for March 2nd and March 4th are confirmed.

The Minutes for March 6 and March 9 will be deferred.

*[Minutes of 2 and 4 March 2015 confirmed]***MESSAGES FROM THE GOVERNOR**

The Speaker: There are no messages from the Governor.

**ANNOUNCEMENTS BY THE SPEAKER
OR MEMBER PRESIDING**

The Speaker: No announcements of the Speaker.

MESSAGES FROM THE SENATE

The Speaker: No message from the Senate.

**PAPERS AND OTHER
COMMUNICATIONS TO THE HOUSE**

The Speaker: The Chair will recognise the Honourable and Learned Member from constituency 31. The Minister for Tourism and Transport, Minister Shawn Crockwell, you have the floor.

Hon. Shawn G. Crockwell: Yes, good morning, Mr. Speaker.

The Speaker: Good morning.

**GOVERNMENT OMNIBUS (FARES) AMENDMENT
REGULATIONS 2015**

Hon. Shawn G. Crockwell: Mr. Speaker, with the Governor's recommendation and in accordance with section 36(3) of the Bermuda Constitution, I have the honour to attach and submit for the consideration of the Honourable House of Assembly the Government Omnibus (Fares) Amendment Regulations 2015, proposed to be made by the Minister of Tourism Development and Transport under section 9 of the Public Transportation Act 1951.

The Speaker: Thank you, Minister.

Are there any objections to that?

None. Minister Crockwell, I recognise you again.

**MARINE BOARD (FERRY SERVICES FARES)
AMENDMENT REGULATIONS 2015**

Hon. Shawn G. Crockwell: Thank you, Mr. Speaker.

With the Governor's recommendation and in accordance with section 36(3) of the Bermuda Constitution, I have the honour to attach and submit for the consideration of the Honourable House of Assembly the Marine Board (Ferry Services Fares) Amendment Regulations 2015, proposed to be made by the Minister of Tourism Development and Transport under section 97 of the Marine Board Act 1962.

The Speaker: Thank you.

Any objections to that?

There are none.

Thank you, Minister.

PETITIONS

The Speaker: No petitions.

**STATEMENTS BY MINISTERS
AND JUNIOR MINISTERS**

The Speaker: There are no Statements by Ministers. Those matters were inadvertently placed on the Order Paper.

REPORTS OF COMMITTEES

The Speaker: There are none.
And we move now to the Question Period.

QUESTION PERIOD

The Speaker: Honourable Members, the first questions on the Order Paper are in the name of the Member from constituency 29, MP De Silva.
You have the floor.

QUESTION 1: BERMUDA TOURISM AUTHORITY WASHINGTON MALL OFFICE

Hon. Zane J. S. De Silva: Thank you, Mr. Speaker.
Will the Honourable Minister please inform this Honourable House, what is the total square footage the Bermuda Tourism Authority [BTA] is paying for the office and common area square footage for their accommodations at Washington Mall?

Hon. Shawn G. Crockwell: Mr. Speaker, the total square footage of the BTA space is not included in the contract. When contacted for the details requested, the landlord, Washington Mall Properties, declined to share this information. They expressed their concern that this is commercially sensitive information, which could potentially cause damage to their business if the terms were known.

I can state that more than half a dozen properties were looked at. And Washington Mall Properties was deemed to be the best deal by the team, based on the total rent, the covered fit-out costs and six months' rent free.

Hon. Derrick V. Burgess, Sr.: Supplementary, Mr. Speaker.

The Speaker: Just a minute, Honourable Member. Just one second, please.

[Pause]

The Speaker: Yes. The Chair will now recognise the Honourable Member from constituency 5, MP Derrick Burgess. Supplementary, yes.

SUPPLEMENTARY

Hon. Derrick V. Burgess, Sr.: Yes, thank you, Mr. Speaker.

Mr. Speaker, all rentals are based on square footage. Why is this particular property not based on square footage? Because when you rent out a property—

The Speaker: Ask. Yes, you are asking the Member, yes.

Hon. Derrick V. Burgess, Sr.: I am sorry.

The Speaker: Honourable Member? Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, in a previous Parliamentary Question, we provided what the monthly rent was. I received these questions. The total square footage is not contained in the contract. We contacted the landlord. They declined to provide that information.

The Speaker: All right. Thank you. Thank you, Minister.

Yes. You have, MP De Silva, a supplementary or the next question?

Hon. Zane J. S. De Silva: Supplementary, yes, Mr. Speaker.

The Speaker: Yes.

SUPPLEMENTARY

Hon. Zane J. S. De Silva: So, the question I have for the Minister is, and of course, the second question asks the rates. But how can the amount of square footage be sensitive, Minister?

The Speaker: Yes, Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, the information was not evinced in the contract. The only way for me to get that information was to contact the landlord. The landlord did not provide the information. I do not know what more you want me to provide. The landlord did not provide the square footage.

The Speaker: All right. Thank you. Thank you, Member.

The Chair will recognise the—

Hon. Marc A. R. Bean: Thank you, Mr. Speaker. Good morning.

The Speaker: Yes. Good morning. Just one second, Honourable Member. Let me, while things quiet down.

[Pause]

The Speaker: All right.

Hon. Marc A. R. Bean: Thank you, Mr. Speaker. Good morning.

The Speaker: Good morning.

SUPPLEMENTARY

Hon. Marc A. R. Bean: Mr. Speaker, so the Honourable Minister finds it acceptable that taxpayer funds have been used, utilised for office space rental, and the—

The Speaker: Does he find it acceptable? Yes.

Hon. Marc A. R. Bean: Does he find it acceptable? Now, the landlord, who is receiving taxpayer funds, refuses to reveal because it is a risk to his business. I am paraphrasing it because . . . It is a risk to the landlord's business to reveal how much taxpayer funds he is receiving on a monthly basis to rent out an office? Is that acceptable?

The Speaker: All right. Thank you. Thank you.

Hon. Shawn G. Crockwell: Point of order, Mr. Speaker. Point of order.

The Speaker: Yes, Honourable Minister.

POINT OF ORDER

Hon. Shawn G. Crockwell: Mr. Speaker, I have already provided this Honourable House with the monthly rent.

The Speaker: Yes, yes.

Hon. Shawn G. Crockwell: I have already provided that. I provided this Honourable House in a previous . . . They ask me a lot of Parliamentary Questions, so maybe they forget. But I was asked a few weeks ago, how much are we paying for rent? And the BTA provided the monthly rent, and it was broken down.

The Speaker: All right. Thank you.

Hon. Shawn G. Crockwell: So, in terms of the square footage, I am confident that the BTA team received a very good rate. The landlord . . . Because there were multiple properties that were looked at, and in terms of what was being offered at the time, this was a very reasonable deal. The landlord does not want to disclose what arrangement they entered into with the BTA.

The Speaker: All right. Yes. The Chair will recognise the Honourable Member from constituency 13, MP Glenn Blakeney.

SUPPLEMENTARIES

Mr. Glenn A. Blakeney: Thank you, and good morning, Mr. Speaker.

Given the fact that it is critical for the public to know if they are getting value for money, would the Minister not agree, notwithstanding the contract, that it

is a very simple task to undertake by getting someone from the Department of Works and Engineering to take a tape measure and quantify, through measuring the square footage, so that we can calculate if indeed the rent that is being paid monthly is value for money?

The Speaker: Thank you, thank you. MP Blakeney. Yes, Minister?

Hon. Shawn G. Crockwell: That is certainly something we can do, Mr. Speaker.

The Speaker: All right. Thank you.

Hon. Shawn G. Crockwell: But these questions came last week.

The Speaker: Thank you.
You have a second supplementary? Yes?

Mr. Glenn A. Blakeney: Given that it is certainly something that they can do, will the Minister now undertake to actually do it?

The Speaker: Minister?

Hon. Shawn G. Crockwell: I will request that the BTA measure the square footage.

The Speaker: Thank you.
Thank you, Honourable Member.
Yes, MP from constituency 29. MP De Silva, your second question?

QUESTION 2: BERMUDA TOURISM AUTHORITY WASHINGTON MALL OFFICE

Hon. Zane J. S. De Silva: Yes, Mr. Speaker.

Will the Honourable Minister please inform this Honourable House what square footage rate the BTA is paying for these areas?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, not knowing the square footage, it is hard to answer that question.

The Speaker: Thank you. Thank you.

Hon. Zane J. S. De Silva: Yes, Mr. Speaker. While the Minister has undertaken to get the square footage, so that answer will be forthcoming, and we will look forward to that.

The Speaker: Yes, yes.

Hon. Zane J. S. De Silva: Third question, Mr. Speaker.

The Speaker: Yes.

**QUESTION 3: BERMUDA TOURISM AUTHORITY
WASHINGTON MALL OFFICE**

Hon. Zane J. S. De Silva: Will the Honourable Minister please inform this Honourable House of the names of all the companies and principals that received contracts to outfit the Washington Mall offices of the BTA, the executive dates of those contracts and when these contracts went out to tender?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Yes, thank you.

As I stated in a previous Parliamentary Question, no costs were borne by the BTA or the government for the fit-out of the Washington Mall property. This cost was borne exclusively by the landlord, Washington Mall Properties, including all flooring, partitions, painting, et cetera.

The BTA transition team did select the architect, interior designer that designed the space. The RFP for this service was tendered on Thursday, the 28th of November 2013. Four firms provided a bid. The contract was awarded to architectural firm Linberg & Simmons on December 17th, 2013. Linberg & Simmons are chartered architects and established in Bermuda in 1981. The principals are Mr. Sjur Linberg and Mr. Gary Simmons.

Once the design by Linberg & Simmons was approved by the BTA transition team, the project came under the remit of the Washington Mall Properties. All contractors, subcontractors were sourced and contracted by Washington Mall Properties and paid for by Washington Mall Properties under the fit-out agreement.

The BTA's IT services were put out to tender on the 8th of October 2013. The RFP was for a complete solution, covering all IT, video and telephone services and equipment. Five companies provided a bid. Digicel was awarded the contract on the 13th of December 2013. Digicel Group is a leading global communications provider with operations in 33 markets in the Caribbean, et cetera. At the time of the contract execution, Mr. Wayne Caines was the CEO.

The BTA furnishings for all executive offices, two of the four meeting rooms, as well as all flat screens in use came from the former Bermuda Department of Tourism. The remainder of office furniture came from A. F. Smith Trading, which was sourced through Linberg & Simmons.

The Speaker: All right. Thank you, Honourable Minister.

We now move to the second set of questions on the Order Paper. And these are in the name of the Member, MP from constituency 24, Warwick South East, MP Lawrence Scott.

QUESTION 1: DEPARTMENT OF PUBLIC TRANSPORTATION—OVERTIME PAY

Mr. W. Lawrence Scott: Thank you, Mr. Speaker.

My question is, Will the Honourable Minister please advise this Honourable House of the total amount paid in overtime at the Department of Public Transportation from January 1st, 2014, to December 31st, 2014?

The Speaker: Minister?

Hon. Shawn G. Crockwell: The total amount paid was \$2,344,933.50. This includes overtime to cover furlough days at straight time, maintenance call-outs and repair services, and premium pay to cover vacations, sickness, and holidays, such as Cup Match, and late night charter work during the calendar year.

The Speaker: Thank you, Minister.

The Chair will recognise again the Member from constituency 24.

Sorry. You have a supplementary? Well, I will recognise the Member from constituency 29, MP De Silva, with a supplementary.

SUPPLEMENTARIES

Hon. Zane J. S. De Silva: Thank you, Mr. Speaker.

Minister, you just said that over \$2 million was paid to include such things, and you mentioned to cover furlough days. Do you think that it makes economic sense for the employees to take furlough days and then bring in other people to cover for the furlough days that are taken? Why take furlough days in the first place?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Furlough days were implemented across the board in Government. We knew that it was going to be an unusual situation for the Department of Public Transport, because people just cannot take time off. There is a service that has to be provided. So we understood at the very beginning of this that you would have a situation where one person takes a furlough day and they have to be replaced by someone else.

But similar to the position on overtime, they like things to be across the board. And the furlough day was taken across the board within the entire Government.

The Speaker: Thank you. You have a second supplementary?

Hon. Zane J. S. De Silva: Supplementary. Yes, Mr. Speaker.

Having said that, Minister, the furlough days that were covered by the employees, were they paid at straight time or time and a half?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, in my answer, I said it was straight time.

The Speaker: Yes. Thank you.

Yes, Honourable Member from constituency 24.

Mr. W. Lawrence Scott: This will be my second question.

The Speaker: Yes.

QUESTION 2: DEPARTMENT OF PUBLIC TRANSPORTATION—OVERTIME PAY

Mr. W. Lawrence Scott: Will the Honourable Minister please advise this Honourable House of the total amount paid out to staff at straight time and/or the overtime rates to cover furlough days for the period January 1st, 2014, to December 31st, 2014?

The Speaker: Thank you.
Minister?

Hon. Shawn G. Crockwell: Thank you. It represents 14.61 per cent of total overtime paid. The amount is \$342,635.52.

The Speaker: All right. Thank you. Thank you, Minister.

Hon. Zane J. S. De Silva: Just a clarification, or a supplementary to this, Mr. Speaker?

The Speaker: You have a supplementary, yes?

SUPPLEMENTARIES

Hon. Zane J. S. De Silva: Yes. The Minister just said it was \$340,000, 14 per cent of the budget. But the question asks if you can give the amount paid out to staff at straight time and/or overtime. So is that lump . . . just have that separated, because they are different.

The Speaker: Minister?

Hon. Shawn G. Crockwell: I am sorry. The question before me, Mr. Speaker, is, What was the total amount paid out to cover furlough days between the 1st of January 2014 and the 31st of December? The

total amount paid out to furlough days, which is paid out in straight time, was \$342,000.

The Speaker: Yes, thank you.

Hon. Zane J. S. De Silva: Okay. My second supplementary, Mr. Speaker.

The Speaker: Yes.

Hon. Zane J. S. De Silva: The Honourable Minister said the straight time was [\$342,000]. The question does ask for overtime as well.

The Speaker: No. The question was, What amount was paid to cover furlough days? Just to cover furlough days. It does not say that. He said, but the answer given is the total. And then what percentage of that is overtime. There was no question about what the overtime pay . . . You have had your supplementaries, Honourable Member.

Next, the Chair will recognise again the Honourable Member from constituency 24. MP Scott, you again.

QUESTION 3: DEPARTMENT OF PUBLIC TRANSPORTATION—AMOUNT PAID TO CONSULTANTS

Mr. W. Lawrence Scott: Thank you, Mr. Speaker.

Will the Honourable Minister please advise this Honourable House of the total amount paid to the consultants for the Department of Public Transportation from the period January 1st, 2014, to December 31st, 2014?

The Speaker: Yes, Minister?

Hon. Shawn G. Crockwell: Yes, Mr. Speaker. The total amount paid was \$181,336.84.

The Speaker: Thank you, Minister.

Yes, we have a supplementary from the Honourable Member from constituency 5. MP D. V. Burgess.

SUPPLEMENTARY

Hon. Derrick V. Burgess, Sr.: Thank you, Mr. Speaker.

Mr. Speaker, I would like to know, what jobs were the consultants hired to do?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, I do not have an exhaustive list. I know that a consultant has been engaged for many years to help with the roster. But there may be more duties than that. So I will get that for the Honourable Member.

The Speaker: Thank you. Thank you, Minister.

Yes, MP from constituency 24, you have a supplementary as well?

Mr. W. Lawrence Scott: Yes, supplementary.

The Speaker: Yes.

SUPPLEMENTARY

Mr. W. Lawrence Scott: If the Minister could let the Honourable Members of this House know who the consultants were?

The Speaker: Minister?

Hon. Shawn G. Crockwell: I believe there is one, but I am not sure. So I can get that information as well.

The Speaker: All right. Thank you, Honourable Members.

All right. That completes the questions in the name of the . . .

Mr. E. David Burt: Mr. Speaker. Mr. Speaker.

The Speaker: Yes.

Mr. E. David Burt: Just as a supplementary and as a point of order.

The Speaker: Yes.

POINT OF ORDER

Mr. E. David Burt: The Honourable Minister—

The Speaker: Do you want a supplementary?

Mr. E. David Burt: Well, it is a point of order and a supplementary.

I just want to ask if the Honourable Minister will provide that answer at our next sitting's question time that he said he will endeavour to get back to the House.

The Speaker: Yes. Right. So if you can ensure . . . That is what should happen is that the question should be given at the next Question Period.

Hon. Shawn G. Crockwell: Yes. Yes. Yes, thank you, Mr. Speaker. I appreciate that, and I normally—in fact, I always bring back the answer once I have given an undertaking. So I will do that, yes.

The Speaker: All right. Thank you. Thank you, Honourable Member. Thank you.

That completes the questions in the name of MP Scott.

We now have questions in the name of the Honourable Member from constituency 33, Sandys South. MP Jamahl Simmons, you have the floor.

Mr. Jamahl S. Simmons: Thank you, Mr. Speaker, and good morning.

The Speaker: Good morning.

QUESTION 1: BERMUDA TOURISM AUTHORITY LOAN TO WHITFIELD GROUP—TERMS

Mr. Jamahl S. Simmons: Will the Honourable Minister please inform this Honourable House, what are the terms and conditions of the \$180,000 loan given to the Whitfield Group by the Bermuda Tourism Authority?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Yes, thank you, Mr. Speaker.

As stated in the media, it is an interest-free loan. And the loan will be repaid in full by the 30th of April 2015. Other than that, the other terms are not . . . I am not privy to the other terms. But in terms of payment, it is an interest-free loan, and it will be paid in full by the 30th of April.

The Speaker: Thank you, Honourable Minister.
MP from constituency 33.

Mr. Jamahl S. Simmons: Supplemental, Mr. Speaker.

The Speaker: Yes?

SUPPLEMENTARIES

Mr. Jamahl S. Simmons: Would the Honourable Minister agree that, knowing the success of that business and the principals of it, that such a loan was not necessary from the Bermuda Tourism Authority?

The Speaker: Minister?

Hon. Shawn G. Crockwell: No, I would not agree with that. I think the urgency of the situation, they sought assistance, and the BTA assisted them for tourism purposes.

The Speaker: All right. Thank you.

The Chair will recognise again the Honourable Member from constituency 33.

Mr. Jamahl S. Simmons: Would the Honourable Minister—

The Speaker: Is this another supplementary?

Mr. Jamahl S. Simmons: Supplemental, yes.

The Speaker: Yes.

Mr. Jamahl S. Simmons: Would the Honourable Minister confirm whether the conditions that caused the damage to the tent have been adjusted so that it will not happen again in the future?

The Speaker: Minister?

Hon. Shawn G. Crockwell: The conditions were a *force majeure*, Mr. Speaker. It was a hurricane. Whether or not there was any negligence on the part of the proprietor, I do not know. But I have no idea if there was any negligence that contributed. But it was a hurricane.

The Speaker: Right. Thank you, Honourable Member.
Yes, Honourable Member?

Mr. Jamahl S. Simmons: Supplemental, Mr. Speaker.

The Speaker: Ah, no. You have had your two supplementary [questions], Honourable Member.
Next question?

Mr. Jamahl S. Simmons: Mr. Speaker.

The Speaker: Yes.

QUESTION 2: BERMUDA TOURISM AUTHORITY LOAN TO WHITFIELD GROUP—COLLATERAL

Mr. Jamahl S. Simmons: Will the Honourable Minister please inform this Honourable House what collateral was put up to secure this \$180,000 loan?

The Speaker: Minister?

Hon. Shawn G. Crockwell: The tent enclosure was put up as collateral, Mr. Speaker.

The Speaker: Thank you, Honourable Minister.
Yes? All right. The Chair will recognise the Honourable Member from constituency 18, Pembroke West Central, MP Burt.

Mr. E. David Burt: Thank you very much, Mr. Speaker.

The Speaker: Supplemental?

SUPPLEMENTARY

Mr. E. David Burt: Mr. Speaker, the Honourable Minister indicated that the equipment was used as collateral. So my question is, Is that equipment now insured properly to make sure that the BTA does not lose their investment?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, it is interesting because I do not think Honourable Members are having a conversation on that side. But that is a Parliamentary Question in another set before this House this morning.

The Speaker: Yes. Yes.

Hon. Shawn G. Crockwell: But, yes.

The Speaker: So then, yes. The questions are . . . There are several questions on that matter.

The Chair will recognise now the Member from [constituency] 29.

Hon. Zane J. S. De Silva: Supplemental, Mr. Speaker?

The Speaker: Yes.

SUPPLEMENTARY

Hon. Zane J. S. De Silva: Minister, are you satisfied or are you happy that the tent enclosure being collateral for \$180,000 is satisfactory? That seems like a lot of money for a tent, \$180,000.

The Speaker: Minister?

Hon. Shawn G. Crockwell: Yes.

The Speaker: Thank you.
Yes, the Chair will recognise the Honourable Member from constituency 33.

Mr. Jamahl S. Simmons: Supplemental, Mr. Speaker.

The Speaker: Yes.

SUPPLEMENTARY

Mr. Jamahl S. Simmons: Mr. Speaker, would the Honourable Minister agree that, if it was determined that it was negligence that led to the damage of the tent, that certain measures need to be put in place to prevent it from happening again?

The Speaker: That is a hypothetical question, *If such-and-such is in place* . . . It is a hypothetical question.

Yes. The Chair recognises the Honourable Leader of the Opposition, from constituency 26.

SUPPLEMENTARY

Hon. Marc A. R. Bean: Thank you, Mr. Speaker.

In response to a previous question, the Minister said that the tent is now adequately insured. Correct, Minister?

Hon. Shawn G. Crockwell: Yes.

Hon. Marc A. R. Bean: So, why was it not insured prior to the hurricanes? Because when we first asked, Mr. Speaker, we were told that certain items like tents cannot be insured. Now we find that it is insured. If that is the case, then it would have to be negligence. And so, why are they receiving a \$180,000 bailout?

The Speaker: No. No, no. The question was, Why is it not insured, I think. Yes. They have got the \$180,000. Yes, Honourable Minister.

Hon. Shawn G. Crockwell: Mr. Speaker, the statement the Honourable Member just made that tents are not insured did not come from me. And I do not know if you can find that answer in Hansard anywhere. I do not know if it was a result of a conversation.

Mr. Speaker, I cannot speak for the business decisions made by this group. The BTA has provided multiple loans to individuals who provide tourism-related services. Most of the time it is going to be a one-off situation, and we have seen a list of individuals who have received loans. This entity (and we will see this in further answers to questions) had multiple events that were coming in very short order. For whatever fiscal reasons, they sought a loan. The BTA did its due diligence, thought it best to assist. And the loan will be repaid by the end of April.

The Speaker: Thank you. Thank you, Honourable Member.

Yes, Honourable Member?

Mr. E. David Burt: Supplementary, Mr. Speaker.

The Speaker: Yes.

SUPPLEMENTARY

Mr. E. David Burt: Would the Honourable Minister agree that the \$180,000 would have been better spent on tourism marketing for Bermuda?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, the money is coming back. The money has not been lost.

The Speaker: Yes. All right. Thank you. Thank you, Minister.

[Inaudible interjections]

The Speaker: Yes. The Chair will recognise the Honourable Member from constituency 6. MP Wayne—

[Inaudible interjections]

The Speaker: Honourable Member, just a second. We will wait. We will wait until everybody is ready.

[Pause]

The Speaker: We are not ready yet.

[Pause]

The Speaker: The Chair will recognise the Honourable Member from constituency 6. MP Wayne—

SUPPLEMENTARIES

Hon. Wayne L. Furbert: Thank you, Mr. Speaker.

I have two supplementaries. The first one is, Can the Minister tell us exactly what was the value of that tent?

The Speaker: Minister?

Hon. Shawn G. Crockwell: I do not know.

The Speaker: Yes, Honourable Member?

Hon. Wayne L. Furbert: Can the Minister find out and let us know what was the value? Also, would the Minister agree that this is an unusual request for an entity to pay, particularly something like this, to pay for the coverage of a tent that was damaged? This was unusual, or can we—

The Speaker: Minister? Is it an unusual request?

Hon. Shawn G. Crockwell: It probably is, Mr. Speaker, an unusual request. The reality is that, as we have seen in recent weeks, there have been multiple applicants who have sought financial assistance from the BTA to assist with tourism business. Okay? You have a situation where, in this case, you had the Whitfield Group which had over 20 events that were going to take place within the next proceeding few weeks. Their tent was destroyed by a hurricane. They needed assistance so as not to cancel these events. The BTA went through its process and thought it was appropriate to assist.

I do not think that we should be questioning every single executive decision that is made by the BTA. But with that said, Mr. Speaker, I have heard no

complaints about all the other interest-free loans that were given to others in the community, Mr. Speaker.

The Speaker: All right. Thank you, thank you, Honourable Member.

Yes, you have a supplementary?

Hon. Marc A. R. Bean: Supplementary.
We will question every executive—

The Speaker: Honourable Member! A supplementary.

SUPPLEMENTARY

Hon. Marc A. R. Bean: Mr. Speaker, Mr. Speaker, if the tent was not insured and the Minister does not know the value of the tent, then where did the \$180,000 figure come from?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, if the Honourable Members have specific questions, they can ask the questions. This loan was provided by the Bermuda Tourism Authority. I was not involved in the decision-making of this loan. I do not know the terms and the values of this transaction, Mr. Speaker.

The Speaker: All right. Thank you. Thank you very much.

No, you have had your supplementaries, Honourable Member.

And you have had your supplementaries, Honourable Member. You have had your supplementaries.

An Hon. Member: It is three.

The Speaker: It is two.

The Chair will recognise the Honourable Member from [constituency] 29.

SUPPLEMENTARY

Hon. Zane J. S. De Silva: Thank you, Mr. Speaker.

Minister, can you confirm that the Whitfield Group received any money from the BTA prior to this loan for tourist-related activities?

The Speaker: Minister?

Hon. Shawn G. Crockwell: I cannot.

The Speaker: Right. Thank you.

Hon. Zane J. S. De Silva: Will you later?

The Speaker: Honourable Member, you have had your supplementaries.

The Chair will recognise now the Honourable Member from constituency . . .

Mr. W. Lawrence Scott: [Constituency] 24.

The Speaker: [Constituency] 24. Sorry.

Mr. W. Lawrence Scott: Mr. Speaker, how much time do we have left for Question Period?

The Speaker: We have 32 minutes left.

Mr. W. Lawrence Scott: My supplementary is, could the Minister inform this Honourable House what the \$180,000 was used for?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Again, Mr. Speaker, that is a question that has been asked and answered today by the Opposition.

The Speaker: Yes. That is a part of the questions. Read all the questions first. Read all the questions that have been asked.

Honourable Member? The Chair will recognise the Honourable Member from constituency 33.

SUPPLEMENTARY

Mr. Jamahl S. Simmons: Thank you, Mr. Speaker,

At the risk of repeating myself, will the Honourable Minister please provide this Honourable House the breakdown of expenses that were in the \$180,000 loan?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Yes, thank you.

It was for the purchase, the shipment and duty paid for the equipment, the tent.

The Speaker: Thank you.

Yes, Honourable Member?

SUPPLEMENTARY

Mr. E. David Burt: Mr. Speaker, I have a supplementary. How is it possible that the Minister can provide us with a breakdown of what the expenses were used for, but is unable to provide us with the terms and conditions of the loan?

The Speaker: Yes, Honourable Minister.

Hon. Shawn G. Crockwell: Mr. Speaker, he has got the answers to the questions. The funding went to purchase, went for the shipping costs and the duty paid. I do not know the precise value of it. Obviously,

it is in this range. But I do not know the precise value. But this was what it was spent for.

The Speaker: Thank you. Thank you, Minister.
We now . . . Yes, you have a supplementary?

SUPPLEMENTARY

Hon. Wayne L. Furbert: Yes, just a clarification.
Minister, are you saying the equipment was the actual tent itself?

The Speaker: Minister?

Hon. Shawn G. Crockwell: The tent, and I am sure there were other items to, you know, erect the tent. But, yes, the tent and the equipment associated with the tent. There is no question.

The Speaker: Thank you, Honourable Member.
Yes, the Chair will recognise the Honourable Member from constituency 33. You have a supplementary?

Mr. Jamahl S. Simmons: Yes, a supplementary.

The Speaker: Yes.

SUPPLEMENTARY

Mr. Jamahl S. Simmons: Mr. Speaker, is the Minister's inability to answer specific questions a result of—

The Speaker: No. Uh-uh, not like that.

Mr. Jamahl S. Simmons: Mr. Speaker, is the information that is lacking from the responses a result of the BTA not providing the answers, or the Minister not [putting] the questions to the BTA?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, I am confused as to what is not being answered. The question was the breakdown of expenses. The \$180,000 loan was used to purchase—

The Speaker: I think you answered the question, Honourable Member, yes.

Hon. Shawn G. Crockwell: —the shipment and the duties!

The Speaker: Yes. The question was answered.
Yes, MP from constituency . . . Which one wants to go?

Mr. E. David Burt: [Constituency] 18.

The Speaker: Constituency 18, yes.

SUPPLEMENTARY

Mr. E. David Burt: Mr. Speaker, just a supplementary, because I am with the Member from [constituency] 33. Because the Honourable Member said that he cannot give us the terms and conditions. However, if he would have asked the question, surely the Bermuda Tourism Authority knows the terms and conditions.

So is he unwilling to provide it, or did he not make the request of the BTA and they did not provide it? Which one is it, Mr. Speaker? Clearly, somebody knows the terms and conditions. How come the Minister cannot tell us what those are?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, this is in relation to Question 1. And we are now on Question 3. However, I stated in my answer to Question 1, in relation to the terms, that what I was provided with in response to this question was that the terms were for an interest-free loan and it will be repaid in full by the 30th of April 2015, and that the entire agreement is . . . There are aspects of it that are subject to confidentiality, Mr. Speaker.

The Speaker: All right. Thank you. Thank you.

That is it. That is it for questions on that. That exhausts the questions on that. We now move to—

Hon. Zane J. S. De Silva: Excuse me, Mr. Speaker—

The Speaker: We now move to—

Hon. Zane J. S. De Silva: I did not have a second supplementary on that, Mr. Speaker!

The Speaker: Honourable Member. Honourable Member, I consider that we have exhausted the questions in this regard.

Hon. Zane J. S. De Silva: Mr. Speaker, per Standing Orders . . . Standing Orders, I can ask the second supplementary, Mr. Speaker!

The Speaker: Honourable Member! Honourable Member! Do not let me have to . . .

Hon. Zane J. S. De Silva: I can ask the second supplementary!

The Speaker: Anybody can ask, everybody can ask supplementaries, two supplementaries. I understand that. However—

Hon. Zane J. S. De Silva: This—

The Speaker: Take your seat! However, maybe I need to read the [Standing] Orders so Members can understand clearly. Because you have two questions does not mean to say you are allowed to ask two questions. All right? You need to understand that as well.

[Inaudible interjections]

The Speaker: Do not speak back to me!

Hon. Zane J. S. De Silva: I am not speaking back, Mr. Speaker!

The Speaker: Do not—

[Laughter]

The Speaker: Honourable Member! Honourable Member!

[Pause]

The Speaker: Let me just read a couple of things that, hopefully, will help Members in preventing repetition sometimes. All right?

[Standing Order 17(5)(g)(i)] “A question shall not be asked: which raises an issue already decided in the House or which has been answered . . . during the current session, or to which an answer has been refused . . .”

So, in fact, if a Member does not give an answer, you really are not given the position to ask the question. All right?

Also, [Standing Order 19(11)(c)] “It shall be out of order to attempt to reconsider any specific question upon which the House has come to a conclusion during the current session, except upon a substantive motion.”

So, Honourable Members, what I am saying (and there are others) is that in my humble view—and I sit in this Chair—in my humble view, we have exhausted, I believe, the questions in regards to this.

So we will now move on to the next question for MP Foggo.

You have a question?

Hon. Marc A. R. Bean: Yes, point of order, Mr. Speaker.

The Speaker: Yes?

POINT OF ORDER

Hon. Marc A. R. Bean: Mr. Speaker, the [Standing Order] that you just read out does not speak to whether or not an MP can ask two supplementary questions.

The Speaker: Oh, an MP can, Honourable Member.

Hon. Marc A. R. Bean: Because he had not asked the question, you cannot really know whether or not it is relevant to former or previous questions.

The Speaker: No, no. What I am saying is that I consider that the questions that have been asked up to this point have [been] exhausted in relation to this matter.

And the Speaker has the option to make that judgment, as you have seen. Yes, that is it!

Hon. Zane J. S. De Silva: Mr. Speaker—

The Speaker: That's it!

Mr. Zane J. S. De Silva: I disagree! You do not have that option, Mr. Speaker!

The Speaker: I have made my decision, Honourable Member.

Hon. Zane J. S. De Silva: But, Mr. Speaker!

The Speaker: I have made my decision!
Take your seat!

Hon. Zane J. S. De Silva: Standing Orders say that you do not have that right, Mr. Speaker!

The Speaker: Mr. Fox, Mr. Fox.

[Pause]

Hon. Derrick V. Burgess, Sr.: Mr. Speaker. Mr. Speaker.

The Speaker: Yes.

Hon. Derrick V. Burgess, Sr.: I come to this House to respect the rules of the House.

The Speaker: Yes?

Hon. Derrick V. Burgess, Sr.: In return, I expect that. I do not come here to be treated . . . to treat you with disrespect.

The Speaker: I appreciate that.

Hon. Derrick V. Burgess, Sr.: That has got to be reciprocal.

The Speaker: I appreciate that, sir.

Hon. Derrick V. Burgess, Sr.: But, Mr. Speaker, all we ask is that we be allowed to operate under the

rules of the House. Making a decision before a question is asked is premature.

The Speaker: No. It is not on the question. It is on the point that once the questions have been asked—and there have been several questions asked—and once there are several questions asked, you know, we have in fact exhausted, I believe, what can be gotten out of this. Not that the Member . . . I am not stopping the Member from asking; but we just cannot go on and on covering the same thing.

I believe, Honourable Member, that we have . . . And the Standing Orders allow that the Speaker can certainly make that decision.

Hon. Derrick V. Burgess, Sr.: Can I respectfully say, Mr. Speaker, that the reason why you get so many questions is because you do not get any answers. And we just want some assistance here, because we have an obligation to the people of Bermuda.

The Speaker: Right. I know. And, Honourable Member, let me just say this as well. That even in regard to the answers, if the answers are not what you expect or even if sometimes in some cases there are no answers, then we can move on without having received the answers. And then the people will be able to judge. The people will be able to judge.

Hon. Marc A. R. Bean: Mr. Speaker, we have about 20 minutes left.

The Speaker: Yes.

Hon. Marc A. R. Bean: And I think that there are a lot of other pertinent questions—

The Speaker: Absolutely.

Hon. Marc A. R. Bean: —on this Order Paper that we would like to proceed to.

The Speaker: Absolutely.

Hon. Marc A. R. Bean: Although we do not agree with what you have done.

The Speaker: Honourable Member, that is quite all right. And I understand the Member's question or concern about it. But we will move on to MP Foggo.

QUESTION 1: CLUB MED PROPERTY AND STARWOOD GROUP COMMITMENTS

Ms. Lovitta F. Foggo: Thank you, Mr. Speaker.

Will the Honourable Minister please inform this Honourable House what commitments the Starwood Group have made regarding the development of a new hotel at the former Club Med property?

The Speaker: Yes, Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, the Starwood Group has an operator's agreement with the chosen developer, the St. George's Tourism Development site, Desarrollos Hotel Group.

The Speaker: Yes, Honourable Member from constituency 18, you have a supplementary?

SUPPLEMENTARIES

Mr. E. David Burt: Yes. Thank you very much, Mr. Speaker.

Mr. Speaker, would the Honourable Minister please clarify if the Starwood Group has made any equity commitments to the hotel?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, the Government is not privy to the arrangement and agreements between the developer and the brand. And I am not in a position to disclose what negotiations are taking place between those two parties.

The Speaker: Thank you, Minister.

Yes, MP from constituency 18. You have another question?

Mr. E. David Burt: Mr. Speaker, I will ask my second supplementary.

The Speaker: Yes.

Mr. E. David Burt: But the Minister just told me he is not in a position to talk about the relationship, yet in his answer to the question, he gave the nature of the relationship.

I will then move on.

Can the Honourable Minister please advise the date that this operating agreement was signed?

The Speaker: Minister?

Hon. Shawn G. Crockwell: It was signed within the last few weeks, Mr. Speaker. I cannot give you the specific date. But it was within the last few weeks.

The Speaker: Thank you.

Yes, the Chair will recognise the Honourable Member from constituency 26. You have supplementary?

SUPPLEMENTARIES

Hon. Marc A. R. Bean: Supplementary to the first supplementary of the Deputy Leader.

Mr. Speaker, if the Minister cannot confirm whether equity has been provided by Starwood to the Club Med property, will the Minister confirm that he has been to Butterfield Bank over the last few weeks seeking to raise financing for that development?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Minister, I can confirm that a Government contingency met with all of the banks in relation to this development, in relation to the debt portion of this particular development.

The Speaker: Thank you.

Yes, you have a second supplementary?

Hon. Marc A. R. Bean: Yes, thank you. One more supplementary.

So, the Minister is admitting to this Honourable Chamber that the Government is actually being proactive in seeking to raise debt financing for a development, yet the Minister does not know whether or not the actual brand partners have committed to any equity partnership in the development?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, what I know is that the . . . As I believe I have said it before, the developer is committed to more than 50 per cent of equity in this property. I know that there are discussions between the brand and the developer in terms of equity, which I am not in a position to discuss. That is between the brand and the developer. The Government has nothing to do with that.

The Government met with all of the banks, not to talk about any particular . . . We discussed, in general, the relationship with the banks and the Government.

The Speaker: Thank you. Thank you.

The Chair will recognise now the Honourable Member from constituency 13, Devonshire North Central, for a supplemental?

SUPPLEMENTARIES

Mr. Glenn A. Blakeney: Yes, thank you, Mr. Speaker.

So then the Minister would agree that the financing is not in place for the development?

The Speaker: Minister?

Hon. Shawn G. Crockwell: No. I would not agree with that, Mr. Speaker. I would say that when you have a development where more than 50 per cent is equity, we . . . I am aware that there are term sheets in place in terms of the full financing of this property.

The Speaker: All right. Thank you.
Yes, MP—

Mr. Glenn A. Blakeney: Second supplementary.

The Speaker: —second supplementary.

Mr. Glenn A. Blakeney: Therefore, Minister, could you give us an indication of the deadline for financing to be completely in place so that the deal is indeed a deal?

Hon. Shawn G. Crockwell: We are working on a deadline in the early part of May, Mr. Speaker.

The Speaker: Thank you.

The Chair will recognise the Member from constituency 29.

SUPPLEMENTARY

Hon. Zane J. S. De Silva: Thank you, Mr. Speaker.

Minister, you just said you are working on a deadline for the early part of May. You told this House in a Ministerial Statement previously that construction was going to start June the 1st. Are you saying that that is not now going to happen?

The Speaker: Minister?

Hon. Shawn G. Crockwell: I am saying that that is probably very ambitious, Honourable Member. That was the original plan, when plans and other considerations were submitted. As I advised this Honourable House, there was an initial brand company that the developer had. And that was changed. They had to renegotiate terms with a separate brand. I have announced that that separate brand was St. Regis. That delayed things substantially. That is why we had to seek an extension of the original exclusivity period. That had nothing to do with the Government.

And we are still looking to have ground broken this year, Mr. Speaker, hopefully toward the end of the summer.

The Speaker: All right. Thank you, Honourable Member.

The Chair will now recognise again the Honourable Member from constituency 3, St. David's. MP Foggo.

Ms. Lovitta F. Foggo: It is a supplementary.

The Speaker: Supplementary, yes.

SUPPLEMENTARY

Ms. Lovitta F. Foggo: Yes. Would the Honourable Minister confirm whether or not he has indeed had

sight of the contract, or if contents of the contract were passed on to him verbally?

The Speaker: Minister?

Hon. Shawn G. Crockwell: The operators' agreement? No, I have not read the operators' agreement. I was informed that it was executed on the day that it was executed. But I have not seen the agreement myself.

[Inaudible interjection]

Hon. Shawn G. Crockwell: Yes. The representative for the Government, who is part of the negotiations, was there. It is Mr. Ronald Sutherland. And I was advised on the day that it was executed that it was executed.

The Speaker: All right. Thank you.
Yes, MP Furbert, you have a supplementary?

Hon. Wayne L. Furbert: Yes, thank you, Mr. Speaker.

The Speaker: Yes.

SUPPLEMENTARY

Hon. Wayne L. Furbert: Mr. Speaker, can the Government inform us whether the operating agreement is based on any conditions or concessions that they will be giving to the St. George's group?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Yes. I mean, that is all part of the process. Usually you have development concessions and you have operating concessions. So the concessions in relation to the operating costs would involve the operator.

The Speaker: Yes. MP Foggo? MP from constituency 3.

Ms. Lovitta F. Foggo: Second supplementary, Mr. Speaker.

The Speaker: Second supplementary, yes.

SUPPLEMENTARY

Ms. Lovitta F. Foggo: Would the Honourable Minister take an undertaking to come back to this House regarding whether or not equity was indeed provided for the Starwood Group?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, in due course there will be a press conference in relation to this relationship and all of those pertinent matters will be disclosed to the public.

The Speaker: Right. All right. Thank you.
You have another question?

Ms. Lovitta F. Foggo: Yes. Mr. Speaker, at this point I am going to waive the other two questions and, hopefully, the Minister could provide me the answers in writing, just to move things along a little.

The Speaker: All right.

Ms. Lovitta F. Foggo: I waive my next two questions.

The Speaker: Okay. Honourable Member, if you can get those questions.

[Inaudible interjections and crosstalk]

The Speaker: Yes. All right.
We now move then to the Honourable Member from constituency 18 *[sic]*, Pembroke East Central.

Mr. Michael A. Weeks: Sixteen, sir.

The Speaker: Sixteen, sorry.

Mr. Michael A. Weeks: Good morning, Mr. Speaker.

The Speaker: Good morning.

QUESTION 1: BERMUDA TOURISM AUTHORITY LOAN TO WHITFIELD GROUP

Mr. Michael A. Weeks: Mr. Speaker, will the Honourable Minister please inform this Honourable House, what is the total amount of funding, in addition to the \$180,000 loan, that the Whitfield Group has received from the Bermuda Tourism Authority or Government to cover storm damage?

The Speaker: Minister?

Hon. Shawn G. Crockwell: There is no additional funding.

The Speaker: All right. Thank you.
Yes, MP, Member from constituency 16, again.

Mr. Michael A. Weeks: Thank you, Mr. Speaker. I have a supplementary.

The Speaker: Yes.

SUPPLEMENTARY

Mr. Michael A. Weeks: I was not sure if the Minister answered earlier, but let me ask it anyway.

Has the Whitfield Group received any more funding from the BTA prior to this \$180,000? And if so, have any other monies been repaid?

Hon. Shawn G. Crockwell: Mr. Speaker, I answered the question earlier. I am not aware of any prior funding. But in response to his question, there was no additional funding provided to Whitfield Group besides the loan. It was a loan.

The Speaker: All right. Thank you. Thank you.

Yes, the Chair will recognise the Honourable Member from constituency 6. Sorry?

[Inaudible interjection]

The Speaker: Please, take your seat a minute.
Honourable Member Weeks.

Mr. Michael A. Weeks: Mr. Speaker, I am going to pass on my second question.

The Speaker: All right. Okay.

Mr. Michael A. Weeks: It has already been answered. Thank you.

The Speaker: All right. Thank you.

Then, the Chair will recognise the Honourable Member from constituency 6, MP Wayne Furbert, Hamilton West.

Hon. Wayne L. Furbert: Thank you, Mr. Speaker.

Just to confirm, we have about 10 minutes left?

The Speaker: Twelve, just over twelve.

**QUESTION 1: BERMUDA TOURISM AUTHORITY—
BONUS PACKAGE FOR CEO**

Hon. Wayne L. Furbert: Twelve minutes, okay.

Will the Honourable Minister please inform this Honourable House, what are the terms and conditions of the bonus package for the Bermuda Tourism Authority's CEO?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Yes, Mr. Speaker. This information has already been provided publicly. But I will provide it again today. The CEO is eligible to receive a discretionary annual incentive payment of up to 30 per cent of the base salary on a performance criteria identified by the board of directors. The bonus

will be based upon the overall performance and specific targets of the BTA, plus the executive's personal contribution to the success of the BTA. These criteria are determined by the board at its discretion.

The Speaker: Thank you.

Yes, you have a supplementary?

Mr. E. David Burt: Absolutely, Mr. Speaker.

The Speaker: Yes.

SUPPLEMENTARY

Mr. E. David Burt: My supplementary question is, Can the Honourable Minister please inform this Honourable House, in relation to bonuses paid by the Tourism Authority, how many of the employees of the Bermuda Tourism Authority are actually eligible for bonuses?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, again this question was already asked and answered in this Honourable House.

The Speaker: That was done before.

Hon. Shawn G. Crockwell: They all are eligible.

The Speaker: Honourable Members, if you could please not ask questions that you know have been asked already, that would be appreciated. It makes the Speaker's job very difficult.

[Inaudible interjections]

Hon. Wayne L. Furbert: Supplementary, Mr. Speaker.

The Speaker: Yes. Carry on.

SUPPLEMENTARY

Hon. Wayne L. Furbert: The Honourable Minister said that it is based on performance.—

[Crosstalk]

The Speaker: Just a minute, just a minute. Honourable Member, just a minute.

[Pause]

The Speaker: You have a second question.

Hon. Wayne L. Furbert: The Honourable Minister said it is based on performance and targets. Can the Honourable Minister inform this Honourable House—

The Speaker: This is a supplementary?

Hon. Wayne L. Furbert: Yes.

The Speaker: Yes.

Hon. Wayne L. Furbert: What are the targets that the CEO has to meet, and the staff?

The Speaker: Minister?

Hon. Shawn G. Crockwell: I do not have that before me, Mr. Speaker.

The Speaker: Thank you.
Yes?

Hon. Wayne L. Furbert: Can the Honourable Minister undertake to get that information to us as far as targets?

The Speaker: Minister?

Hon. Shawn G. Crockwell: I will do that, Mr. Speaker.

The Speaker: Thank you.

Hon. Wayne L. Furbert: Second question.

The Speaker: Yes, you have a question number two.

QUESTION 2: BERMUDA TOURISM AUTHORITY— BONUS PACKAGE FOR CEO

Hon. Wayne L. Furbert: Will the Honourable Minister please inform this Honourable House if the BTA CEO has been paid a bonus since he commenced employment with the BTA?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Thank you, Mr. Speaker.
I have also answered this question already.

The Speaker: Yes, that was answered. I remember that one.

Hon. Wayne L. Furbert: Did he?

The Speaker: No.

Hon. Shawn G. Crockwell: He has not received a bonus.

QUESTION 3: GAMING COMMISSION MEMBERS REMUNERATION

Hon. Wayne L. Furbert: Number three. Will the Honourable Minister please inform this Honourable House, what is the remuneration for the gaming commission members?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, the Ministry is currently in the process of drafting regulations that provide for the administration of the Bermuda Casino Gaming Commission and the remuneration for members of the commission. So, once those regulations are submitted and passed, then we will know. The normal process is to get the gaming commission in place. The commissioners themselves will be involved in the drafting of the regulations and the like. We are going to procure information in terms of best practices and in terms of jurisdictions that are analogous to Bermuda.

The Speaker: All right. Thank you, Honourable Member.

The Member from constituency 29, you have a supplementary?

SUPPLEMENTARY

Hon. Zane J. S. De Silva: Yes, I do, Mr. Speaker.

Minister, you just said that the commissioners are not being paid; that will be worked out. So are you confirming that the commissioners are currently working for free and will do so until regulations are actually laid before the House?

The Speaker: Minister?

Hon. Shawn G. Crockwell: That is correct.

The Speaker: Do you have a second supplementary?

SUPPLEMENTARY

Hon. Zane J. S. De Silva: Supplementary, yes, Mr. Speaker.

Will their pay be retroactive from the date they started?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, that is premature, but my initial reaction is no.

The Speaker: All right. Thank you.

Yes, the Honourable Member from constituency 21 has a supplementary. Carry on.

Mr. Rolfe Commissiong: Good morning, Mr. Speaker.

The Speaker: Good morning.

SUPPLEMENTARY

Mr. Rolfe Commissiong: Is the overseas commissioner here working on that plan now? And will he be afforded a housing allowance, prospectively?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Yes, thank you.

We have not identified the overseas commissioner. The overseas commissioner will not have to reside here. The overseas commissioner will come for meetings and, of course, will be in dialogue with the commission.

Let me state that I made it clear when the first three commissioners were appointed that they are designate commissioners. So the commission itself has not been established because it is . . . The Act requires that there be five. So until we have a full complement, the commission would not be officially established. But to get the ball rolling, I have selected designate commissioners. And once we have the full commission, the public will be advised.

The Speaker: All right. Thank you.

Yes. Honourable Member, do you want to go to your questions? All right. So that completes this.

So we now recognise the Honourable Member from constituency 5, with questions for the Junior Minister Sylvan Richards.

QUESTION 1: ACREAGE OWNED BY NON-BERMUDIANS

Hon. Derrick V. Burgess, Sr.: Thank you, Mr. Speaker.

Will the Honourable Junior Minister please inform this Honourable House, what is the total residential acreage owned by non-Bermudians, excluding PRCs, as at October 31st, 2014?

The Speaker: Yes, Junior Minister Richards.

Mr. Sylvan D. Richards, Jr.: Thank you, Mr. Speaker.

The total residential acreage owned by non-Bermudians, excluding PRCs, as at October 31st, 2014, is 2,173.53 acres.

The Speaker: Thank you, Minister.
MP Burgess?

Hon. Derrick V. Burgess, Sr.: Thank you, Mr. Speaker. Question number two.

The Speaker: Yes.

QUESTION 2: LICENCES ISSUED TO PRCs PURCHASE CONDOMINIUMS

Hon. Derrick V. Burgess, Sr.: Will the Honourable Junior Minister please inform this Honourable House how many licences were issued to PRCs seeking to purchase condominiums from December the 20th, 2012, to October 31st, 2014?

The Speaker: Yes, Junior Minister?

Mr. Sylvan D. Richards, Jr.: Thank you, Mr. Speaker.

The number of licences issued to PRCs seeking to purchase condominiums from December 20th, 2012, to October 31st, 2014, is 15.

The Speaker: All right. Thank you, thank you, Honourable Member.

MP Burgess, again?

Hon. Derrick V. Burgess, Sr.: Yes, question number three, Mr. Speaker.

The Speaker: Yes.

QUESTION 3: PRC LICENCES ISSUED TO NON-BERMUDIANS TO PURCHASE CONDOMINIUMS

Hon. Derrick V. Burgess, Sr.: Will the Honourable Junior Minister please inform this Honourable House how many licences were issued to non-Bermudians, excluding PRCs, seeking to purchase condominiums from December the 20th, 2012, to October the 31st, 2014?

Mr. Sylvan D. Richards, Jr.: The number of licences issued to non-Bermudians, excluding PRCs, seeking to purchase condominiums from December 20th, 2012, to October 31st, 2014, is 27.

The Speaker: Thank you, Minister.

You have a supplementary? Yes, the Chair will recognise MP Brown, from constituency 17.

SUPPLEMENTARY

Mr. Walton Brown: Will the Honourable Junior Minister agree that Government is of the view that not all foreign-owned property is duly and properly registered?

The Speaker: Minister?

Mr. Sylvan D. Richards, Jr.: Thank you, Mr. Speaker.

I cannot answer that question. I would have to speak to the substantial Minister about that.

The Speaker: Thank you.

Yes, MP from constituency 18. MP Burt, yes.

Mr. E. David Burt: Yes, Mr. Speaker. Thank you, and a supplementary.

The Speaker: Yes.

SUPPLEMENTARY

Mr. E. David Burt: The Minister indicated that, I believe he said 27 licences were issued to non-Bermudians, excluding PRCs, seeking to purchase condominiums.

The Speaker: Yes.

Mr. E. David Burt: Can the Honourable Minister please confirm if that breakdown included any companies that were issued permission during that time?

The Speaker: Minister?

Mr. Sylvan D. Richards, Jr.: Thank you, Mr. Speaker. I do not have the answer to that. I will get back to the Honourable Member.

The Speaker: All right. Then, right. So you will bring that answer back for the next Question Period, next week. Yes.

All right. Thank you.

Honourable Members, we do have three minutes left. We can go back, if you would like, to a couple of the questions which . . . The Honourable Member is not there. Okay.

All right. That will bring to an end the questions for today. And those questions which were asked to be carried over, the Minister will respond in writing.

CONGRATULATORY AND/OR OBITUARY SPEECHES

The Speaker: We now move to congratulatory and/or obituary speeches.

The Chair will recognise the Honourable Member from Warwick South East, constituency 24. You have the floor.

Mr. W. Lawrence Scott: Thank you very much, Mr. Speaker.

I just want to take this opportunity to thank the men from the fraternities Alpha Phi Alpha Fraternity, Incorporated, here on the Island and the Epsilon Theta Lambda Chapter, because they actually just crossed a new line. The new line is named *New Gen-*

esis. And I would like to congratulate those men who went through the process and were inducted into this honourable fraternity.

And their names are Omar Lodge, Jason Wade, Kian Butterfield and Donovan Rattery. And Cole Simons wants to be associated. I know the Honourable Member, the Minister of Transport and Tourism, would like to be associated. And the reason I bring this up is because they are actually hitting the ground running with their service to this community by hosting a symposium this Monday at Bermuda College at 6:30. And the thing is, why I bring it up here is because it is talking about leadership. They are actually going to challenge the current leadership model. And when I say *challenge the leadership model*, [from] over the past 50 years, [they will do this] by assessing the appetite of the country for the young and diverse leaders within the next five to ten years.

And basically, it is doing enough . . . Their symposium is about, *Is this Island doing enough to develop its future leaders?* And this event will bring together leaders, a diverse group of leaders from all across the Island to raise the awareness and help with the professional development of the demographic. And the topic of this symposium is, *Has the glass ceiling been broken or merely cracked?* And they are examining the glass ceiling when it comes to gender, age, race, and sexual orientation.

What they are going to do is have questions posed to the panel such as, *What do you think is the appropriate leadership model in Bermuda?* So, I think that it is a congratulatory . . . Congratulations should go out to these gentlemen who are actually doing all they can to make this Island a better place and providing their service to the community by giving back. Thank you for that, Mr. Speaker.

The Speaker: All right. Thank you, Honourable Member.

Would any other Honourable Member care to speak?

The Chair will recognise the Honourable Premier. Premier you have the floor.

Hon. Michael H. Dunkley: Thank you, Mr. Speaker. Good morning to you and colleagues.

The Speaker: Good morning.

Hon. Michael H. Dunkley: Mr. Speaker, I appreciate the opportunity this morning to ask this Honourable Chamber to send congratulations to the GED graduates from the Corrections [Department], in a ceremony celebrated just a couple of weeks ago with Junior Minister Baron, [who] was fortunate to present the diplomas and greet the four young people who graduated, through the good works of the Correction Department and Shawnette Somner, the Education Officer at the Correction Department.

The four who were successful in graduating were Ezra Ararat, Karim Clark, Sanchea Douglas and Tio Weeks. Congratulations to them for sticking to it and getting things done. It is always heart-warming and pleasing to see our young men and women getting involved under difficult circumstances and furthering their education. And I think Members of this House, the Honourable Member Weeks and the Honourable Member Kim Wilson, would like to be associated as well. So, congratulations to Corrections, and keep up the good work. Thank you.

The Speaker: Thank you. Thank you, Premier.

Would any other Honourable Members care to speak?

The Chair will recognise the Honourable Member from constituency 33. MP Jamahl Simmons, you have the floor.

Mr. Jamahl S. Simmons: Thank you very much, Mr. Speaker.

I would like to stand today and raise congratulations to the promotions of three Bermudians at the Fairmont Southampton, two of whom are former colleagues of mine, Ms. Allison Tucker, who is also a constituent, as well as Ms. Marquisha Douglas. I would also like to send congratulations to Ms. Felicity Burton, as well, another Bermudian who has been promoted at that organisation. Mr. Speaker, this is exciting because we see young Bermudians moving up the pipeline. And hopefully, we will see this bodes well for Bermudian leadership one day at the top of all our hotels. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Honourable Member.

Would any other Honourable Member care to speak?

That will conclude our congratulatory and obituary speeches.

MATTERS OF PRIVILEGE

The Speaker: There are no matters of privilege.

PERSONAL EXPLANATIONS

The Speaker: No personal explanations.

NOTICE OF MOTIONS FOR THE ADJOURNMENT OF THE HOUSE ON MATTERS OF URGENT PUBLIC IMPORTANCE

The Speaker: No notices of motions.

INTRODUCTION OF BILLS

The Speaker: No Bills being introduced.

NOTICES OF MOTIONS

The Speaker: We do have the Honourable Member from constituency 17, Pembroke Central.
MP C. Walton Brown, you have the floor.

Mr. Walton Brown: Good morning again, Mr. Speaker.

The Speaker: Good morning.

THAT THIS HONOURABLE HOUSE OBSERVE AND CONCLUDE THAT THE UNITED KINGDOM GOV- ERNMENT IS ACTING IN A MANNER CONTRARY TO THE BEST INTERESTS OF BERMUDA AND BERMUDIANS

Mr. Walton Brown: Mr. Speaker, I give notice that at the next meeting, I intend to table the following motion:

Pursuant to Article 73 of the Charter of the United Nations, which states, *inter alia*, that "Members of the United Nations which have or assume responsibilities for the administration of territories whose peoples have not yet obtained a full measure of self-government recognize the principle that the interests of the inhabitants of these territories are paramount, and accept as a sacred trust the obligation to promote to the utmost . . . the well-being of the inhabitants of these territories . . ." and further, "to ensure, with due respect for the culture of the peoples concerned, their political, economic, social and educational advancement, their just treatment and their protection against abuses . . ." and being mindful that the United Kingdom is a founding member of the United Nations, and the administering power for the Overseas Territory of Bermuda;

BE IT RESOLVED that this Honourable House observes that the United Kingdom Government (1) did not use its authority to eliminate racial segregation in these Islands; (2) did not use its authority to grant universal suffrage in these Islands; and more recently, given that the United Kingdom Government has (1) unfairly and publicly chastised Bermuda over its taxation regime; (2) rejected a decision by this Honourable House calling for a commission of inquiry into allegations of systemic property theft in these Islands; (3) rejected a bi-partisan call for the appointment of a Bermudian Director for Public Prosecutions; (4) rejected a bi-partisan call for the appointment of a Bermudian Information Commissioner, this Honourable House concludes that the United Kingdom Government is acting in a manner contrary to the best interests of Bermuda and Bermudians.

[Desk thumping]

The Speaker: Thank you, Honourable Member.
Any objections to that?
That will be placed on the Order Paper

ORDERS OF THE DAY

The Speaker: We now move to Orders of the Day. We are in resumption of the Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for the year 2015/16.

I will ask that the Honourable Member from constituency 14, Devonshire North West, MP Glen Smith, take the Chair [of Committee]. Thank you.

House in Committee at 11:15 am

[Mr. Glen Smith, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Chairman: Good morning, Members and listening audience. We are now in the Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for the year 2015/16 for the Minister of Economic Development, Heads 95, 39, 46, 67 and 89. Four and a half hours have been allocated to these heads. I call on the Minister of Economic Development, the Honourable Grant Gibbons, to proceed. Minister, you have the floor.

MINISTRY OF ECONOMIC DEVELOPMENT

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Chairman.

Mr. Chairman, why do I not start by moving all five heads? And those heads are 95, Ministry of Economic Development Headquarters; 39, Registrar of Companies; 46, Telecommunications; 67, E-Commerce; and Head 89, Energy.

Hon. Wayne L. Furbert: Just a point of clarification.

The Chairman: Honourable Member?

Hon. Wayne L. Furbert: Yes. I just want to thank the Minister for giving me his brief. I think he is the first Minister who has handed in a brief during this Debate. Thank you.

The Chairman: Thank you.
Minister, you have the floor.

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Chairman. I hope I do not regret that move.

An Hon. Member: You won't, you won't. Don't worry.

[Laughter]

Dr. the Hon. E. Grant Gibbons: But it should provide a better debate.

[Inaudible interjections]

Dr. the Hon. E. Grant Gibbons: Yes, I live in hope, Mr. Chairman.

HEAD 95—MINISTRY OF ECONOMIC DEVELOPMENT HEADQUARTERS

Dr. the Hon. E. Grant Gibbons: Mr. Chairman, it gives me great pleasure to start with the budget for Head 95, which is the Ministry Headquarters for the Ministry of Economic Development. That can be found on pages B-327 to B-330, pages C-7, C-15 and C21 of the Budget Book.

Before actually getting into some of the details here, I would like to make a couple of brief budget-related comments about the overall Ministry of Economic Development, based upon page B-327.

I think, as Honourable Members will be aware, in January of this year, there were a number of portfolio changes that directly affected the Ministry of Economic Development. The first was the division of the former Ministry of Education and Economic Development into two distinct ministries, and the second was the assignment of responsibility for managing Government's obligations for hosting the America's Cup 2017. Prior to the reorganisation, the Ministry had responsibility for the Department of Education and the Bermuda College, which are now vested with the Ministry of Education. As far as possible, comparisons of the Ministry's 2015/16 Budget with earlier budget years will be done on a like-for-like basis.

I would like to make a few other comments, as well, just on the overall Ministry page, which is on page B-327. Just to note, I think it is sometimes interesting, but the Ministry of Finance effectively does a comparison there. And the overall Ministry, for which we are budgeting some \$18.1 million this year and looking at a revenue of \$77.6 million, represents some 2 per cent of the total Government expenditure. It represents about 8 per cent of the total Government revenue, about 8 per cent of Government capital costs, and accounts for about 1 per cent of the total employees, of which there are 41 budgeted in this coming year, over all the heads that we are talking about this morning.

So, Mr. Chairman, I would like to come back now to, specifically, Head 95. And we will note there that the Ministry Headquarters has been allocated a

total budget of \$12.253 million. That is up \$5.6 million, roughly 86 per cent from the previous year. And there are eight full-time equivalents. I will get into a little more detail in a minute.

Of the \$12.253 million allocated to the Ministry Headquarters, about \$6 million of that is allocated to Economic Development and \$6.2 million is allocated to the America's Cup (which is on page B-328). It is important to note that nearly 70 per cent of the amount allocated to Economic Development reflects the grant to the Bermuda Business Development Agency (or BDA). And I will break this down further as we work through this brief.

Mr Chairman, the mission of the Ministry of Economic Development, which is . . . I now move to page B-328. The Ministry's mission is to facilitate economic growth and the creation of jobs. The Ministry is working to create an environment that is conducive to sustaining the businesses already in Bermuda and to making our Island attractive so that new businesses come and make Bermuda their home.

In carrying out its mission, the Ministry works closely with other ministries, including the Ministry of Finance, Public Works, Tourism Development and Transport and the Ministry of Home Affairs. The Ministry Headquarters also seeks to ensure that the departments under its purview deliver appropriate services, policies and legislation in a responsive, timely and thorough manner. The Ministry will operate efficiently and effectively by placing the right people in the right jobs, and streamlining systems and processes so that these people are empowered to work in a collegial and collaborative manner with colleagues and stakeholders.

Mr. Chairman, within the Ministry of Economic Development, the Ministry Headquarters has overall responsibility for five government departments and oversight for the Regulatory Authority of Bermuda, the Bermuda Business Development Agency and the ACBDA (which is the America's Cup host entity). The Ministry Headquarters is staffed with a Permanent Secretary, a Comptroller, one Policy Analyst and two additional administrative and accounting support staff. Also included in the Headquarters complement are the Senior Manager, Policy Analyst (Business Development) and the Legislative Assistant of the Business Development Unit (the BDU).

Mr. Chairman, the other departments that fall under the remit of the Ministry of Economic Development are:

- Head 39—the Registrar of Companies;
- Head 46—the Department of Telecommunications;
- Head 67—the Department of E-Commerce; and
- Head 89—the Department of Energy.

I would like to just give a brief overview of each department, as follows:

Head 39—the Registrar of Companies. This department is headed by Mr. Stephen Lowe, the Registrar, and works very closely with the BMA in regard to the incorporation of companies in Bermuda. The Minister of Economic Development has responsibility for the Companies Act 1981, and the Registrar also provides advice to the Minister with regard to applications for consents and permissions under the Act.

Head 46—the Department of Telecommunications. This department currently has Ms. Maxanne Anderson as the Acting Director. Honourable Members will be aware that there is a working relationship between the department and the recently established independent Regulatory Authority [RA], which has responsibility for the supervision and regulation of the Telecommunications sector. The department also continues to work with the Broadcasting Commission to assist the Minister in regulating and licensing the Broadcast sector, and also assists the Minister in administering the Island's satellite orbital slots and related activities.

Head 67, which is the Department of E-Commerce. This department is headed by Director Ms. Marisa Stones. The mission of the Department of E-Commerce is to support the continued growth of the digital economy and to foster a culture of digital technology and e-business excellence by facilitating the advancement of information and communications technology (otherwise known as ICT) policies, skills, adoption and innovation. This is to ensure that Bermuda remains an attractive jurisdiction in which to conduct business electronically.

The department is also focussed on ensuring that the legislative and policy frameworks required to enable businesses in Bermuda to meet the challenges of the ever-changing digital economy continue to evolve. Therefore, a primary objective for the department during this next fiscal year will be on completing the development of the data privacy and protection legislation and laying the foundation for a cyber-security policy framework.

Head 89, which is the Department of Energy. The Energy Department is headed by Director Ms. Jeane Nikolai. The Department of Energy is responsible for providing policy support to the Minister with regard to all energy-related matters and is the department that supports the Energy Commission. The primary objective for the department for the forthcoming year is the development of new energy legislation that will result in the transfer of regulatory responsibility from the Ministry to the Regulatory Authority of Bermuda.

Mr. Chairman, as I mentioned earlier, the Ministry of Economic Development allocates a grant to the Bermuda Business Development Agency (or BDA) in support of the public/private partnership that exists between the Ministry and the agency. The Ministry has also made provisions in the budget for fiscal year 2015/16 to provide a grant to the ACBDA for both their

operating expenses and capital development obligations with respect to the America's Cup.

Mr. Chairman, since the Ministry also has portfolio responsibility for international business, the directors work very closely with the Ministry of Finance to address the well-being and sustainability and growth of this very important economic sector.

So, Mr. Chairman, the budget for the Headquarters of the Ministry of Economic Development is set out under four cost centres. And you can see those on page B-328. Those four cost centres are:

- policy and administration, line item 9501;
- Business Development Unit, [line item] 9502;
- grants, line item, 9503; and
- America's Cup 2017 [line item] 9505.

Mr. Chairman, I would draw your attention to the fact that a simple apples to apples comparison of the Ministry Headquarters budget year over year is not straightforward. The figures provided in the Budget Book for the prior fiscal year are from the previous Ministry of Education and Economic Development. Following the portfolio restructuring in January of 2015, the Ministry added the portfolio of the America's Cup and shed responsibility for Education, as I mentioned earlier. With that in mind, we have sought to ensure that the year-on-year comparisons are as meaningful as possible.

I am going to start then with [line item] 9501 in [cost centre] 105000, which is Administration. As you will see, Mr. Speaker, there, the estimate for 2015/16 is \$977,000. This is a reduction of \$266,000, or down some 21 per cent from the previous year. The budget for 2014/15 was \$1.243 million, and the revised budget, as you can see there, under the Revised Estimate line, is \$936,000. There are some five full-time equivalent positions in that particular line item.

So, Mr. Chairman, the budget for the Administration Section primarily covers salaries, general operating expenses and travel, and reflects the reduction in administrative expenses resulting from the separation of the ministries.

There is an allocation of \$498,000 for professional services on page B-329. This is for legal and professional consultants to the Headquarters and Business Development Unit (or BDU, as we sometimes call it) and includes a provision of \$175,000 for legal costs.

The revised 2014/15 budget reduction to \$936,000 on page B-328 is due to budget virements to the Department of Telecommunications to facilitate the reimbursement to World on Wireless [WoW] for their spectrum migration, which is scheduled to commence during fiscal year 2014/15. And I will explain a little bit more about that when we get to the Telecommunications head.

Moving now down to [line item] 9502, and [cost centre] 105020, Business Development, or the Business Development Unit, the estimate, as you will

see, Mr. Chairman, is \$808,000. That is down \$42,000, or 5 per cent, from previous year, which was 2014/15, was \$850,000. And as you can see, they were looking at a revised estimate for 2014/15 of \$824,000. In the Business Development Unit, there are three full-time equivalent individuals. The decrease of \$42,000 is as a result of reduced travel and streamlined processes.

Mr. Chairman, the \$850,000 allocated to the unit last year went towards helping the unit achieve its mandate. Aside from salaries, the expenses under this cost centre include consulting services, an allocation for research tools, and a small travel provision.

Mr. Chairman, the Business Development Unit's functions are specifically focused on activities related to international businesses. The unit is responsible for progressing legislation that improves Bermuda's competitiveness as an international financial centre and also for providing data and research for the Ministry. The BDU works in close partnership with the Bermuda Business Development Agency, supporting both the management and operations of the BDA.

The Senior Manager of the BDU is a member of the Board of Directors of the BDA and works with the BDA to operate a concierge service for new companies seeking to do business in Bermuda. As part of the concierge service, the BDU serves as a point of contact to assist and direct companies with Government-related issues. And those would be issues such as work permit questions, Companies Act approvals, tax queries and other related items.

I am going to elaborate a little bit more on the concierge service further in my discussion of the BDA itself. So, BDU staff members also participate in various industry focus groups sponsored by the BDA, including the Legal Focus Group, the Trust Focus Group and the Asset Management Focus Group.

Mr. Chairman, working in conjunction with the BDA industry groups, the BDU facilitated several important amendments to Bermuda's legislative framework in 2014. Specifically, the BDU facilitated the following changes:

Section 45 of the Companies Act 1981 was amended to provide clarification and flexibility to the process by which a company's share capital may be altered.

The Life Insurance Act 1978 was amended to provide clarity as to (1) the applicability of the Life Insurance Act 1978 to specified life insurance contracts; and (2) priorities of registered charges relating to transfers or assignments of life insurance contracts.

The Trust Act 1989 was amended to expressly permit the retention or grant of powers to a third party by a settlor of a trust without prejudicing the validity of the trust, under Bermuda law.

The Trustee Act 1975 was amended to give the Bermuda courts the authority to intervene in certain limited circumstances to remedy the negative ef-

fects of acts or omissions of trustees and other fiduciaries in the exercise of their powers.

All of these changes were identified by the business community as necessary to achieve parity with the laws of competitor jurisdictions or, in some cases, surpass the rights afforded in those jurisdictions.

Mr. Chairman, the principal legislative targets for this upcoming fiscal year include:

- changes to the laws governing partnerships, which will allow greater flexibility in the management and administration of partnerships and achieve parity with the rights afforded to Bermuda companies;
- changes to the Perpetuities and Accumulations Act 2009 to achieve consistency in the application of the rule against perpetuities for Bermuda Trusts; and
- further changes to the Companies Act 1981 to modernise and streamline the rules governing Bermuda companies.

The BDU will also be working to facilitate the development and approval of a Bermuda Limited Liability Company Act, which will introduce a new entity, commonly referred to as an LLC. Consultations and discussions with the Bermuda Monetary Authority, the Ministry of Finance, the National Money-Laundering Committee and the Attorney General's Chambers have already begun.

Mr. Chairman, the BDU is playing a pivotal role in assisting the Bermuda College and the Regulatory Compliance Association (or RCA) with the creation of an advanced training programme geared towards the financial services industry. The RCA is an educational organisation with 78,000 members in the United States and abroad. It is headquartered in New York, and it partners with various US law schools to provide courses for students working to obtain a juris doctor (or JD) or master's degree in law (an LL.M). Course offerings include classes covering regulation, compliance, operations, risk management, governance, accountancy and taxation.

While this programme is usually offered to students who have already obtained a bachelor's degree, the Bermuda programme will be tailored to provide the training to Bermudians regardless of whether they have already completed their undergraduate studies.

Mr. Chairman, in line with the Government's overall goal to increase Bermuda's competitiveness, this new training initiative is being launched to improve and grow the intellectual capital in Bermuda. The programme will focus on financial service compliance matters and will be designed to meet the needs of existing and future Bermuda-based businesses in the ever-expanding field of compliance management. The programme also offers a great opportunity for Bermudians to broaden their skill sets and follow new

career paths, primarily due to the fact that the RCA will sponsor a total of 150 scholarships for Bermudians to participate in the programme. Mr. Chairman, it is a very generous offer by the RCA, and they are working very closely with us to effectively upgrade Bermuda's competitiveness vis-à-vis other jurisdictions, and particularly the Cayman [Islands].

So, in January of this year, the BDU coordinated a meeting between the programme partners and senior business leaders to formally announce the programme to the business community. The BDU will serve as the point of contact for the Government in relation to the training programme and will assist with its overall implementation, from the planning phase to final roll-out.

Now, to help ensure the programme's success, a number of senior executives in the business community have been asked to participate in various ways, including serving on a curriculum committee to help structure the course offerings. The business community has also been asked to encourage their own employees to sign up for the programme and to create new opportunities for the advancement of programme participants.

The BDU will continue to help facilitate communication to and involvement by the business community with respect to this very important initiative. The success of this programme could create a large supply of educated and well-trained compliance professionals based in Bermuda. Given the recent focus on and the strengthening of regulatory standards in the financial services industry, and the major shift to focus on compliance by some of the world's largest financial institutions, creating a compliance-based training programme in Bermuda could be a very effective tool for ensuring that Bermudians can effectively compete in the job market.

Mr. Chairman, the BDU has already achieved great success and has an important role to play in our ongoing economic recovery. The unit will continue to work closely with the BDA and members of the business community to achieve its objectives.

Mr. Chairman, I am going to shift now to the next cost centre. And that is [line item] 9503, [cost centre] 105030, and that is titled Grants. And that is on page B-328 as well. As you will see there, the estimate for 2015/16 is \$4,250,000 and that is, in fact, a decrease of some \$250,000, or 6 per cent, from the previous year of \$4,500,000.

Mr. Chairman, last fiscal year, the BDA was allocated a budget of \$4.5 million. The agency has enjoyed a productive year of formation and development and also installed a new CEO, as many Honourable Members will know, in the form of Mr. Ross Webber, in August of 2014. The agency has become well respected and has consolidated its presence as the leading body for the implementation of targeted business development activities for the Island.

Mr. Chairman, for the 2015/16 fiscal year, a grant of \$4,250,000 is budgeted for the Bermuda Business Development Agency (or BDA). As a public/private partnership with an independent board, the BDA also generates funding contributions from the wider private sector business community. The agency has raised nearly \$300,000 for fiscal year 2014/15, the current one we are in, with a target of \$350,000 for the fiscal year ending March 31st, 2016, the budget year we are talking about.

The overarching mandate of the BDA is to create and implement marketing and business development strategies to stimulate growth and job creation in the Bermuda economy. The BDA generates business development strategies and implements initiatives that help maintain and grow existing businesses and encourage new businesses to locate on the Island. The BDA also provides access to information and resources to assist companies with their jurisdictional decision-making and helps those companies to set up operations in Bermuda.

It is important to note that the BDA is not just about attracting new businesses to the Island. While getting new business is very positive, maintaining the business we already have is paramount. By providing a platform for, as it is now being called, *Team Bermuda* to present a united front, and by ensuring Bermuda projects a positive, vibrant and conducive business environment, the BDA helps existing companies generate more business and is consequently more likely to maintain and grow jobs.

Mr. Chairman, the BDA is governed by an independent board. The Ministry is represented on that board by the Senior Manager of the Business Development Unit, Ms. Lydia Dickens. The other 11 board members are:

- Ms. Caroline Foulger, Chairman;
- Mr. David Cash, Deputy Chairman;
- Mr. Ross Webber, Chief Executive Officer of the BDA;
- Ms. Kiernan Bell, Managing Partner of Appleby Bermuda;
- Mr. Lawrence Bird, Managing Director of Marsh Bermuda;
- Mr. Wayne Caines, the Non-Executive Vice-Chairman of the Digicel Bermuda Board;
- Mr. Rees Fletcher, Division President of ACE Bermuda;
- Mr. Richard Moseley, Chief Executive Officer of HSBC Bermuda;
- Mr. Allan Pelvang, Country Head of Fidelity Bermuda;
- Mr. Paul Scope, Director of Shoreline Managers Limited; and
- Mr. Derek Stapley, who is an independent director.

Mr. Chairman, the BDA, as mentioned, was allocated \$4.5 million for the 2014/15 fiscal year. This funding went towards the implementation of business development initiatives that are generated by the agency's focus groups. The BDA has segmented the business landscape into four distinct pillars and has focus groups comprising leading industry representatives and the BMA. So, the four pillars are:

1. asset management;
2. trust and private client;
3. risk solutions; and
4. international commerce.

While the first three are relatively self-explanatory, the fourth pillar, international commerce, is currently focused on areas of economic diversification. In particular, this pillar is developing strategies to attract bio-medicine, life science and other technology-related companies to Bermuda.

By a combination of strategically targeted business development meetings, conferences, events, collaboration, thought leadership and media relations, the BDA executes its business plan to achieve its objectives.

Now, Mr. Chairman, regarding the activities and achievements of the BDA over the last year, I would like to highlight the following:

The BDA initiative to bring New York and Chicago fund lawyers to Bermuda significantly changed their perspective of Bermuda as a domicile for funds. The result of this strategy, the amendment to the Investment Funds Act, and the continuing follow-up has seen increased fund incorporations and greater potential for more business. We have seen additional fund launches under the new Exempt Fund regime, and by the end of 2014, the BMA had recorded a total of 824 funds registered in Bermuda. Approximately 31 per cent of new fund incorporations in 2014 were in the new Class A and Class B exempt funds.

Further on the legislative change front, the BDA was instrumental in working with the BDU to successfully progress changes to our legislation governing trusts. These changes have increased trust business and provided the impetus for the trust group to have a positive and contemporary message to take on the road and market. This revived trust business environment and the successful lobbying of the BDA helped prompt the organisers of the very successful Transcontinental Trust Conference to hold their next conference in Bermuda during April of this year. Similarly, the Regulatory Compliance Association (RCA, as I mentioned earlier) has actually moved its symposium from the Caymans to Bermuda and has committed to holding this annual event in Bermuda for three years. This is quite a change, Mr. Chairman, because this conference has traditionally been held in the Caymans, which is obviously a very strong competitor on the fund front. So they have essentially agreed to

hold this annual event in Bermuda for the next three years, beginning in April of 2015.

Hedge Connection will bring their Global Fund Forum to Bermuda in June 2015. And ILS Convergence conferences will once again be held in Bermuda in November of this year. The trilingual (because it is often in Latin America) ALARYS insurance conference will also come to Bermuda in 2016.

In addition to business development, these conferences will also bring thousands of hotel nights and consequential multiplier effects to the economy while the delegates are actually in Bermuda. They will contribute to the airlift to the Island, something of vital importance to both our tourism and business sectors. They will provide additional exposure for the Island as both a tourism and business location to many people who have not physically been here before. The net result is increased economic activity in the short term simply due to the arrivals on-Island (mainly during the winter and spring), and long-term benefits from those who are persuaded to do business here and set up a physical presence.

Mr. Chairman, the BDA, through its focus groups, is putting thought and effort into new business ideas for Bermuda. The BDA is working with Government, the BMA, the AG's Chambers, as well as local and overseas experts to turn these ideas into business development plans that can be executed quickly and effectively. The main objectives are to make a positive impact on Bermuda's economic growth, to help create new jobs and reduce job losses in existing businesses.

Further to industry strategy sessions held at the end of 2014, the BDA has produced a defined business plan with specified areas of focus for each of their four business activity pillars.

During 2015, the Asset Management Group has prioritised ILS and reinsurance businesses. It will be working to leverage relationships in this sector to increase asset management business in Bermuda.

The Asset Management Group is looking to continue to build long-term relationships with key decision-makers in New York to increase fund incorporations in Bermuda and to attract marquee name asset managers to increase fund launches in Bermuda. The Asset Management Group is also looking to raise Bermuda's profile and build long-term relationships with key decision-makers in the United Kingdom and Switzerland.

The ultimate goal is to attract new asset managers to establish a physical presence on the Island and to stimulate new jobs creation in the asset management industry.

Mr. Chairman, the Trust & Private Client Focus Group has its sights set on significantly raising our profile in the United States, the United Kingdom and Switzerland. The group is working on creating new products and re-packaging some of the existing products, and delivering them to the market. Some of its

work involves streamlining our legislative change process to increase speed to market and enable innovation. There is also a positive drive to attract more service providers, particularly private banks and trust companies, to set up operations in Bermuda.

Mr. Chairman, the BDA has also assumed and augmented much of the responsibility of the former IDC (that is, the Insurance Development Council). The objective of the BDA's risk solutions pillar is to sustain and, where possible, improve market position and market share. The many focus groups organised under this pillar are seeking to strengthen the presence of existing companies and facilitate new business formations on the Island. As a predominantly mature industry, the primary objective of the risk solutions pillar is slightly different. Their principal objective is to add value to the market stakeholders to enhance brand positioning and market-share maintenance.

A current top priority for the BDA is to craft and deliver a clear, consistent message that positions our marketplace based on our strengths. Essentially, this involves working with stakeholders, including Government, the BMA, ABIR and industry practitioners to develop talking points that are consistent and compelling. These points will then be disseminated through the domestic and international markets.

The BDA will be re-launching the market resource known as Bermuda Market Solutions (or BMS), found at the website www.bermuda-insurance.org. This is a tremendous repository of facts, figures and information regarding the Bermuda insurance market, lines of business offered, attachment points and blocks of insurance capacity, et cetera. Unfortunately, the information on the site is no longer up to date.

The BDA will be taking this excellent base of information and redeveloping it into a modern and dynamic resource that is applicable to today's technology and customers. The platform will be scalable to adapt to a variety of mobile devices and applications, and will be redesigned to have a user-friendly and easy-to-navigate interface. This is a large-scale project that requires in-depth research and a significant amount of effort and integration. The BDA has already begun the process of sourcing appropriate vendors and partners for this project, all of whom will be Bermudian.

Mr. Chairman, the risk solutions pillar encompasses all facets of our risk transfer industry—insurance, reinsurance, captives, ILS, underwriters, the broking community, legal advisors and auditors. Bermuda has another rapidly developing success story as we build our cluster of long-term life insurance companies. The Risk Solutions Group is looking to explore relatively untapped markets, including Canada, Latin America and regional US markets. The group is also researching opportunities in Asia. The group has identified some key conferences to progress its objectives, and the BDA will ensure an ap-

propriate presence at these events. The group has also organised targeted road shows to Canada and the regional US. Another cost-effective strategy that is being deployed by the BDA Captive Focus Group is the production and delivery of webinars to promote Bermuda's risk solutions.

Mr. Chairman, the work of the BDA over the last year and the work of the ILS Bermuda Team have propelled Bermuda to a clear global leadership position in this sector. Bermuda has over \$15 billion in listings on the Bermuda Stock Exchange as of December 31st, 2014, an estimated 60 per cent of the world's total. The BDA is seeking to ensure that we maintain this leadership position, and throughout this year will seek to widen the gap between Bermuda and our competitors. The plan is to take the Bermuda ILS message further afield and coordinate road shows to reach new investors. As well as hosting the third annual ILS Bermuda Convergence Conference, the ILS team will be leveraging international conference opportunities to showcase Bermuda's ILS innovation and strengths.

Mr. Chairman, the BDA will be working with the Bermuda International Long-Term Insurers and Reinsurers (and I am not even sure this acronym is going to sound terribly good, but it is called the BILTIR) to continue to develop the momentum and positive story following a very successful conference hosted in Bermuda by the BILTIR last year.

Of paramount importance to the BDA for [2015] is to ensure that the existing cadre of physical-presence insurance companies and their service providers strengthen their presence in Bermuda and maintain a strong bond with the Island. Despite the merger activity of some of the large industry players, the BDA will be working to increase the number of insurers registered—specifically, to realise an increase in the numbers of registrations from Latin America and Canada.

Mr. Chairman, earlier, I made reference to the international commerce pillar. This pillar has the potential to encompass a variety of possible diversification opportunities, and the BDA performs a careful analysis to allocate resources into areas that are a good fit with Bermuda and achievable. There are a variety of projects that fall under this umbrella, including bio-medicine, the life sciences, ICT-based technologies, intellectual property, e-commerce and near-shore solutions. When these opportunities are more fully developed, the BDA will provide more detailed information.

Mr. Chairman, the BDA, in close collaboration with the Business Development Unit of the Ministry of Economic Development, has implemented a concierge service. Bermuda has not offered this before. The BDA will walk companies through the process of establishing in Bermuda and provide them with a starting point and a consistent point of contact. The BDA provides prospects with information, introduc-

tions and meetings with law firms, accounting firms, real estate brokers, banks, administrators and trustees, among others.

The prospect will also be introduced to the BDU. Lydia Dickens and her team then provide a similar service for the processes within the Government. As previously mentioned, the BDU provides a singular point of contact for liaison with Immigration, Registrar of Companies, Office of Tax Commissioner and the Attorney General's Chambers, among other departments and ministries. This relationship with Government is all part of the concierge service.

Mr. Chairman, since its inception, approximately 65 companies have used the concierge service to gain information about Bermuda and explore the possibility of registering a business in Bermuda. Eight companies have set up a physical presence in Bermuda. For example, recently, they assisted an asset management firm who are relocating from Singapore to Bermuda. They have been working with this company for several months to move them through the process of considering Bermuda to actually now moving to Bermuda. In January, this company placed a local advertisement for four positions that they are looking to fill in Bermuda. This is just one example, and there are others—with no less than 32 current inquiries in the pipeline.

And I should also mention, Mr. Chairman, that if Honourable Members are approached by credible companies or individuals who are interested in developing businesses in Bermuda, please have them contact the BDA or visit their website at www.bda.bm, and they will be pleased to assist.

Mr. Chairman, the BDA has put formal and structured systems in place to significantly extend our international outreach. The agency initiated BDA Abroad, using LinkedIn. This is a network for Bermudians working abroad or Bermuda alumni to connect with the Island, share ideas and intelligence, and be business ambassadors for the jurisdiction. The LinkedIn forum is accessible through specific individual outreach and has already been launched in London and in the United States.

This is rapidly expanding, as international contacts from Switzerland to Hawaii, Singapore to Australia, and to Germany spread the message to others, who join and follow suit. If anyone is interested in getting this message out to their contacts abroad, there is information on the BDA website, or just let the BDA know and they will be happy to help.

Mr. Chairman, we can point to renewed confidence in Bermuda as a place to do business. This is very important. Potential new international businesses look to the existing business on the Island as a gauge. The strong and encouraging growth, in both 2013 and 2014, speaks for itself. 2013 was a remarkable year for special purpose insurers [SPI], with a record 51 new SPIs being registered in Bermuda. SPIs accounted for more than 50 per cent of the

91 new insurers registered in 2013. Although the total number of new insurers registered decreased to 65 in 2014, the new registrations covered all classes of insurers and included 28 new SPIs. Despite the decrease in new SPIs registered in 2014, Bermuda's total market share of outstanding insurance-linked securities grew from approximately 44 per cent at the end of 2013 to 60 per cent at the close of 2014.

There was also strong growth in the life reinsurance sector. Four new Class E insurers, which are required to have total assets of more than \$500 million, were registered in Bermuda in 2014. Additionally, 10 new long-term life reinsurers were established during 2014, compared to six in 2013.

Mr. Chairman, it is also important to underscore the fact that it is companies, both local and international, that create jobs and hire Bermudians. Without sustaining existing companies and adding new ones, we are unlikely to create the growth in jobs that we need.

Mr. Chairman, I will talk some more about new company registrations when we cover Head 39, the Registrar of Companies.

Let me move now down to [line item] 9505, [cost centre] 105070, again on page B-328, and that is the America's Cup 2017. The estimate for 2015/16, as you will see, Mr. Chairman, is \$6,218,000. The revised budget for 2014/15 was \$1,581,000, and that will be dealt with, I think, as Honourable Members are aware, when we essentially deal with the supplemental funds before the end of this parliamentary session. Capital development, which is page C-7, the estimate for 2015/16 is \$4,874,000. The supplemental budget for 2014/15 is \$3,077,000.

Now, Mr. Chairman, this allocation is for the costs associated with Bermuda preparing for and hosting the America's Cup events—specifically, the World Series event in October of 2015 and the America's Cup Finals in 2017. This includes operating expenses for the Ministry Headquarters for the oversight of Government's deliverables for the events, as well as sponsorship payments to the America's Cup Event Authority and a grant to the ACBDA Ltd.

As you will see . . . (Sorry. Actually, you will not see; it is not broken out. I am going to give it to you.) Salaries and Professional Services amount to \$300,000. So, in order for the Government to ensure that it meets its obligations and commitments under the agreement with the America's Cup Event Authority, a temporary project team will be created within the Ministry that is known as the America's Cup 2017 Office, until the end of the event period in 2017. The team will consist of two staff members seconded from within the government, and they are a Liaison Officer in the form of Ms. Jasmin Smith, who will be responsible for overseeing the Project Office, and she will be supported by an administrative assistant. \$300,000 has been allocated to cover their salaries, plus a small amount to cover professional services.

The core responsibilities for the project office are to:

- oversee the budget allocated for the America's Cup 2017;
- work with the relevant government ministries to coordinate the delivery of government functions and services required for the effective operation of the events, such as the transportation plan, security services, et cetera;
- facilitate concession order applications under the America's Cup 2015 Act;
- serve as a conduit for the submission of work permit applications, development and building applications and any other application required under the Government's commitment to the ACEA [America's Cup Event Authority]; and
- to liaise with the ACEA and the ACBDA Ltd., as well as other organisations that will be providing resources or services in connection with hosting the 35th America's Cup.

Mr. Chairman, other responsibilities include representing the Government on committees established for the purpose of preparing and implementing various event initiatives.

Let me talk about the sponsorship fee now, which is in the budget as \$4 million, the budget I referred to earlier. Under the agreement with the America's Cup Event Authority, the Government is committed to a \$15 million sponsorship fee over a three-year period, which is to be paid in Bermuda dollars and spent, by agreement, in Bermuda. The first \$1 million was due upon execution of the agreement in December 2014, with an additional \$4 million payable in 2015 and another \$5 million due in 2016, with the final payment of \$5 million due in 2017.

The Government has also agreed to an additional commercial sponsorship guarantee of \$25 million. However, there is an opportunity to offset this amount by the value of sponsors that the Government, through the ACBDA Ltd., introduces to the America's Cup Event Authority and/or secures for the events. The Government will also benefit from a share of the revenues from the sale of public access tickets—that is to say, the Government will receive a portion of all general-admission tickets, concert tickets, and spectator tickets for all ACEA-sponsored events.

The calculation of the residual sponsorship guarantee liability will be carried out following the finals in 2017.

Within the budget line item for the America's Cup, ACBDA Ltd., expenses are budgeted at \$1,918,000. Mr. Chairman, the ACBDA Ltd. (or ACBDA) was established in late December 2014 as a registered company. The ACBDA is funded by the Government, and 100 per cent of its shares are owned by the Government. The main purpose of the company is for the day-to-day performance, oversight,

operation and implementation of Bermuda's obligations under its agreement with the ACEA. The difference between the ACBDA and the America's Cup Office within the Ministry is that the Office is dedicated to functions required within the Government, whilst the ACBDA is more far reaching. The company serves as a one-stop shop relationship liaison between the ACEA and the Bermuda community. The Government Liaison Officer serves on the ACBDA Board, along with nine other members. The full composition of the board is as follows:

- Mr. Peter Durhager, Chairman;
- Mr. Michael Winfield, CEO;
- Mr. John Collis;
- Mr. David Dodwell;
- Mr. Daren Johnston;
- Mr. Warren Jones;
- Ms. Donna Pearman;
- Ms. Denise Riviere;
- Mr. Blythe Walker; and (as mentioned)
- Ms. Jasmin Smith, the Government Liaison Officer is also a member of the ACBDA board.

The ACBDA will have full-time resources under the leadership of the chief executive officer. This includes accounting, marketing, administration, public relations, project management, among others. The ACBDA's office is located in Windward House, 24 Crow Lane, and is shared with the ACEA. And I probably should mention here, Mr. Speaker, that RenRe [RenaissanceRe] has been extraordinarily generous in donating both free office space to the ACBDA and the America's Cup Event Authority, as well, which has saved, obviously, the Government some dollars there.

Some of the responsibilities of the ACBDA include promoting and facilitating all America's Cup-related requests, disputes and requirements that the America's Cup Event Authority may have in connection with either their agreement with the Government or otherwise concerning the planning and preparation of the events.

Mr. Chairman, the ACBDA concierge service has been working steadily since the announcement in early December. Over the last two weeks, nine ACEA executive officers and their families have already relocated to the Island, and we are expecting Team Oracle, with 48 employees and their families, next month—100 people in total in this first phase. Both ACEA and Team Oracle will have a stronger presence during phase two of the relocation, with an additional 50 people relocating over the next nine months. ACBDA is also working with one other team in regards to their moving to Bermuda this spring. Other teams will likely spend time in Bermuda in the coming months, but most teams will have a full-time presence as of August 2016.

Mr. Chairman, the allocation of \$1.9 million is not only for expenses and costs for operating the ACBDA office, but for costs associated with hosting the

World Series Event in October of 2015, which will see an event village along Front Street with races in either Hamilton Harbour or the Great Sound. That is to be determined when we get a little closer to it.

The ACBDA capital development budget is \$4,874,000. And, Mr. Chairman, in addition to their administrative responsibilities, the ACBDA is also responsible for overseeing the development of infrastructure and site preparation expenditure for the team bases and other America's Cup event sites at the Royal Naval Dockyard. The work will be carried out in phases.

Mr. Chairman, this allocation (the one we are talking about, the one I just mentioned, which is \$4,874,000) is for phase two and a portion of phase three, and includes such exotic items as sewage hook-up for the team bases, demolition of some existing buildings in order to deliver a flat surface so they can set up their bases, new utility lines to the team bases, land reclamation-related expenses and grading and paving of the overall site, public parking and landscaping.

Phase one commenced immediately after the announcement that Bermuda will be hosting the AC35 and includes burying and relocating above-ground fuel lines on the South Basin dock, raising the grade in certain areas, constructing ramps from raised boat sheds to grade, building concrete slabs and footings for boat sheds, upgrading washrooms and refurbishments to specific buildings used by the ACEA or the teams.

In the current 2014/15 fiscal year, phase one of the capital development has been estimated at \$3.1 million, the operating expenses for the ACBDA office and miscellaneous bid expenses have been estimated at \$600,000 and the first sponsorship payment of \$1 million, in accordance with the host agreement, will be funded through a supplementary appropriation of approximately \$4.7 million, which I mentioned will be discussed before the House rises for Easter.

Mr. Chairman, I would also like to take this opportunity to briefly report on the Cabinet Committee for Economic Development (also known as the EDC). Although there are no direct budgetary implications for the Ministry of Economic Development, the Committee's mandate and the projects that it oversees are closely intertwined with the activities and mandate of the Ministry. The Ministry also provides administrative support to the EDC.

The Economic Development Committee of Cabinet is chaired by the Premier and includes the Ministers of Economic Development, Finance, Home Affairs, Tourism Development and Transport, Legal Affairs, and Public Works, who are supported by the Cabinet Secretary, the Financial Secretary and the corresponding Permanent Secretaries for each of the ministries.

Mr. Chairman, the role of the EDC is to review proposals and provide oversight and support to those

projects and initiatives that are designed to stimulate the economy and create jobs. These projects generally have the very real potential to put Bermuda on the road to recovery by stimulating investment, putting Bermudians back to work, and laying the foundation for future growth and shared prosperity. The EDC meets on a weekly basis to review projects and ensure close coordination between ministries and timely decision-making.

During the fiscal year, the EDC monitored and will continue to work on a number of private sector capital development projects, some of which include:

- the development of the former Club Med site;
- the introduction of new and larger classes of cruise ships to the Bermuda market;
- the redevelopment of Pink Beach Club;
- the development of the Par-La-Ville site;
- the remediation and multi-phase development of the Morgan's Point property;
- the renovation of the Fairmont Hamilton Princess Hotel;
- the planned development of beach club facilities at the former Sonesta property;
- the operational and capital development activities required to host the America's Cup;
- the redevelopment of the L. F. Wade International Airport;
- the redevelopment of Ariel Sands;
- the sale and repurposing of the Grand Atlantic condominium complex; and
- the investigation of development opportunities on Marginal Wharf at Southside.

Mr. Chairman, in addition to monitoring the progress of each of these projects, the EDC also ensures that the required regulatory processes proceed unimpeded and receive the appropriate level of support required for these critical projects.

Mr Chairman, before closing, I would like to extend my thanks to the Permanent Secretary of the Ministry of Economic Development, Mr. William Francis; to the Controller, Mr. Chris[topher] Meyer; to the Senior Manager of BDU, Ms. Lydia Dickens; to the America's Cup Liaison Officer, Jasmin Smith; and to others within the Ministry for all the hard work over the previous year. And they were certainly instrumental, from my perspective, in much of our success.

Thank you, Mr. Chairman. This now concludes my remarks on the Headquarters of the Ministry of Economic Development.

[Pause]

HEAD 39—REGISTRAR OF COMPANIES

Dr. the Hon. E. Grant Gibbons: I am going to shift now to Head 39, which is the head for the Registrar of

Companies. Head 39 can be found on page B-331 of the Budget Book, up to page B-334.

Mr. Chairman, the Registrar of Companies Department is committed to the continued success of the international and domestic business sectors in Bermuda, particularly in light of the mounting challenges from our competitors and increasing scrutiny from global regulatory bodies such as the OECD [Organization for Economic Cooperation and Development], FATF [Financial Action Task Force], the IMF [International Monetary Fund] and others. Accordingly, the Registrar is committed to the sound regulation of the industry and the delivery of efficient and effective service, emphasising a client-centred approach.

Mr. Chairman, the Registrar's designated objectives can be found on page B-331 and are as follows:

- to maintain the Register of Companies and to ensure provision of current and accurate Registry information;
- to ensure compliance with the Companies Act 1981 and related legislation in a consistent, fair and judicious manner;
- to collect company fee revenue pursuant to the Companies Act 1981 and other associated legislation in accordance with Financial Instructions;
- to process all company applications from the private sector in accordance with established benchmarks;
- to provide technical advice to the Ministry of Economic Development and other government departments;
- to provide guidance or direction to the public on matters related to the Companies Act 1981; and
- to diligently administer court-appointed company liquidations and personal bankruptcies in a prudent and professional manner, ensuring compliance with the Companies Act 1981, the Companies (Winding-Up) Rules 1982 and other associated legislation.

Mr. Chairman, we have seen a steady trend of local and international company registrations in 2014. The total number of new company registrations for the year was 1,201, which is the highest number since 2008/09, and a 4 per cent increase over the 1,154 reported in 2013. The increase was represented by 160 new local registrations, which is an 8.9 per cent increase over the 147 in 2013; and 1,041 new international companies and partnerships, which represents a 3.4 per cent increase over the 1,007 in 2013.

Mr. Chairman, after the numbers are netted out to take into account companies that have left the jurisdiction or gone into liquidation, Honourable Members may be interested to know that, as at December 31st, 2014, there were 10,982 active exempted companies on the register. This compares to 10,853

at the end of 2013. Whilst there has been a net growth of over 129 exempted companies on the register this fiscal year, the department continues its prudent strategy of estimating its revenue and has budgeted an increase of \$5,026,000 for 2015/16.

Mr. Chairman, officials at the Registrar of Companies have discovered an error in the way the figures were being extracted and compiled from the raw data stored in the Registrar of Companies database. As a result, the number of active registered companies being reported in the past has been overstated for more than 10 years. A substantial number of man-hours have been dedicated to correcting this issue, and the Registrar of Companies is in the final process of producing corrected figures. And I am hoping, Mr. Chairman, we will be able to issue revised numbers for totals on the database for the last 10 years, and hopefully we will be able to do that shortly.

Mr. Walton Brown: Point of clarification.

The Chairman: Honourable Member.

POINT OF CLARIFICATION

Mr. Walton Brown: If the Honourable Minister could identify the nature of that . . . What was the reason for the miscalculation? What was the technique used that was inappropriate?

The Chairman: Thank you.
Honourable Member?

Dr. the Hon. E. Grant Gibbons: Yes. I figured I would probably get into this on questions. But the simple answer was that, when you have a database, there is a query process which you use to question the database and to get results out of that. It looks as though (we are pretty sure) that the query process that was used was inaccurate or was inappropriate. And it goes back at least 10 years, possibly longer than that. So it has been an interesting process. And I can expand on this, if the Honourable Members would like, at a later point.

I was hoping to be able to release a 10-year restatement of the figures before this. But clearly, as Honourable Members will be aware, one does not want to issue a restatement until you are pretty darn sure that the restatement is correct. And there has been a lot of what I will call digging to make sure it was not the database itself, but was in fact the method of accessing the database which was the problem. So we have had a lot of people poring over it. We have had IT people looking at the various issues related to query process and that kind of thing as well.

But it was essentially discovered at the end of last year. So that was something I think . . . The numbers just did not look quite right. So we felt, *Hang on a*

second. Let's go back and have a really thorough look at this.

Mr. Chairman, that brings me up to the expenditure overview. Again, I am on page B-331. The estimate for 2015/16, as Honourable Members will see on that page, is \$2,845,000, which is down some \$326,000, or about 10 per cent from the previous year. The Budget 2014/15 (on the same page) is \$3,171,000, and the revised budget is down slightly, \$3,071,000. Revenue, which I will get to in a few minutes, was essentially being budgeted for the coming year at \$65,030,000. There are 23 full-time equivalents in the Registrar of Companies Office.

So, Mr. Chairman, the budget for the Registrar of Companies is set out under three cost centres, again on page B-331. They are:

- Policy & Planning;
- Registration & Revenue; and
- Licensing & Insolvency.

The total current account expenditure is estimated to be, as I said, \$2,845,000 for 2015/16. This represents a decrease of some 10 per cent less than the original budget of 2014/15. The decrease, Mr. Chairman, is primarily due to the reduction in general administrative costs, coupled by a decrease in funds allocated to professional fees and services set aside for the conduct of corporate liquidations and personal bankruptcies.

So I am going to start, first of all, again on page B-331, with the line item, or I should say cost centre 49000, which is Policy and Planning. The estimate here, as you will see, was \$504,000 for the 2015/16 year. This is down \$137,000 (or some 21 per cent) from the previous year. And the budget for the previous year was, as you will see, \$641,000. There are two full-time equivalent staff members in the Policy and Planning Section.

Mr. Chairman, the Policy and Planning cost centre includes planning, strategic direction, administration and other activities associated with the daily operation of the Registrar of Companies Department. Information technology, financial and administrative support, budget development, accounting, personnel administration, and general office administration are also included in this cost centre.

Expenses under this cost centre include the salaries of the Registrar and the Departmental Comptroller. Other expenses are communications, training, transport and travel, contractor payments, office supplies, repair and maintenance, legal services, bank fees and storage expenses.

The decrease of \$137,000 in the Budget Book for this cost centre for the fiscal year 2015/16 is mainly due to the removal of the costs for temporary staff (that is, summer students, and I believe, Mr. Chairman, those have been moved to Workforce Development, although I cannot say exactly what the equivalency there is), the reduction in bank fees and a num-

ber of reductions in general administrative costs to achieve the savings.

I am going to move now down to cost centre 49010, which is the cost centre for Registration and Revenue. The estimate for 2015/16 is \$1,063,000. That is down \$46,000, or some 4 per cent, from the previous year. The previous year budget was \$1,109,000. The revenue under this cost centre . . . The revenue for this cost centre is estimated at \$64,780,000. And there are the bulk of the members of the Registrar of Companies Office, 18 full-time equivalents in this particular cost centre.

So, Mr. Chairman, the Registration and Revenue cost centre includes the registration of companies and the processing and maintenance of statutory and legal documents, which must be registered and available for public inspection in accordance with the prevailing legislation. This section is also responsible for the collection of the annual fees submitted by companies in accordance with the Companies Act 1981, the Segregated Accounts Companies Act 2000, and the Partnership Acts.

I am happy to yield to the Premier at this point.

The Chairman: Honourable Member, thank you.
Mr. Premier?

Hon. Michael H. Dunkley: Thank you, Mr. Chairman.

Mr. Chairman, I move that we rise for lunch and come back again and resume as we are in committee.

The Chairman: We will rise for lunch and will resume at 2:00 pm.

Proceedings suspended at 12:24 pm

Proceedings resumed at 2:00 pm

[Mr. Walton Brown, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

[Continuation thereof]

The Chairman: Good afternoon colleagues.

We are in Committee of Supply and we are going to resume with the Honourable Minister, the Honourable Dr. Grant Gibbons.

MINISTRY OF ECONOMIC DEVELOPMENT

HEAD 39—REGISTRAR OF COMPANIES

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Chairman.

Just to catch everybody up, just before lunch we had started Head 39, which is the Registrar of Companies. I think, as Honourable Members will recall, the total estimate that has been allocated for the coming year for that Head is \$2,845,000, and we are on page B-331 of the Budget Book.

I had already gone through a description a couple of cost centres here. I had completed Policy and Planning, and that brings me up to the cost centre 49010 (page B-331) and that is the cost centre for Registration and Revenue.

Mr. Chairman, just before lunch I noted that the estimate for 2015/16 for this cost centre was \$1,063,000, which amounts to a \$46,000 decrease, or some 4 per cent from the previous year, and the previous year budget was \$1,109,000.

This cost centre is also responsible for a significant, one would almost say almost all of the revenue for the Registrar of Companies, and that revenue, which I will get to in a few minutes, is some \$64,780,000 (page B-332).

This cost centre, which is the largest one in the Registrar of Companies, also has some 18 full-time equivalents.

Mr. Chairman, the "Registration and Revenue" cost centre, includes the registration of companies and the processing and maintenance of statutory and legal documents which must be registered and available for public inspection in accordance with the prevailing legislation. This section is also responsible for the collection of the annual fees submitted by companies in accordance with the Companies Act 1981, the Segregated Accounts Companies Act 2000, and the Partnership Acts.

Expenses under this cost centre include the salaries of one Assistant Registrar, one Supervisor of Registration, one Systems Administrator, two Administrative Assistants, five Registration Agents, five Data Entry Clerks and one Receptionist/Filing Clerk. Other expenses are related to training. Sounds like a list of partridges in a pear tree.

I am on page B-331.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: Five.

The decrease of \$46,000 in the budget for the "Registration and Revenue" cost centre for the fiscal year 2015/16 is primarily due to the removal of the cost allowed of the need for temporary staff. The basis for this reduction is also due to the efforts to achieve savings.

The estimated Revenue for this cost centre, reflected on page B-332 is, as mentioned, \$64,780,000 and represents the majority of the total Revenue anticipated for the department. The balance

of the revenue is derived from the Licencing and Insolvency Cost Centre, which I shall now discuss.

So, still on page B-331, now moving to the third cost centre, which is 49040, Licensing and Insolvency, and the estimated budget for the coming year is \$1,278,000. That is a \$143,000, or 10 per cent, decrease from the previous year. In the previous year [2014/15] it was \$1,421,000. There are three full-time staff in this Licensing and Insolvency, cost centre [49040, line item 3901]. And the revenue is estimated to be some \$250,000.

Mr. Chairman, the Licensing and Insolvency cost centre is responsible for the execution of court orders to administer liquidations in accordance with the Companies Act 1981, the Companies (Winding-Up) Rules 1982 and the provisions of the Bankruptcy Act 1989 relating to personal bankruptcies.

This section also includes the processing and issuance of licences and permits to exempted, local and overseas companies to carry on business in Bermuda, the processing and issuance of licences to, and the regulation of, real estate agents and salesmen, and the provision of technical advice on holiday trading legislation. Expenses under this cost centre include the salaries of: one Assistant Official Receiver, one Technical Officer (Insolvency), and one Administrative Assistant. Other expenses are for professional liability insurance premiums, communications, and costs of professional services (legal, accounting, contractors, et cetera) which are required to assist in administering court appointed corporate liquidations and personal bankruptcies.

The decrease, Mr. Chairman, of \$143,000 in the budget for the Licensing and Insolvency cost centre for the fiscal year 2015/16 is due to a decrease in legal services and professional fees available for the administration of corporate and personal insolvency cases. The decrease in this expenditure area has also been made possible as the department continues its strategy of obtaining preferred and significantly negotiated discounted rates from local insolvency practitioners.

Mr. Chairman, I am now going to refer you to page B-332. On this page you will note that Local Conferences has been increased by \$20,000 (under cost centre 49040, [line item] 6497) in anticipation of costs that will be required in Bermuda's hosting of the upcoming International Association of Insolvency Regulators (IAIR), which I will touch upon in the department's major accomplishments and plans for the upcoming year. The department anticipates most, if not all, of its costs will be offset by the conference registration fees which the host country collects through the IAIR from conference delegates, and sponsorship from Bermuda's insolvency practitioners and firms.

Also, since the furlough scheme officially ends at the end of this fiscal year, it has not been accounted for in the calculation for salaries, which is why cost items captioned Salaries—Bermuda Public Services

under Licensing and Insolvency and Policy and Planning appear to have increased by \$21,825 and \$8,380, respectively.

Mr. Chairman, I would also like to draw your attention to the fact that the insurance expenditure estimate has been increased by approximately \$56,000 (when compared against the 2014/15 revised amount) in anticipation of an increase in the liability insurance premium payment for 2015/16. The department's liability insurance policy comes under the government's "umbrella" insurance policy and the terms and payments are negotiated in the London market by the Accountant General's department.

Mr. Chairman, there are no other significant changes between the budget estimates for the 2014/15 and the 2015/16 fiscal years

Moving on, I am still on page B-332, I would like now, Mr. Chairman, to touch on the Revenue generated by the Registrar of Companies. The figures can also be found on page B-332 and are significant. The department is forecasting overall revenue of just over \$65 million (\$65,030,000). This is approximately \$4,956,000 more or approximately an 8 per cent increase in projected revenue over the revised revenue estimate for 2014/15. As the increase in company registrations has been steady, the department has taken a conservative approach by forecasting its increase in revenues based on actual audited revenue figures available for the fiscal year ended 2013/14. Applications for refund of company fees and removal of companies from the register as they are dissolved, struck off or discontinued are just some of the unknown factors at the time that the budget estimates are developed, hence the prudent strategy in estimating revenue.

On page B-333, Mr. Chairman, there is a table for employee full-time equivalents. The department's manpower budget supports an establishment of 23 full-time equivalent positions. As a result of the Early Retirement Incentive Plan which was accepted by two of the department's staff late in 2013, the department had two posts that were frozen for a two-year period under the terms of its Plan. It is anticipated that these two posts, along with two other vacant posts within the department, will remain frozen for the next budget year period; representing a total cost savings of \$219,592, and some cents as well.

Mr. Chairman, the department believes in good value for money by operating effectively and efficiently in the face of limited available resources. Despite the reduced budget, the department expects to maintain the same service delivery levels and targets for the next fiscal year.

Mr. Chairman, the department has been active this current fiscal year and I would like to go through a couple of the highlights in the next little bit:

First, the Registrar of Companies has won the bid (as mentioned briefly earlier) to host the International Association of Insolvency Regulators Confer-

ence. This is the world's annual meeting of government insolvency regulators, bringing receivers and liquidators from all over the world to the Island in September 2015. This is actually an historic event for Bermuda, since it will be the Island's first time to host such a significant event.

Traditionally, each conference is hosted by a member jurisdiction's local equivalent of the Official Receiver's office (one of the three hats the Registrar wears under our Companies Act 1981). The International Association of Insolvency Regulators, or IAIR, is an international body that brings together collective experiences and expertise of government insolvency regulators from about 25 member jurisdictions from around the world such as the United States, England and Wales, Canada, Scotland, the British Virgin Islands, Trinidad and Tobago, and as far away as Mauritius, South Africa, Russia, Hong Kong, Australia, and Singapore to name a few.

On another note, in the IAIR's last Annual General Meeting on the 11th of September 2014, our very own Registrar of Companies, Mr. Stephen Lowe, and official receiver has been elected as vice chair to the IAIR's Executive Committee. The IAIR Conference will provide tremendous networking opportunities for official receivers around the globe and will provide essential information and updates for regulatory bodies around the world that are facing similar and complex challenges in order to continuously provide an effective insolvency regime in the current financial climate.

Along with the establishment of local and global links, the conference will also raise Bermuda's international profile amongst its colleagues in insolvency regulation, facilitate building recognition to the insolvency field locally, and stimulate growth, development and opportunities for the insolvency practice locally.

Another area the department has been successful in bringing to a conclusion this year was the Registrar's role in helping to avert what could have been a potential shortage in the supply of the Island's milk. Outerlea Dairy, which supplies about 55 per cent of the Island's fresh milk, was on the brink of being insolvent and had been struggling financially to keep its doors open in coping with the demand of its wholesale customers.

This prompted the Official Receiver and the Registrar of Companies to immediately take action and apply to the court in late September 2014 to be appointed as Provisional Liquidator of Outerlea Dairy Ltd. This action was taken to avoid delays in providing assistance to the farm with due concern for the deteriorating health of the herd of about 265 cows. This, along with the assistance and cooperation from the private sector, ensured the protection of the herd, the continued operation of the dairy farm, and the orderly transition of the farm business to a new owner. Mr. Chairman, you will recall that there was a while there

where a lot of the farm hands were not being paid and there were issues about feed supply as well. So the Registrar was very instrumental in getting that sorted out before it could become rather tragic.

The department was also successful in continuing to improve on its efforts to streamline internal processes and speed to market. Whilst the Performance Measures in the Budget Book refer to average processing times of between two and five days, the vast majority of incorporation applications are turned around within a four-hour period on a routine basis.

The department is also key to the presentation of statistics and data to the Ministry.

In addition, the department embarked on a joint project with the Bermuda College to fully computerise the real estate examinations. The first of this series of new exams was administered in late January of this year. With the computerisation, the college began scheduling the exams every month, a move which is anticipated to increase real estate exam revenues for the college. Information can now also be obtained at a click of a button as the new system provides a secure platform whereby it enables candidates to see their "unofficial" results in real time. The new system also enables cost-efficient marking and/or re-marking (as applicable) of examinations by the administrators, and is based on a secure database for maintaining and updating examination questions and test results.

In another area the Government has continually expressed and sought to demonstrate its commitment to achieving a high level of compliance with international standards. The Financial Action Task Force (FATF), an intergovernmental body established by the Ministers of its member jurisdictions, has established international standards on combating money laundering and the financing of terrorism and proliferation. Its standards require that one of the sectors that must be brought into scope is the real estate sector. The department has continued to provide technical input to the National Anti-Money Laundering Committee in the area of real estate, and has agreed to be the Competent Regulatory Authority under Bermuda's anti-money laundering (AML) legislation to the real estate industry. The Superintendent of Real Estate and the National Anti-Money Laundering Committee (NAMLC) have jointly established a working group to work with the real estate sector to develop an appropriate AML regime which aims to be as cost-effective as possible for Bermuda's realtors. A framework is now in the proposal stage, which I will expand upon as I discuss the department's plans for the upcoming year.

Mr. Chairman, the department will continue on its commitment in working with Bermuda's International Business industry, the Bermuda Monetary Authority (BMA), and with the Ministry in improving its processes and implementing its various projects, which are as follows:

1. The opportunity to host this year's IAIR Conference will showcase the Island as an important business centre and a wonderful environment in which to conduct business. The Registrar and his team have been very diligent in planning this year's conference to carry out the hosting activities for the conference in a cost-effective manner.

The conference will highlight new developments in Bermuda's insolvency field and provide a unique networking opportunity for Bermuda's Judiciary and local Insolvency Practitioners to meet with Insolvency Regulators from across the globe. It will also allow us to showcase Bermuda's extremely talented Corporate Service Providers and Practitioners as potential resource persons for other conferences, panel discussions or workshops at conferences in other jurisdictions. The conference will also bring residual tourism business from the attendees, their families, friends, and business associates, as they return to Bermuda as tourists after being exposed to our tourism products as a result of the conference.

2. Beyond compliance with international standards, our fight against money laundering and terrorist financing translates equally to protecting the reputation and the economy of Bermuda. A review will be ongoing on the proposed changes to the Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) regime to establish an appropriate AML/ATF framework for the real estate sector. The proposals contemplate updating the relevant AML/ATF and real estate agency legislation to integrate the Superintendent of Real Estate into the AML/ATF framework by designating the Superintendent as a "competent authority" under the Proceeds of Crime Act 1997 and by including the Superintendent as a supervisory authority for the real estate sector. This will entail an expansion of the Superintendent's remit to include monitoring and enforcing compliance by real estate practitioners with established AML/ATF requirements.

The working group, Mr. Chairman, in which the Superintendent and his team are a part of, will continue to work closely with representatives from the Real Estate Division of the Chamber of Commerce, which represents a significant number of real estate firms in Bermuda, as well as with all other firms that may not be members of the Chamber. The proposals are expected to be finalised and be ready for Cabinet review and approval before the end of this calendar year.

3. The department will continue to further streamline its processes to be able to work in conjunction with the Economic Development Committee (EDC), Business Development Unit (BDU) and the Business Development Agency (BDA) as expeditiously as possible, particularly on projects of national economic importance.

4. The department will continuously look to identify new sources of revenue by continuing to review its service and fee structure. It will also embark on "con-

tinuous improvement" projects where internal processes could be further enhanced to achieve savings. For the next fiscal year, the department is looking to work on the following projects:

- a) The department will work on a new "paperless" receipting system where digital receipts will reach the designated inboxes of companies and/or service providers within minutes of receipt preparation. This system will be environment-friendly as it will enable the department to significantly cut back on physical paper storage, printing costs as well as mailing and handling costs.
- b) With the assistance of an external contractor, the department will work on upgrading and updating its website to make it more appealing to customers while providing more information on frequently asked topics, and making relevant application forms and documents conveniently accessible.
- c) The department will explore the possibility of allowing the direct upload of corporate service providers' customer information directly into its systems. The benefits of this will include the elimination of the need to encode the same information received from CSPs twice, which translates, needless to say, into cost savings, faster application turnaround times, and the assurance of accuracy and consistency in the information being captured. The department may incur further minimal costs in this endeavour, over time, and the projected savings and other benefits that will be derived from such a project, however, will far outweigh the costs.
- d) Through the "asset claw-back" provision under section 262 of the Companies Act 1981, the department will explore the engagement, on a straight commission basis, of an expert firm which specialises in investigating and recouping assets that formerly belong to struck off and dissolved companies. Such assets would be liquidated and deposited to the Consolidated Fund.

5. The department will continue to work with the Real Estate Division of the Chamber of Commerce and with the Bermuda College to continuously improve the quality of the real estate examinations.

Mr. Chairman, before closing I would like to extend my appreciation for the work undertaken by the Registrar of Companies, Mr. Stephen Lowe, and his team, particularly Ms. Maria Boodram, the Assistant Registrar, and Mr. Hanny Consolacion, the Assistant Official Receiver.

Thank you, Mr. Chairman, this concludes my remarks on the Registrar of Companies, Head 39.

The Chairman: Moving on to the next?

Dr. the Hon. E. Grant Gibbons: Moving on to the next.

The Chairman: And you are going to let me know which one that is?

HEAD 46—DEPARTMENT OF TELECOMMUNICATIONS

Dr. the Hon. E. Grant Gibbons: I will. It is the Department of Telecommunications, Head 46. Skip a page or two and that brings us up to page B-335 in the Budget Book

And the cost estimates for that can be found on pages B-335 to B-337 and also on page C-7 of the Budget Book as well.

So, Telecommunications, Mr. Chairman, the Mission of the Department of Telecommunications is to enable an innovative and sustainable telecommunications industry for Bermuda by formulating sound policy.

The objectives of the department, again, on page B-335, are as follows for the coming fiscal year 2015/16:

- protect the public interest;
- provide technical support to the Broadcasting and Telecommunications Commissions;
- develop policies which promote the introduction of new telecommunication services;
- market the newly established satellite BermudaSat-1 network;
- effect the migration of the Broadcasting Commission to the Regulatory Authority.

Turning to numbers, you will see on page B-335 that the estimate for 2015/16 is \$1,083,000. That is actually a \$183,000, or 20 per cent increase from previous year which was budgeted at \$900,000. The revised budget for 2014/15 is actually \$1,180,000. And in the back of the book in the C-section, Mr. Chairman, you will see that the Capital Funding of \$390,000 is dedicated to Bermuda's Satellite Orbital Slots, and I will explain what that is about in a few minutes.

Mr. Chairman, the Department of Telecommunications, as noted, has been allocated a little over \$1 million for the next fiscal year. This amount is reflected across three cost centres and those are: Administration; Technical Services; and Other Services, which I will expand upon as I progress through this brief. The department's allocation for the next year is an increase of \$183,000, or 20 per cent over the financial year 2014/15 allocation. This increase is primarily attributable to the reimbursement of funds to World on Wireless (WoW) for their spectrum migration. And I will talk a little bit more about that a little farther along.

Mr. Chairman, the department is responsible for providing policy advice to the Minister on all tele-

communications related matters and works very closely with the Regulatory Authority (RA) to establish policies and develop legislation that enables the efficient regulation of the telecommunications sector in Bermuda. As an independent entity, prescribed by the Regulatory Authority Act 2011, the RA is solely responsible for the regulation and supervision of the telecommunications industry, but must be guided by the Minister's policies with regard to its work plan, priorities and budget.

The RA is led by a board of Commissioners, chaired by Mr. Carl Musson. The Chief Executive of the Authority is Mr. Robert Watson (who just joined a month or so ago—maybe two months ago) who is responsible for the day-to-day operations and who is supported by a staff of six additional people.

Mr. Chairman, the department's work with the RA during the current fiscal year included a wide range of policy and practical issues. They include:

- the publication of the Spectrum Policy Statement, which sets out the manner in which the RA will allocate frequency bands to wireless telecommunications service providers;
- finalising the spectrum migration and reimbursement of funds to World on Wireless (WoW);
- the investigation into the payment of all licence fees by public telecommunications service providers;
- CellOne's litigation against the Minister and the RA regarding the Spectrum Policy and the allocation and assignment of spectrum in Bermuda; and
- Digicel's proposed acquisition of the Bermuda Telephone Company Limited (BTC).

Mr. Chairman, on September 22, 2014, the Minister's Spectrum Policy Statement on the allocation, use and pricing of certain portions of Bermuda's radio frequency spectrum was published. This policy sets out the manner in which the Regulatory Authority will allocate frequency bands to wireless telecommunications service providers, such as the cell phone companies. The purpose of the policy is to ensure the most efficient use of the available spectrum and to ensure that incumbent service providers, as well as potential new entrants, have fair access to that spectrum.

The policy also promotes optimal use of the radio spectrum, as well as creating additional benefits for the consumer. These benefits include, encouraging greater competition amongst the service providers to further enhance the speed and reliability of their networks and to ensure that as new and more sophisticated mobile devices are produced, they become readily available to the Bermuda market.

Mr. Chairman, the policy includes a new range of frequencies that will be made available for mobile services. The range in the 700 MHz band has

been previously used for broadcast TV services (WoW), but with the recent transition from analog TV to digital TV, this particular band is no longer required for TV broadcasting. This transition has been called the “digital dividend,” in that it has allowed regulators to increase the amount of spectrum available to the ever expanding mobile telecommunications sector. The availability of this particular frequency range for mobile broadband services has an added public benefit. Since these frequencies are at the lower end of the spectrum, they can cover a wider geographic area and provide better signal strength inside buildings. The policy also includes a structured pricing mechanism to incentivise the efficient use of that spectrum by the service providers.

Mr. Chairman, I would like to once again thank the Regulatory Authority for their invaluable assistance and cooperation in developing the Policy Statement and for drafting the consultation document that was used to solicit the views of the industry. I would also like to thank those service providers who participated in the consultation process and provided their technical and commercial input.

Mr. Chairman, the Regulatory Authority has been empowered to make what are called “general determinations” in order to carry-out their regulatory responsibilities. Determinations are Statutory Instruments and therefore have legislative effect. During the current year the Authority has issued five such determinations, and they are:

1. The Cell Phone Locking General Determination;
2. The Schedule to the Adjudication Rules General Determination Regulatory Authority (Adjudication Rules) General Determination 2014;
3. The General Determination of Consumer Rights;
4. The General Determination for Price Comparison website; and
5. most notably, the Numbering Plan Interim Determination.

Further to the requests and directions of the Minister, in the coming year, some of the areas that the Regulatory Authority will focus on include:

- Carrying out a consultation on broadband policy and universal service policy;
- A review of the Electronic Communications Act 2011 (ECA) and the Regulatory Authority Act 2011 (RAA) to ensure their effectiveness;
- A review of the Broadband Access Markets to ensure that these markets are competitive and functioning;
- A review of the Wholesale Network Infrastructure Access Market to ensure that service providers have equal access to infrastructure networks on a non-discriminatory basis; and
- A new Integrated Communications Operating Licences (ICOL) Entrants Policy. Mr. Chair-

man, you will recall that there was a moratorium on new entrants to that, so it is coming up to the [end of], I think it was a two-year period, in which that will be reviewed.

Currently, Mr. Chairman, the broadcasting sector is governed by several different acts including, but not limited to:

- Cable Service Television Act 1987;
- Television Broadcasting Service Regulations 1987;
- Films (Control of Exhibition) Act 1959;
- Broadcasting Commissioners Act 1953;
- Telecommunications Radio (Stock) Regulations 1987;
- Sound Broadcasting Service Regulations 1994; and
- Various radio class regulations.

But in addition to these, there are several other pieces of legislation that have relevance to the broadcasting sector, such as the Prohibited Publications Act 1963 and the Obscene Publications Act 1973.

Mr. Chairman, there is a need to streamline and condense as much of this legislation, while ensuring that it is still sufficiently thorough to allow for the breadth of broadcasting technologies that are currently available.

The main function of the Broadcasting Commission, in the current context, is to make decisions on the ratings of films being shown in public, to make decisions on the suitability of broadcast content, ranging from movies to radio adverts, and to address complaints from the public on those matters noted above. Some of the legislative amendments required involve updating the role of the Commission and reducing the amount of time spent reviewing films that are already rated. The Films (Control of Exhibition) Act 1959, for instance, only provides for three possible categories of rating as follows and those are:

- “G” for general exhibition;
- “PG” for advised parental guidance; and
- “R” which restricts audiences to age 18 and above. Those under 18 must be accompanied by a parent or guardian for an “R” rated film.

Mr. Chairman, streamlining the process of film ratings is a must, since many of these films have already been rated by a responsible overseas organisation tasked with this process. Generally, (I think as Honourable Members are aware) these ratings come from the US, Canada or the United Kingdom. The majority of films shown at theatres or by recognised film groups in Bermuda are so rated. Bermuda’s current legislated rating scheme does not align precisely with overseas ratings. The Commissioners, therefore believe that minor legislative changes could be effected

to allow the adoption of ratings from prescribed internationally recognised and named rating boards.

The Commission also believes that issuing a rating is only part of their responsibility and in the context of making ratings meaningful, they have required content warnings to be included with the ratings—these warnings give greater guidance to the community as to why the film rating was given. This is particularly important when there is a misalignment between the foreign and local ratings. The volume of films and limited time generally available to the Commission has made it difficult to ensure that ratings are managed efficiently. Also, the rating of the more esoteric films shown by local film festivals, such as BIFF and Bermuda Docs, puts additional pressure on the Commission. The department will therefore work with the Commission during the coming year to make recommendations to improve the efficiency of the films rating process, which will probably involve some legislative changes.

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITORS

The Chairman: Honourable Member, just pause . . . I just want to acknowledge the presence of Senator Baron and Senator Vic Ball in the House today.

You may proceed.

[Committee of Supply on the Estimates of Revenue and Expenditure for the year 2015/16 continuing]

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Chairman, that gives me an opportunity to take a drink of water as well.

As I mentioned earlier, the department will begin the process of working with the RA to effect the second major phase of the Telecommunications Regulatory Reform Initiative—this is the transition of the responsibility of regulating Broadcasting to the RA. The benefits to the Broadcasting sector, once regulated by the Regulatory Authority, will be the availability of appropriate and robust regulation. As shown already in the telecommunications marketplace, the RA will undertake Significant Market Power (SMP) studies, with the application of appropriate remedies, so that we can enable a modern and lively local broadcasting sector. The RA will also be responsible for collecting the relevant Broadcasting licensing fees, further reducing the administrative burden to the Government, and thereby allowing the department to be more efficient in its operations.

The department will also begin work with the Department of Environmental Protection to develop legislation that will create environmental protection zones for undersea communication and power transmission cables. Just as a side note on that, Mr. Chairman, we have . . . I think we have got about five

or six fibre optic cables coming into Bermuda from points north, west, south and east, and there is an opportunity for more of those, but I think other jurisdictions have found a way to create a particular zone to bring these cables which addresses in one fell swoop the environmental and logistical issues involved. And we think we can bring some efficiency to that process which will perhaps allow even more global undersea cables to come into the Island.

I am now moving on to the Expenditure Overview and analysis by cost centre and those are on page B-335.

So I would like to focus on the specifics of the budget allocation for the Department of Telecommunications. And as you will see on that page the department is comprised of three cost centres; they are:

- Administration;
- Technical Services; and
- Other Services.

I will start with cost centre 56000, which is Administration. And you will see in the Budget Book, Mr. Chairman, that the allocation for 2015/16 is \$768,000 which is a \$40,000, or 5 per cent reduction from previous year of some \$808,000. This cost centre also has attached to it four full-time staff.

The Administration cost centre is used primarily to fund the administrative expenses of the department, which include: Salaries at \$496,000; Rentals at \$171,000; and other minor general office expenditures. The decrease for this cost centre is largely due to a reduction in operational costs. The department is anticipating a further reduction due to the proposed move from its current rented premises into the Government Administration Building later this year.

While some of the roles that were previously undertaken by the department are now assumed by the Regulatory Authority, the department retains responsibility for policy, as well as for broadcasting. Functions relating to broadcasting regulation are still within the remit of the Broadcasting and Telecommunications Commissions, which includes the granting of new licences. This involves public consultations and hearings prior to permissions and licences being granted. This year, there have been no new applications.

Mr. Chairman, the funded positions in the Administration section currently comprise: one receptionist/clerk, one telecommunications officer, one administrative officer and one senior legal counsel. It is, I think, worth noting that there has not been a substantive director in the Department of Telecommunications in well over five years, due primarily to a variety of changes in organisational philosophies. These changes were the direct result of the creation of the Regulatory Authority and several ministerial portfolio realignments during that time. In October of 2014, Ms. Maxanne Anderson, the Senior Legal Counsel for the department, took on the role as Acting Director. Dur-

ing this time we have appreciated the support of a series of acting directors who have been temporarily seconded and have been doing double duty while maintaining their other responsibilities.

Moving now to the next cost centre, and that is cost centre 56010, Technical Services. The estimate here for what is a very small cost centre for 2015/16 is \$15,000. That is a \$2,000 decrease, or some 12 per cent from previous year where the budget was \$17,000.

Mr. Chairman, the budget for the Technical Services cost centre for the next fiscal year is \$15,000 is a slight decrease as noted. This funding is used to maintain equipment and the Emergency Broadcasting Station on 100.1 FM.

Moving now to cost centre 56020, known as Other Services, the estimate for the coming year 2015/16 is \$300,000 and that is an increase of \$225,000, or some 300 per cent from previous year. The budget for the previous year as noted in the book was some \$75,000, and the revised budget is \$531,000.

So, as I think everybody will appreciate, the budget for this cost centre has been significantly increased. The \$300,000 in this year's budget has been allocated for the balance of the funding required to reimburse World on Wireless (WoW) for all reasonable expenses for their spectrum migration. The revised budget for the current year of \$531,000 is the result of budget transfers from other departments within the Ministry to facilitate that reimbursement. I think as Honourable Members may recall I was talking earlier about virements so that we could avoid a supplementary expenditure, and we have been able, so far, to do that.

WoW currently provides terrestrial television broadcast services and had been given the rights to use frequencies in that 700 Mega Hertz (MHz) band for that purpose. However, in numerous other jurisdictions, this band has been made available for (as it is sometimes called) "re-farming" as a result of what we refer to as the "Digital Dividend." The use of the 700 MHz band for the provision of mobile broadband services is broadly viewed as providing the potential for very significant economic benefits. This is particularly true given the exponential growth in data traffic which is driving the need to provide additional spectrum for the provision of mobile broadband services. As a result, governments and international regulatory organisations have typically concluded that mobile broadband is a superior use for the 700 MHz band. Furthermore, Bermuda's economy is heavily dependent on international business and tourism. A band plan that is compatible with the devices from countries that provide a significant source of business visitors and tourists will therefore facilitate economic development and promote the purposes described in the Electronics Communications Act 2011.

The WoW Spectrum Migration will therefore require WoW to vacate the 700 MHz band and relocate to another band and to be compensated (because they are doing this willingly) for all reasonable costs for reengineering their wireless network to facilitate the reassignment to that new portion of radio frequency spectrum.

Okay, I am going to switch briefly to page C-7 because I would like to talk about Capital Funding.

And as you will see on page C-7, the Department of Telecommunications has been allocated \$390,000 in additional capital funding for fiscal year 2015/16.

And with your indulgence, hopefully, Mr. Chairman, and hopefully with the agreement of the Honourable Members on the Opposition bench, some of whom who were directly involved, I would like to provide this Honourable House with a little background on the whole satellite industry situation and sort of an update.

Mr. Chairman, I believe most Members of this Honourable House will recall that in 1983, the International Telecommunication Union (ITU) allocated four satellite orbital slots to Bermuda. Three of these are for Broadcasting Satellite Services for direct-to-home reception and the fourth is for commercial communications.

One of the direct-to-home satellite slots, located at 96.2°WL, now designated as BermudaSat-1, was identified as the most commercially viable slot and in 2004 the Bermuda Government began to develop plans to commercialise this asset. To this end, the global satellite operator SES, which is the world's second largest operator, was selected to work with Bermuda to identify a suitable in-orbit asset to bring BermudaSat-1 into use by the ITU regulatory deadline of April 15, 2013. As you know, Mr. Chairman, there are a certain number of years as a window in which you have, once you try and activate or bring into use a slot, to get an asset into the slot itself.

So following many years of challenges and frustrations, in February 2013, a satellite designated as EchoStar VI was made available to be moved into the 96.2°WL slot. On April 1, 2013, despite the eleventh hour objections of a Dutch registered company, the United States Federal Communications Commission (FCC) gave their approval to relocate EchoStar VI from its previous location at 77°WL to 96.2°WL.

EchoStar VI arrived at its new orbital location on April 13, 2013 two days in advance of the eight-year ITU deadline and successfully operated at this location for ninety days, thus fulfilling the ITU requirement by which a satellite network must be, as they term it, "brought into use."

Mr. Chairman, in September 2013, this Government reached another significant milestone in the efforts to commercialise our satellite slots. On this date, an Orbital Resource Use Agreement (ORUA) was signed between the Bermuda Government and

SES Bermuda Ltd. This agreement is an exclusive commercial agreement and is designed to ensure that Bermuda's rights are protected and that the orbital resource (that is at 96.2°WL) is optimally developed.

Mr. Chairman, due to the confidentiality clauses contained in this agreement and the commercial sensitivity of some of the provisions, I am not at liberty to divulge the details of that agreement; but I can confirm that these terms are well within the norms of the satellite industry and that Bermuda's interests have been protected. There have, however, been additional developments relating to BermudaSat-1; one being, that the owner of the actual satellite, EchoStar, has now partnered with SES to develop BermudaSat-1 through the joint venture company known as Satellite Ventures (Bermuda) Limited (SVBL).

Mr. Chairman, other developments include the continued efforts of the Dutch company to vigorously oppose the development of the BermudaSat-1 satellite network. Satellite Ventures (Bermuda) Limited (SVBL) with the support of the Government continues to defend these attacks at the Radio Regulations Board of the International Telecommunications Union and at the Federal Communications Commission. Their efforts to defend the status of the BermudaSat-1 satellite network has been successful to date, however, SVBL expects that the efforts to obstruct this project will continue.

Notwithstanding the Dutch company's continued efforts, including a failed appeal in the US federal courts, EchoStar has now received final authorisation for the relocation of the EchoStar VI satellite to the BermudaSat-1 orbital location. The Dutch company, however, continues to seek the FCC to reconsider this decision.

Satellite Ventures (Bermuda) Limited continue to market BermudaSat-1 and has initiated discussions with several leading providers of satellite service applications. Potential markets for the joint initiative include commercial, leisure, and government consumers. While the ongoing discussions have been positive and productive, no commercial agreements have been concluded, and SVBL expects to make significant progress on the commercial development of BermudaSat-1 in the future.

Mr. Chairman, according to a report prepared for the Satellite Industry Association called "State of the Satellite Industry Report—October 2014," the global satellite industry grew by 3 per cent in 2013, slightly outpacing both worldwide economic growth at 2.4 per cent and US growth at 2.8 per cent to reach a total of \$195.2 billion in 2013. The satellite industry includes: Consumer Services such as satellite television, radio and broadband; Mobile Satellite Services, which include mobile data and mobile voice; Remote Sensing/Imaging Services; the use of managed network services; and a variety of commercial contracts.

So, Mr. Chairman, some would say that the global satellite industry was recession proof, but re-

gardless of the accuracy of that assertion, it is clear that the revenues generated by the satellite industry are worthy of our attention. The Department of Telecommunications will continue to engage the global the satellite industry to enhance and develop services that will attract these companies to our shores. The department will work with the Ministry's Business Development Unit, the BDA, other organisations and local service providers in support of these initiatives. Examples of these services include:

- Improvements to the satellite network filing regime in accordance with the Satellite Network Notification and Coordination Regulations 2007;
- The promotion and marketing of Bermuda's additional satellite orbital slots;
- The development of a Satellite Tracking Licensing regime to support the periodic use of Bermuda as an ideal location to track satellite launches from the western hemisphere;
- The investigation into the viability of using Bermuda's high-capacity trans-Atlantic communication links to compliment various satellite services; and finally
- The promotion and marketing of Bermuda's Insurance and Risk Mitigation services to the global satellite industry.

Mr. Chairman, the Bermuda Government has developed a Satellite Tracking Licensing regime that authorises various entities to establish and operate in Bermuda transportable facilities to perform tracking and receive telemetry data for the benefit of their launch vehicles, or other projects as may be agreed. Presently, ESA (European Space Agency), NASA (National Aeronautic Space Administration) and SpaceX (much in the news recently) have tracking and telemetry facilities on the Island. These facilities are located at the Cooper's Island site of the ex-NASA station and at the old Cable & Wireless facility in Devonshire (now LinkBermuda). The main purpose of these projects is to provide data collection from the launch missions as they pass overhead the Bermuda area during their orbits. Bermuda is the only geographic location able to track this phase of their projects.

Mr. Chairman, the \$390,000 that has been allocated to the Department of Telecommunications will be used to fund these global satellite industry initiatives as part of the department's role in participating in the Ministry's efforts "to promote and strengthen economic development on the Island." The satellite industry is a growing enterprise within the telecommunications industry which is rapidly becoming more and more integrated with currently entrenched terrestrial communications' facilities. This means that satellite space telecommunication has become a critical component of any advanced telecommunications network today. This allocation of \$390,000 in fees will be used

to cover the cost of specialist satellite consultants, marketing, ancillary costs, and to develop Bermuda's satellite industry.

I am now shifting over to page B-336 and will comment on the Revenue Summary there.

As you can see, Mr. Chairman, the estimate of revenues for 2015/16 is \$12,575,000. This is actually an increased estimate of \$2,215,000, or some 21 per cent from last year (or actually the year we are in) when the budget was \$10,360,000. The revised budget, as you will note there is \$11,045,000.

So the projected revenue for the Department of Telecommunications for the next fiscal year of \$12,575,000 represents an increase of \$2.2 million over the previous year. This revenue is primarily composed of fees for Integrated Communications Operating Licences (ICOL), cellular handset licences, the new radio spectrum licences, and licences for various other commercial and private radios.

The ICOL fees for the next fiscal year is set at 3.75 per cent of gross revenue as reported from the licence holders, which represents a 0.05 reduction in fees from the previous year. Of this, the RA will retain 1.5 per cent for their operating expenses and transfer the remaining 2.25 per cent to the Government. This portion of the ICOL fee will generate approximately \$4,150,000 of the total projected revenue of \$10,360,000 as shown under [line item] 8431, General Fees. The balance of \$6,210,000 will be generated from the cellular handset fees, which will remain at \$7.35 per month per handset.

The Electronic Communications Act provides for the establishment of Government Authorisation Fees for spectrum licences. On the recommendation of the Regulatory Authority and after consultations with the affected service providers, an incentive pricing scheme was recently introduced for those bands of the radio spectrum that are considered to be in high demand. This scheme is consistent with the economic and technical efficiency objective as outlined in the Electronic Communications Act, and adheres to the pricing guidelines, and these recommendations will result in an estimated increase in revenue of \$1,900,000 as reflected on page B-336 under [line item] 8434, Carrier Fees.

Okay, moving along . . . so, Mr. Chairman, I would like to conclude my comments for the Department of Telecommunications by indicating that even with an extensive mandate and limited resources, they continue to strive to provide a high level of service. In a recent "Measures to Improve" survey conducted by the Department of E-Government, the Department of Telecommunications was found to have one of the highest customer service ratings in Government—a customer satisfaction rating of 76 per cent. This survey was conducted in September 2013, with the results tabulated in January 2014.

This level of commitment from the Telecommunications staff cannot be achieved without many

long hours and very often without compensation. In this regard, I would like to thank the staff and in particular the Acting Director, Ms. Maxanne Anderson who has taken on these duties, while maintaining her role as Senior Legal Counsel.

Thank you, Mr. Chairman. This concludes my remarks on the Department of Telecommunications, Head 46.

The Chairman: Thank you, Honourable Minister. And the next head?

HEAD 67—DEPARTMENT OF E-COMMERCE

Dr. the Hon. E. Grant Gibbons: And the next head is going to be the Department of E-Commerce and that can be found on pages B-338 through B-341.

Okay, starting out on a broad-based level, as you can see there on page B-338, the Department of E-Commerce has been allocated \$914,000 for the fiscal year 2015/2016, slightly under \$1 million.

Mr. Chairman, the mission of the Department of E-Commerce is to develop the right regulatory framework and to facilitate the adoption and advancement of Information and Communications Technology (ICT) skills and innovation so that Bermuda continues to be recognised as a prime jurisdiction that successfully leverages and advances the digital economy.

The department has four principal objectives, and they are:

1. To advocate for the continued development, safe use and adoption of technology across all organisations, the government and within the community;
2. To ensure the appropriate policies and legislation are in place to support e-business and the digital economy, with a focus on developing privacy legislation;
3. To facilitate demonstrable opportunities for technology education, mentoring and training, as well as encouraging e-entrepreneurship; and
4. To promote Bermuda as a sophisticated and security-conscious technology and e-business jurisdiction, in order to continue to attract and maintain international business.

Mr. Chairman, we live in constantly changing times. Our environment is one where technology innovation occurs at a rapid pace. That said, the digital and knowledge economy brings with it great opportunities.

To seize these opportunities and to allow the Island to navigate and survive change, Bermuda and Bermudians need to be technology literate and to keep their technology skills current.

Individuals and organisations can use technology to their benefit in identifying trends, enhancing

relationships, experimenting with new ideas, and using change to their advantage. Indeed, technology is often a key part of the winning formula for those individuals and enterprises that are able to successfully manoeuvre through changing environments. Technology allows for a controlled and deliberate response. It also assists us in being flexible in our strategic planning and implementation, employing innovative practices and building an optimal environment for growth.

Whether for-profit or not-for-profit, public or private, technology supports almost all aspects of our society. Bermuda takes pride in the sophistication of our infrastructure and in the availability of specialised ICT resources. They both aid in serving to attract and maintain business in Bermuda. And going a step further, it is critical that our ICT and legislative policies continue to facilitate business in Bermuda and encourage innovation and new enterprise.

So on page B-338 you will see there, as I said, that the overall estimate for the Department of E-Commerce for 2015/16 is \$914,000. That is compared with the budget in 2014/15 of some \$962,000. That represents a \$48,000 decrease, or 5 per cent from the previous year.

The funds are allocated to four separate areas, and those are: Administration; Policy and Legislation; Marketing and Promotion; and E-Business Awareness.

And I will start with cost centre 77000, Administration, again, on page B-338. And you will see there, Mr. Chairman, that the estimate for 2015/16 is \$518,000. This is an increase of \$1,000, or 0.2 per cent from previous year, which was budgeted at \$517,000. There are three full-time equivalent members of staff in this particular cost centre.

The Administration section includes all functions related to the operations of the Department of E-Commerce, including the support of the E-Commerce Advisory Board (ECAB, as it is often called), operational requirements in accordance with the Electronic Transactions Act 1999, and administrative support to ad hoc committees such as the Internet Governance Policy Advisory Committee. The mandate of the Internet Governance Policy Advisory Committee (IGPAC—that does not sound very attractive) is to provide input into Bermuda policy in the areas of global Internet Governance and cyber issues that may impact Bermuda relating to: security/privacy, infrastructure, global Internet issues, consumer protection, or other information economy matters.

The IGPAC employs a multi-stakeholder model, reflecting best international practice, to provide input into Internet governance proceedings, comment on Bermuda Government policy on Internet governance matters and be an advocate within their respective communities both locally and internationally. Members of the IGPAC include:

- Honey Adams—Consumer Affairs, the Regulatory Authority;

- Michael Oatley—ITO;
- Stephen Davidson—QuoVadis;
- David Atwood—E-Government;
- Martin Walsh—E-Government;
- Fred Oberholzer—KPMG, ISACA and Bermuda Chamber of Commerce—Business Technology Division;
- Chequila Walker—Registry General;
- Aubrey Pennyman—Registry General;
- Mark Clarke—Bermuda Police Service;
- Ronnie Viera—First Atlantic Commerce;
- Maxanne Anderson—Telecommunications; and
- Patricia DeShields—Telecommunications.

This initial group is establishing the longer-term mandate of the IGPAC, with the intention of expanding membership to reflect the broader Internet governance interests within the community.

At the time of the budget preparation, there were three full-time employees in the Department of E-Commerce. Expenses under this cost centre include the salaries of one director, one administrative assistant and two senior analysts. The position of, and associated funding for, a junior analyst has been frozen for this fiscal year.

Mr. Chairman, I would also like to highlight the valuable work done by the E-Commerce Advisory Board, headed by its Chairman, Mr. Aaron Smith. The ECAB (as it is called) continues to meet regularly and has made a number of valuable suggestions in their year-end report to the Ministry. These initiatives include proposals to attract further ICT business and jobs to Bermuda, providing input into technology education, and exploring beneficial IT governance models that might benefit the Government. ECAB also provided the Department of Statistics with valuable industry feedback on their annual ICT Report and on other relevant research.

Other expenses in this cost centre include equipment and utilities, computer hardware, software maintenance, office supplies, training, and office operations.

Moving down the page to cost centre 77003, Policy and Legislation, the estimate for 2015/16 is \$210,000. That represents a \$25,000 reduction, or 11 per cent from previous year of \$235,000.

Mr. Chairman, the Policy and Legislation cost centre consists of activities relating to the oversight role that the Department of E-Commerce plays in Bermuda for Internet and e-business policy and legislation, by ensuring that the correct legislative and policy frameworks are in place to facilitate the creation, growth and attractiveness of e-business. This includes research activities and membership in relevant international organisations in order to develop comprehensive e-commerce policy advice for the Government,

the E-Commerce Advisory Board and other committees.

Mr. Chairman, the development of privacy legislation, a Throne Speech initiative, falls under this cost centre. A primary focus for the department during this next fiscal year will be to complete the development of data privacy and protection legislation.

The protection of personal information is a fundamental human right and is particularly critical in this information age. It is meant to further our efforts to ensure that the appropriate policies and legislation are in place to support e-business and the digital economy, which is the second objective of the Department of E-Commerce. In doing so, Bermuda's model is meant to meet best international practice and to recognise the complexities and concerns of the digital age and the global environment in which we operate. Keeping data safe and secure continues to be paramount for businesses and consumers, both locally and globally. The proposed legislation is intended to address these challenges while being suitable for our small jurisdiction to administer.

A draft privacy model has been developed and is currently being refined with international best practices in mind. The department has also benchmarked the draft legislation against comparable jurisdictions, such as the Cayman Islands, the Isle of Man, and the province of Alberta, to make sure we provide the most beneficial regime for both citizens and businesses.

At the same time, we must recognise our economic ties and opportunities. The goal of the legislation has always been to balance sound regulation with the ability to attract new companies to our shores. Introduction of this legislation would prove beneficial for companies that operate globally out of Bermuda, facilitating requirements for transborder data flows of certain personal information to other countries with privacy regimes.

I move on now, Mr. Chairman, to the topic of cybersecurity. Cybersecurity and related Internet matters continue to be a priority for the Department of E-Commerce. The *Cybertips* website was successfully re-launched during 2014/15, with five presentations to schools already taken place. What is more, *Safer Internet Day*, an event for the Island's Seniors, was celebrated for the first time in Bermuda on February 10th of this year. Nine topical presentations were offered during *Safer Internet Day* to participants and 93 per cent of attendees rated the quality of information shared by the exhibitors as "good," while 84 per cent provided the same rating for the presentations.

Through *Cybertips*, the department partners with many entities, which include the Bermuda Police Service and other committed community representatives. Together, they continue to promote safe online practices and good digital citizenship, particularly amongst the Island's youth.

Mr. Chairman, the department will also carry out the background research into and assess best practice in national cybersecurity strategy. In this vein, the department will engage local and international cybersecurity sources to determine considerations for the development of an optimal framework.

Other expenses in this cost centre include: specialised consulting services, travel and participation at conferences, documentation, educational and promotional materials. Initiatives relating to Internet governance policy matters and cyber security are also included in the expenses under this cost centre.

Moving now down to cost centre 77004, Marketing, Promotion and Outreach. This cost centre has been allocated \$42,000 for the 2015/16 budget year, which is actually a 31 per cent decrease from the previous year of \$61,000.

The Marketing, Promotion and Outreach cost centre enables the Department of E-Commerce to continue representing Bermuda as an e-business jurisdiction in both the local and overseas markets through marketing, advertising, promotional and market research activities. The sophistication of what Bermuda has to offer with our information technology and communications landscape and work force is vital to the international businesses who make the decision to operate in this jurisdiction. Through publications such as the *World Commerce Review*, we are able to showcase our infrastructure and capabilities directly to global opinion leaders.

Expenses under this cost centre include activities relating to marketing, benchmarking and research, editorial content in local and international publications, in addition to advertising and promotion.

Mr. Chairman, it is important for us to regularly measure the progress of Bermuda as a digital economy. The statistics on the state of ICT in Bermuda for the current fiscal year are currently being finalised and include statistical analysis on local ICT-related factors such as technology trends, costs, business and residential attitudes and uses, and on the associated demand for Information and Communication Technology services. The final report, which is entitled "The State of ICT in Bermuda Benchmarking Statistics for 2014/15," will be published in spring 2015 and will provide useful data for the local community. Some highlights from the forthcoming report (and I will go through a few of these) are that:

- residents using the Internet from any location at least once a week—98 per cent;
- businesses having Internet access—99 per cent;
- households having access to the Internet—89 per cent;
- households owning a smartphone—85 per cent;
- residents owning a Wi-Fi or Internet-ready device, such as a tablet or e-reader—78 per cent;

- residents shopping online with overseas merchants—63 per cent;
- residents shopping online with local merchants—22 per cent;
- businesses having a corporate social networking presence—60 per cent;
- businesses using technology for business to business interactions, such as procurement, inventory control and payments—93 per cent;
- businesses using technology for business to consumer interactions, such as facilitating payment, sales and providing information—89 per cent; and
- businesses using technology for business to government interactions, such as payroll tax, immigration and social insurance—82 per cent.

[All of] which certainly suggests quite extraordinary penetration in Bermuda.

Additionally, Mr. Chairman, the use of international indicators allows for comparison with other jurisdictions.

The data collected is coordinated with other local studies undertaken by the Department of Statistics and by the Regulatory Authority, so that the information is both complementary and supplementary. In line with the Government's objectives to highlight the attractiveness of Bermuda to international business, having timely data readily available to potential global investors shows the sophistication and scope of ICT services and skills in Bermuda, and supports our marketing efforts.

Other initiatives promoting Bermuda's ICT strengths will include marketing material targeted to international ICT businesses to encourage them to establish an active presence in Bermuda.

And I now move to cost centre 77005, which is the cost centre for E-Business Awareness and Development.

Mr. Chairman, this has been budgeted for the 2015/16 at \$144,000 which is a \$5,000 decrease, or 3 per cent from previous year of \$149,000.

Mr. Chairman, E-Business Awareness and Development involves promoting the importance and adoption of technology skills for personal and professional empowerment. We like to say that "Every Career Needs IT" because today all sectors are reliant on the use of technology.

Expenses in this cost centre, therefore, include activities to support e-entrepreneurship and programmes to train and mentor youth in ICT careers, and to stimulate innovation.

In this vein, the annual Technology Innovation Awards were held as part of Global Entrepreneurship Week in November 2014. This initiative encourages and promotes innovation in the technology arena. This year's Tech Awards saw 38 different organisations,

companies and individuals nominated in the competition across five categories.

Trunomi, a local tech start-up, won the International Innovation of the Year Award with their online personal identity protection technology for the financial services industry. The Local Innovation of the Year Award went to LookBermuda, for their Nonsuch Island CahowCam, and to Jobber.bm, the employment matching website. These and the other winners of the evening all embodied Bermuda's technology successes, showcasing small and large ventures that have local and international reach and that span the private, public, and third sectors.

Mr. Chairman, also during Global Entrepreneurship Week, the Department of E-Commerce hosted the Pitch Tech component of the Rocket Pitch Competition. Participants competed for prizes to assist them in launching their businesses and only had a few minutes to present a "Rocket Pitch" about their business idea. The Department hosted the Pitch Tech component of the competition and saw entrepreneurs share ideas for new, innovative technologies and e-business ideas. Pitch Tech supports technology-focused entrepreneurial ventures, and the winner received a financial award to help grow their business. We look forward to the Pitch Tech Rocket Pitch event in the fall to support e-business expansion and further encourage innovation.

Mr. Chairman, Inspire eBusiness, continued to develop local e-business and supported existing local online retail. A total of six "How to Start an Online Business" workshops were held with partners throughout the year related to starting an online business. The sessions in November attracted 61 attendees, and the March 2015 sessions have exceeded that with over 70 participants. The final session for this fiscal year, on marketing and social media, will take place this Thursday. In addition, three entrepreneurs that the Inspire eBusiness initiative had previously sent to the US-based Startup Weekend entrepreneurial event, organised Bermuda's first Startup Weekend from March 6 to March 8 of this year. That was last weekend, and I expect some Honourable Members probably went to listen or view some of that.

The inclusion of the Bermuda-based Startup Weekend under the Inspire eBusiness initiative, where aspiring entrepreneurs spend an intense weekend to find out if their ideas are viable, engages participants of all ages. They receive assistance from mentors and have access to a range of resources and tools. This past weekend had over 40 participants. On Friday, more than 20 ideas were pitched by participants and nine teams were formed. By Sunday the nine teams had to pitch their business plans. The judging panel assessed each on the business model, customer validation, technical execution and design, and execution. The audience selected 16-year-old Dejai Grime's business, TechChoppers, custom-built gaming computers as the People's Choice. Third place, was Ber-

muda Hacks, an online platform and app for making life easier when moving to Bermuda. Second place went to K.I.M.S. List, an online educational resource for parents of children aged 5 to 16 years old. First place went to The Kitchen, a shared kitchen concept for all home cooks and chefs on the Island.

Entrepreneurship is a recognised tool for stimulating innovation and a proven alternative in assisting individuals with employment challenges. As technology plays a critical role in enabling e-commerce, e-business and e-entrepreneurship, the department and its partners will continue to support and promote Inspire eBusiness activities for entrepreneurs.

Mr. Chairman, we will continue to offer the regular and popular “How to Start an Online Business” workshops” under the Inspire eBusiness banner in 2015/16. We also look forward to the next Bermuda Startup Weekend. During the summer, efforts to engage our youth in e-entrepreneurship will continue through the popular Biz Camp.

Mr. Chairman, the TechTalk Initiative gives technology organisations the opportunity to provide the community with information and professional development prospects. In 2014/15 the Business Technology Division of the Bermuda Chamber of Commerce and the Bermuda Chapter of the Information Systems Audit and Control Association (ISACA), partnered under the TechTalk banner to present current and emerging technology trends that may have an impact on or be useful for e-business. Five TechTalk sessions were offered in 2014/15. In 2014, three of the sessions were offered with over 150 people attending with 93 per cent of the attendees indicating that the panel discussions met their expectations.

Mr. Chairman, the Technology Leadership Forum (TLF) Internship Programme completed its sixth year of operation. To date, more than 40 students have successfully graduated out of the programme. Of these, 10 are still continuing their college education, while 75 per cent of graduates have already found full time ICT positions with local or overseas firms.

This summer, the TLF's Summer IT Student Networking event was held for all students interested in ICT (this is this past summer) and to allow for exposure to top local industry professionals. In February 2015 the TLF's Twitter Party allowed IT students and professionals to network in person and online. The one-hour long event saw over 690,000 impressions (how many times followers would see posts that are made by those who are posting) and approximately 700 tweets, with participants in Bermuda and in many locations around the world.

We are pleased to confirm that the Department of E-Commerce, in collaboration with IT sector partners, will continue to support the TLF (the Technology Leadership Forum) and to offer the successful IT Student Internship Programme, with the objective of grooming and mentoring the best and brightest

young local IT talent. Since the information age will continue to require skilled IT workers, the TLF will also increase its efforts to provide information on ICT careers to schools and students on the Island through various initiatives.

Okay. I am going to switch over to Manpower which is on page B-339, the Employee Numbers.

Mr. Chairman, for effectiveness and efficiency, the Department of E-Commerce works in partnership with stakeholders wherever possible. The private sector is an important partner because much of the department's work is in furthering a beneficial digital environment for the country. The department, however, still requires its own resources in order to appropriately carry out its objectives. At the time of the budget preparation, there were three full-time employees in the Department of E-Commerce and, as mentioned earlier, the junior analyst position will not be funded for the next fiscal year. The department is presently operating with a staff of only two full-time and one part-time person; but is currently in the process of filling the policy analyst position.

The Department of E-Commerce plays an important role in ensuring Bermuda's competitiveness in ICT, and the funding allocated in this budget supports this mission.

Mr. Chairman, in concluding my comments on the E-Commerce Head—Head 67, I would like to commend the work of the former Director of the Department of E-Commerce, Ms. Nancy Volesky, the current Director, Ms. Marisa Stones, and the entire E-Commerce team.

And that concludes my comments on this section. Thank you, Mr. Chairman.

The Chairman: Thank you, Honourable Member.
I believe you have one further Head.

Dr. the Hon. E. Grant Gibbons: I do.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: She has been replaced by Marisa Stones.

HEAD 89—DEPARTMENT OF ENERGY

Dr. the Hon. E. Grant Gibbons: That brings me, Mr. Chairman, as you noted, up to the final head, which is Head 89 which is the Department of Energy. That can be found on pages B-342 through B-344 of the Budget Book.

And let me start by making some general comments about the Department of Energy. First of all, the continuing mission of the Department of Energy is to develop energy policy, legislation and regulation in order to ensure an affordable and secure energy future for Bermuda.

The main objectives of the department are:

1. To create a culture of energy conservation and efficiency in the public and within the public service;
2. To continue a broad public education campaign on energy matters;
3. To develop and support initiatives within the public service that enable Government to lead by example;
4. To develop and support policies and programmes to promote the goals of the 2011 Energy White Paper; and
5. To provide technical and administrative support to the Energy Commission.

Mr. Chairman, many Bermudians are aware of the key goals of the 2011 Energy White Paper, which are: 1) the significant reduction in emissions; and 2) the diversification of our energy supply.

We are all well aware of the severe weather events that continue to affect our planet, having ourselves experienced two hurricanes inside of a one-week period in October of last year. Climate change is real. We have also seen the volatility and unpredictability of oil prices, even though the current price levels are the lowest they have been in the past four years. According to the World Bank, oil prices are predicted to stay relatively low, at least through 2016. If this prediction proves to be accurate, it will provide a bit of respite from the escalation of costs, but we are also acutely aware that this is only a temporary condition, for as global demand escalates on this finite resource, oil prices will again rise.

In order for Bermuda to be less susceptible to the effects of pricing and supply shocks, it is imperative that we develop policies and legislation that promote a competitive environment for the generation of electricity from renewable sources of energy. The benefits of achieving this objective will be the diversification of our energy supply, and the stabilisation and the potential lowering of the cost of electricity for our citizens. Without a robust policy and legislative framework, we would simply continue our reliance on fossil fuels, which would keep Bermuda exposed to the fluctuations of the international oil market.

Mr. Chairman, rising energy prices affect the price of almost every other commodity, for example food prices soar when oil prices rise, and investor confidence decreases with the diminished ability to predict and control operating expenses. In the hospitality industry, for instance, approximately 20 per cent of revenues may be spent on energy. In a jurisdiction which is almost solely dependent on imports and inward investment, minimising exposure to fluctuating energy costs could make us a more attractive business domicile when compared against our competitors.

On page B-342 you will see, Mr. Chairman, that the Department of Energy has been allocated

\$988,000 for fiscal year 2015/16, and it is under one cost centre there, which is Administration. That \$988,000 is a reduction of \$52,000, or some 5 per cent from previous year, and the previous year's budget was a little over \$1,040,000. There are three full-time equivalent personnel in the Energy Department.

The decrease of \$52,000 is primarily attributable to several factors; most notably the termination of the Solar Rebate Initiative, which is offset by an increase of \$20,688, or 6 per cent, in salary expenses, due to the expiration of the furlough day.

Mr. Chairman, the Rebate Initiative for Solar Thermal (hot water) and Solar Photovoltaic systems was terminated on April 30, 2014. In order for the department to provide for those applications that had been received before that date, \$90,000 in funding has been allocated for fiscal year 2015/16, which is a \$101,000, or 53 per cent decrease from the original budget of \$191,000 for the current fiscal year. This allocation is reflected in the "Other Expenses" object code on page B-343.

Over the life of this initiative, there have been over 200 photovoltaic systems installed, for an installed capacity of approximately one megawatt. There have also been approximately 100 solar thermal systems installed during this time. The department has paid-out over \$540,000 in rebates for both initiatives over the last two years. It is therefore safe to say that these rebates have achieved their goal of encouraging the uptake of residential scale renewable energy systems, with the added benefit of creating construction jobs in the economy.

Mr. Chairman, the projected budget for Professional Services for fiscal year 2015/16 is \$382,000. This is an increase of 11 per cent over the current year's allocation and will primarily be used to fund the development of the policies and legislation required to reform Bermuda's energy regulatory regime. This reform will result in the responsibility for regulating the energy and electricity sector changing from the Minister and the Energy Commission to the Regulatory Authority. The contract for this work was awarded as a result of a joint venture bid and has been assigned to Castalia Advisors, LLC (a specialised global policy and economic consulting firm) and to Legal and Drafting Services, Ltd. (a specialised legislative drafting firm, based in the Caribbean, I think it is St. Lucia). The value of this contract is approximately \$227,000.

The balance of this allocation will be used to fund the careful analysis required to consider the introduction of Liquefied Natural Gas (LNG) as an alternative to the fuel oil currently used to generate electricity; and to fund the development of a Request for Proposal (RFP) to solicit bids for a utility-scale solar photovoltaic facility at the airport "Finger."

Mr. Chairman, in developing the new energy policy for Bermuda, the department has and will continue to consult extensively. The department began

this process in December of last year by targeting key stakeholders and soliciting feedback on a series of broad policy building blocks. This process continued with additional workshops being held in January and February, with a wider group of stakeholders, and has resulted in the creation of a more refined series of policy statements. The resulting consultation document, which outlines these energy policy proposals has been published on the department's website, and has invited public comment until this Friday, March 13th.

Mr. Chairman, developments in technologies for renewable energy, energy efficiency, and conventional energy give Bermuda the opportunity to change how it sources and uses energy. Introducing new technologies to the Island may lower the cost of service, reduce local pollution and global greenhouse gas emissions produced by generation, improve the security of supply, and improve affordability, all while maintaining or improving the quality of service.

Mr. Chairman, developing new energy options requires a new framework of policy, legislation, and regulation. The current framework, developed when liquid fossil fuels were the only viable option, lacks the flexibility to integrate new options. The updated framework must also ensure that the benefits of introducing new technologies into Bermuda are shared by the consumers, the utility, and the Government.

This National Electricity Sector Policy ('the Policy') will be key in helping us to realize these new opportunities—it will also lay the groundwork for the new Electricity Sector Act, create a new regulatory framework, and produce an updated licensing regime. The Policy will also build upon the work done in developing the Energy Green Paper 2009, as well as the Energy White Paper 2011.

The consultation document, which I hope Honourable Members will have a chance to look at, covers proposed policies for all of these key areas of Bermuda's electricity sector, which are:

1. The objectives for the electricity sector;
2. A vision of what the sector could look like, using a matrix of supply and demand options;
3. The desired structure of the sector, including roles and responsibilities of the participants;
4. The process for determining the sources of Bermuda's electricity, using an Integrated Resource Planning methodology;
5. The framework for promoting distributed generation;
6. The desired structure of the transmission, distribution, and retail subsector,
7. Government support for more efficient use of electricity; and finally
8. The legislative, licensing, and environmental permitting and planning framework that supports the Policy implementation.

So, Mr. Chairman, following the consultation process, the department, using the input received from the public and with the assistance of its consult-

ants, will formulate a final set of policy proposals for the Minister's consideration. These proposals will then be submitted to Cabinet for their approval and subsequent publication. This process will continue throughout the first half of this year, resulting in the development of the legislation and the implementation of the initial phases of the new regulatory reform measures by the third quarter of the calendar year.

Public education and awareness will continue this year, and it is the department's intent to co-host another Energy Summit, to continue the momentum created by the first Summit held this past November. The 2014 Energy Summit introduced and explained several key energy issues to a select audience, who represented a broad cross-section of the community. These participants included renewable energy businesses; non-Governmental organizations (such as Greenrock and BEST); BELCO; the Regulatory Authority; local and international businesses; local economists; and current and former politicians. The presenters were both local and from overseas and addressed such topics as: the best energy technologies for use in Bermuda; tariff structures for renewable energy; and creating the enabling environment for independent power producers. The Summit ended with a facilitated workshop, which informed the department about those topics that the participants were particularly interested in and passionate about. The department also used this opportunity to introduce the policy and legislative consultants to the key stakeholders.

Mr. Chairman, the department will also continue its public outreach initiatives, by participating in public lectures, presentations through Community Education programmes, and assisting with the Greenrock Eco-Schools initiative, to name but a few. The department's goal is to raise the level of consciousness about energy in our community in order to educate the public about its realities, the desire to adopt more renewable technologies, and to encourage better conservation habits. If this goal can be achieved, Bermuda will have informed consumers and educated customers who are empowered to make the right decisions for a sustainable energy future.

Mr. Chairman, in addition to the Regulatory Reform project that the department has as its priority for the next fiscal year, they will also focus on the following projects, and those are:

- The creation of a transmission and distribution licensing framework, so that the rules of engagement with BELCO by independent power producers are well-defined;
- The creation of a licensing framework for utility-scale renewable energy facilities;
- A review of the duty rates on fuels to introduce incentives for the use of high-energy/low-carbon emitting technologies;
- An analysis of the elements of the value chain required to consider LNG (Liquefied Natural Gas) as a viable option for Bermuda;

- The development, on behalf of the Ministry of Public Works and the Department of Airport Operations—an RFP for a utility-scale solar photovoltaic development at the old munitions pier (the “Finger”) at the L. F. Wade International Airport.

I turn now to page B-343 which speaks about manpower or employee numbers.

The Department of Energy operates with three full-time employees: a director, a policy analyst, and one research and development officer. Some resources are shared with the Department of Telecommunications, with whom the Department of Energy shares office space.

Mr. Chairman, the department will continue to provide administrative and technical support to the Energy Commission and will work with the Regulatory Authority to facilitate the transfer of responsibilities to them at the appropriate time. The members of the Energy Commission include two board members of the Regulatory Authority, and consequently they will be able to assist with this transition. The current members of the Commission are:

- Mr. Michael Leverock (Chairman);
- Mr. Kent Stewart (Deputy Chairman);
- Ms. Leslie Rans;
- Ms. Angela Berry;
- Mr. Colin Smith.

The staff of the department will also continue to enhance their policy and regulatory capacity by participating in training opportunities, such as webinars, online courses and opportunities to interact with regulatory and policy experts.

Mr. Chairman, in concluding my comments on the Department of Energy, I would like to thank the Director, Ms. Jeane Nikolai and the Bermuda Energy Working Group (BEWG) for their commitment in providing valuable insights and feedback to the department throughout this current year, particularly during the regulatory reform policy development activities. And I will just mention the members of the BEWG (the Bermuda Energy Working Group) are:

- Mr. Alan Burland;
- Mr. Stuart Kriendler;
- Ms. Judith Landsberg;
- Mr. Patrick Caton;
- Mr. Michael Daniel;
- Mr. Denton Williams;
- Ms. Carol Dixon;
- Ms. Tonya Marshall;
- Mr. Niklas Traub;
- Mr. Nick Duffy;
- Ms. Anne Glasspool.

Thank you, Mr. Chairman. That concludes my comments on the Department of Energy and it concludes my comments on the heads.

The Chairman: Thank you, Honourable Minister.

Is there any other Member who wishes to speak on these debate items?

The Chair will recognise the Honourable Member from constituency 6, the Shadow Minister for Economic Development, the Honourable Wayne Furbert.

You have the floor.

Hon. Wayne L. Furbert: Thank you, Mr. Chairman.

First of all let, me say hello to my favourite civil servants. That is Mr. William Francis and, of course, the great honourable, Jasmin Smith, who is in the House today. And—

[Inaudible interjections]

The Chairman: Member, proceed. Do not get distracted.

Hon. Wayne L. Furbert: These individuals, I know, are hard workers. And I believe that the Minister has two good people on his team. I am sure other . . . I said these two, I do not see any more . . . and I am sorry, the great accountant who sits behind them who I have worked with before, and I forget what Ministry I was in at the time.

[Inaudible interjection]

Hon. Wayne L. Furbert: I forget his name. I just said a great accountant, Mr. Meyers, who I have worked with before when I was minister of . . . I forget which department it was at the time.

So I am sure that the Minister is in good hands. Hence, why I know that we had asked for four and a half hours, but we may finish a little earlier because the staff did a great job in preparing his brief. And let me thank the Minister—the only Minister that has given us his brief. And because of that I will not be as hard as I was going to be. So we appreciate that.

But, Mr. Chairman, let me just say up front, we are talking about the Ministry of Economic Development, and the debate that we are having today on all the heads, I just think this is one of the most wasted exercises that we do in Parliament every year. We have got to change this crazy system—

The Chairman: Honourable Member, you are making general comments about the structure of the budget debate, as opposed to speaking to the Ministry.

Hon. Wayne L. Furbert: Yes, I am speaking—

The Chairman: You might want to move on.

Hon. Wayne L. Furbert: No, I am speaking about the actual debate on this. [It] is a wasted exercise that we do every year for . . . I do not know [for how long] we have been doing this. But I just think that it is a waste because we get up here every year and pontificate. The Minister stands up with his big brief, and it does not matter if we increase the hours from 4 hours to 10 hours—

The Chairman: Member.

Hon. Wayne L. Furbert: I am talking about these heads. I am talking about the time spent on the heads, Madam—Mr. Chairman.

[Inaudible interjections]

Hon. Wayne L. Furbert: Well, sometimes he wears pink so . . .

So I am just talking about the idea of us talking about these particular heads. The heads that we have in front of us, to me, is a . . . and those are Heads 95, 39, 46, 67, and 89 are wasted. We could spend our time more usefully. I believe that the actual barometer or graph or whatever you want to call it of the listening audience decreases tremendously when these particular things take place. And I think in the future we can look at much more, change whatever we have got to change, and make it much more—and I use the PAC Committee [Public Accounts Committee] as an example. It should be where every Minister with his technical staff meet around a round table. Government can have more members as a PAC Committee has—and have a whole discussion.

I heard John Barritt talk about it for years on how we can talk around the table as far as committees on different . . . and we ask more questions.

The Chairman: Member, come on.

Hon. Wayne L. Furbert: I am talking about numbers—

The Chairman: You are not talking about any numbers, Member, just move on—

Hon. Wayne L. Furbert: Mr. Chairman, I am talking about the numbers. I am talking about the numbers.

The Honourable Member read out everything that he wanted to on under his . . . everything that he read out had hardly [anything] to do with the numbers. I never heard you, Mr. Chairman, challenging the Member when it came to that. Okay? He spoke generally about the heads. And he spoke generally about the actual line items.

So I am talking about how we can spend more, better time on these heads. That is what I am

talking about. Okay? And I think that in the future that we can look at it much more clearly. So I am going to speak about that as we go on.

Mr. Chairman, I am going to talk particularly about . . . starting out with where the Minister started out with. Unfortunately, I do not see (unless Mr. Francis has the information) particularly about the Bermuda Development Agency on Head . . . where he started out at. In particular, I am missing something . . . maybe I missed something, Minister. Has the—I call it the Bermuda Small Business Development Corporation—is that in another Ministry because . . .

[Inaudible interjection]

Hon. Wayne L. Furbert: Well, I would have thought when it comes to economic development . . .

[Inaudible interjections]

Hon. Wayne L. Furbert: Yeah, I thought so too. Yeah. I would have thought that was where it should be, under Economic Development, instead of being under the Ministry of Immigration, as I understand. I do not know how that works in there. It makes no sense at all. And, unfortunately, I can talk a little bit about under Economic Development heads about small business development, but not actually talk about Immigration.

Mr. Chairman, if there is ever a ministry that is going to change the whole concept of and develop Bermuda going forward, it is this ministry. The other ministries are . . . you know, they help out immigration and everything else, and finance. But this ministry helps to cause an increase in GDP, helps per capita income, it has to have a whole concept of what I think the visionary goes about and how we can get . . . If this ministry is able to make it happen, then we will not have anything much to worry about. Okay? I know tourism is there, but new creations or new ideas have to come from this particular ministry.

So let me talk about Bermuda's BDA (Bermuda Development Agency). And as the Minister is well aware, we have played a key role—the PLP Government—in moving the process ahead to combine the Bermuda (at that time it was BIBA—Bermuda International Business Association), and I am talking about the grant that we give them on line item 9503. In case the Chair is not aware of what I am talking about.

The Chairman: I am fully with you, Member, I know where you are.

Hon. Wayne L. Furbert: The whole idea that BIBA (Bermuda International Business Association) . . . I think it was IDC (I think that was the other heading) that we pulled together to embrace this one concept. And I think that we are on the right track. But to me, Mr. Chairman, I think we have got it partly wrong be-

cause something is definitely wrong. And I refer to . . . the Minister early on said something about (let me pull it up) that they had . . . and this was supposed to be a private/public partnership. Okay? I could not figure out why the Minister said (and I will quote what he said), you have oversight. I am not sure what he means by “oversight” of this particular agency. I do not see the ministry having oversight, all right?

Maybe he can explain that question, but it was on page 3 of his brief, “Within the Ministry of Economic Development, the Ministry HQ has overall responsibility for five Government Departments and oversight for” and blah, blah, blah, blah. I understand the Regulatory Authority of Bermuda, the ACBDA, but I am not sure how you have oversight of that.

Now, I know you have someone that sits on the board, but I do not know what . . . the board makes a decision and, I think, unless the Minister tells me he can change those decisions, as far as I know he cannot. But maybe he can. I know he can flex his muscle and withdraw support, and that has a lot of oversight, and then you can decide what you want to do.

Maybe that is what he is talking about—if you don’t do what I say, then . . . Or, if you are not carrying out your job as [we] thought that [you] should, we would form another organisation. We will do something else. That is why we formed this, because at the end of the day, as far as BIBA was concerned, and IDC, sometimes they were duplicating the work. They would print something on insurance—BIBA would print something on insurance. They would go to RIMs, IDC goes to RIM, everybody is going there, and so you were duplicating a lot of expense. And so they understood it . . . I did it. We did have some opposition at the beginning from the individuals, particularly the local providers who thought they were losing control of their little thing, their body—BIBA. But we stood our ground and pushed ahead.

So the question comes down to, Has BDA performed as well as it should have? And let me just say we spent millions of dollars over the time that BIBA was organised and we asked ourselves the question, did the country get a return on its investment? Hence why I am now asking the question, Are we getting a return on our investment? The Government in 2013, I believe, put out, \$5 million, I think, in their budget and \$4.5 million-something in the next year, and now they are decreasing it to \$4.2 million. Interesting numbers, they are going down.

I know when I was a Minister, I am not sure whether it was this Minister, but they used to accuse us of not funding that particular organisation as we should. We have heard the outcry that we were funding tourism with \$32 million (or whatever it was), and there are people that want us to reverse the numbers. You should be funding BIBA or BDA \$32 million and you should be funding Tourism by \$5 [million].

I could understand that. I mean, I know . . . I understood it, but what they are saying is, *We’re giving you more throughout the year. We are making a better return. We, (the international business) are giving more money to our GDP than Tourism does, hence we should have a larger budget*, not recognising that tourism was employing a lot more people, and we had to spruce it up and go from there.

So is BDA doing what it should be doing effectively? And who is the watchdog for that? Maybe that is what the Minister is saying, *I’m watching them. I’m keeping an eye out for them*, to see whether they are doing what they [should be] doing. I am surprised, like I said, none of the representatives are in this room today. I know we had, and I know they are, per se, . . . well, they are too busy. The Minister said they are too busy to come here.

But I do not know who is going to be able to answer some of these questions. I had a lot of questions for them.

The Minister says, *I’m going to answer them*. I do not know.

Well, I asked you how much the CEO gets paid, I am sure you cannot answer that question.

All right, is his pay less than the person they brought in at first? Remember when they brought that high affluent individual from Canada?

The Minister says yes.

So Bermudians can get less than a person doing the same work. Do you follow me?

So you brought in this high paying individual from Canada and he kind of quietly at night slips out. He slipped out—nobody knew—and he came with all these great accolades, supposed to change the world and make things happen. Someone tells me he was in the Ministry, in his department, reading on how to handle staff or some book he was reading [on] how to deal with staff. That is what they tell me. I do not know whether it is true, but that is what was told to me. So he disappeared. Nobody asked a question. We do not know what happened. I think he terminated before his three months, six months, or whatever it is that they give those individuals, and he disappeared. No question.

So he may have been getting the same as Hanbury, \$500,000–\$600,000 a year. Right? We do not know. But a Bermudian gets involved and he gets, I do not know, probably less than the permanent secretaries. Maybe he is getting more than the permanent secretaries because he was there, maybe \$200,000 to \$250,000. I am sure he is not going backwards. Okay? So \$250,000, let us say that is the number he was getting, maybe \$300,000, okay? But we are paying 80 per cent of the funding to this organisation, or more, because the only grant they got last year was \$300,000 from their organisation outside. So 90 per cent or more comes from the Government.

So, again, it gets back to . . . I know, salaries are one of the big things that we have been throwing

up and every . . . when we were on that side, they threw it up. You know, so I just want to be interested as my colleague said, in the performance. A person makes a million dollars and brings in \$20 million—you have got me. You get \$2 million and you are bringing in \$50 million—you have got me. All right, so that is not the big issue. The question is, are we getting a return?

Fortunately, the CEO was my Permanent Secretary when I was Minister, so you know, I know some of his strengths and I know some of his weaknesses. Overall, I think he is a nice guy, at least in my eyes. I am not going to put it, you know, what I see, beauty is in the eye of the beholder, as they say. My weakness may be some other person's strength. Some of his strengths may be somebody else's weakness.

So what do we get from this group? As a matter of fact, interestingly enough, I looked at who made up the committee, and, unfortunately, unfortunately, unfortunately . . . and I could be wrong, but the committee members . . . I only see one person on that board that is like me, and I could be wrong. There are not any other . . . whether the Minister could answer this question, unless he is going to use his phone like Hillary and such and text it off to them, and ask whether the individuals are . . . I cannot remember, are they appointed by the . . . and let me just say this first of all. I am not going to be standing up here on my feet for the next two hours. What we are hoping to do, and I am hoping the Minister will agree with me, is to have a reasonable debate, short questions on heads. And I spoke to the Minister the other day, so I would hope that he would control some of his Members that they do not go all over the place.

So right now we are talking about one item—that is the Bermuda Development . . . BDA. And I will sit down if anybody wants to ask any question on that, so be it. But do not get up there and start asking questions about Energy when I am talking about the BDA, that is my point. That is what we want to do.

The Minister and I have talked about it. And I am hoping that he has all his troops in line. And I told my colleagues to ask questions on that, do not go talking about everything else. That is how we want to do it, okay? So if you have got another suggestion, and talk for three hours and two hours, well, it will not happen. I am asking for a reasonable debate so the public can start hearing more and learning more about these things. That is what we hope to do.

So it gets back to BDA, how are the members appointed? Are they appointed or elected by a group? How does that work?

Mr. Chairman, this is supposed to be an independent body, and I am not sure whether too many people know about social media, but I am pretty good at social media—Twitter, LinkedIn, the rest of them, Facebook, Instagram—all of them, I am there, Pinterest. I must admit I learned a lot from just . . . I just

study it. Right? So because I go on LinkedIn and read what they have on LinkedIn—this is a business, it is supposed to be a business, per se, social media. And what do I turn to? The first page on LinkedIn says, listen to this, this is a posting done by the BDA, “The previous Government’s Immigration policies have been blamed for many of Bermuda’s economic woes.”

[Inaudible interjection]

Hon. Wayne L. Furbert: A posting by BDA.

The Chairman: Do you have a date for that?

Hon. Wayne L. Furbert: Well, it was posted one day ago, all right? Somebody has, you know, upped it and said, *Great posting*. They are trying to explain—

The Chairman: Sorry, you said one day ago?

Hon. Wayne L. Furbert: One day ago.

The Chairman: And do you want to read the statement again, the comment?

Hon. Wayne L. Furbert: The whole thing was a posting done by, it was a ¹[Royal Gazette](#) story where the Honourable Member who speaks in another place, the Honourable Michael Fahy, was speaking about what the work permit rules mean. Why could they not just do a little writing themselves, instead of posting what the *Royal Gazette* is saying?

So what is my point? The first thing that a person who goes to LinkedIn, who wants to bring [business] to Bermuda, sees [is], “The previous Government’s Immigration policies have been blamed for many of Bermuda’s economic woes since before onset of the Great Recession, and one of the central promises of the One Bermuda Alliance was to reform the policies and make them.”

Let me make this very clear, let me make this very clear, this Government has two more years left. Okay? So if you are trying to build investor's confidence, you cannot be putting any innuendos out there. If they want to be politics, that is a different story. But BIBA, or Bermuda BDA, is supposed to be sending a message that Bermuda is in the right place. All right? So somebody calls them up and says, *Do you agree with that? Do you agree, Mr. CEO?* By the way, and you was Permanent Secretary. Do you agree? You were Permanent Secretary of the former Government. Do you agree with what they were saying? I mean, your policies that you formed as Permanent Secretary? Do you agree with that?

That is my point. What is . . . what are they going to say? *Oh, yes, I agree*. Or, *I don't agree*. You posted it on one of your recent updates. So the BDA

¹ 10 March 2015

has to be careful on the statements they make. I am aware when the Canadian person came on board—

[Inaudible interjections]

Hon. Wayne L. Furbert: Mr. Chairman, I am aware when the Canadian . . . and I hope they are listening. I hope the CEO is listening. I hope the Chairman is listening. I hope the Deputy Chairman is listening—all individuals that I appointed when I first got involved. I love them to death. As a matter of fact, the Chairman was very much involved in the process because she came from Pricewaterhouse. (I could tell you a lot more stories.) All I am saying is she was involved in the process, so I support them being there. But they have got to be careful of what they send out there, what the message is that they send out there during this time.

So you are asking me to come to Bermuda and . . . *Well, hold on, they are going to be back in in the next two years, two and a half years. Do you want me to come now?* Yeah, come now because you can do your work for two years. That is nonsense. All I am saying is that I am aware that when the Canadian person took over, came here, he did not last three months, six months, whatever the period is they wanted him to go out there and blame the Progressive Labour Party.

Now, I am aware of that and, Mr. Chairman, you can stamp your feet as much as you want—

Dr. the Hon. E. Grant Gibbons: Point of order.

The Chairman: The Chair recognises the Honourable Economic Development Minister.

POINT OF ORDER
[Misleading]

Dr. the Hon. E. Grant Gibbons: Yes, I think the Honourable Member is unintentionally misleading the House. That is the first time I have ever heard that and certainly I do not recall it from the former CEO over there.

The Chairman: Thank you, Honourable Member.

Hon. Wayne L. Furbert: Mr. Chairman—

The Chairman: The Chair recognises the Honourable Member from—

Hon. Wayne L. Furbert: I am not misleading this House.

The Chairman: The Chair will recognise the Honourable Member from constituency [6].

Hon. Wayne L. Furbert: I am not misleading this House, and the Honourable Member . . . Yes, that is up to him, if he did not hear it. I am saying I heard it. We were in the same room when this person told me. I am just telling you what I heard, okay? Remember, walls talk. Walls talk, okay? So, you know, that was the . . . you know, just trust me. It was said.

So now I read this headline here, and it makes me wonder if that is the way they are trying to get it out there. *Let's blame them.* I mean, we heard some things during the tourism stuff. And I am not going back to tourism, but *it was them, it was them.* If we are going to build investor confidence we have got to make sure that the stability of this particular Island for international growth is there from the very beginning.

Hence why, Mr. Chairman, we reached out to the Minister. I am not going to the America's Cup yet, but we have reached out to the Government on many occasions on, *Let's work together on this particular thing*—on international business. Why? Because we want to ensure that international business recognises that no matter who is there everything is okay. If we do not do anything that is right . . . we might disagree on whether who builds a wall. We may disagree on a few things, but we have got to send a clear message to international business that that no matter who is in Government there is some stability and things are going to take place.

So I reach out one more time and say, *Let's get together.* Let's get together some of their key people—Minister of Finance, Economic Development, maybe the Premier and a few others, and some from our side—get together and let us discuss some stability on ensuring what policies we both can agree on.

I have not told you about the Corporation of Hamilton. It is like ping-pong—we do something, they do something. We are going to do something. When we get back in we will change some things again. That does not create stability on an Island as we are. So we do it, not for ourselves, but for our children and our grandchildren. That is if we get anything right, that is what we are going for.

So we have approached entities (that is all I will say) and said, *You broker the deal between us and me together.* That is all I will say; I am not calling names. Broker a deal so that we can get together on how we can progress. We do not care if international business balloons between now and 2017. That is what we want. That is what we want. But we do not want any uncertainty, as the Minister of Finance is aware, of how the market reacts, whether the Republicans are in power, the Democrats are in power, what the President says, he sneezes, he has got a cold and something is going to happen to him—and the market shares drop. And so the same thing happens when you send out these wrong messages. So watch what you say, that is all I am saying.

This is a very, very important part of our economy because if you do that not only does . . . everyone suffers, everyone suffers. So you do not see me getting up there and attacking them much on America's Cup. I do not agree with everything, but I am not going to attack them. Something is done in international business. Now we have made some clear suggestions by our Shadow Minister of Finance on where we see things could be going (and I am going to talk about that in a few minutes), how we see things could be progressing on that particular field, and how we can make sure that we get new business in. That is all we want on this side. That is all.

We have nowhere else to go. So we want to be . . . yes, we all could head up to the mother country. But if you go up there, you cannot find anything either. So we want to ensure that international business grows.

So the Government gave \$5 million in 2013/14, dropped it to \$4.5 million in 2014/15, and now they have dropped it to \$4.25 [million]. Again, I guess the question is, why? Why? We cannot debate the numbers because we do not know where the money is going. So it is very hard to . . . so we are debating in philosophical on the amount of money that is being given.

Dr. the Hon. E. Grant Gibbons: Mr. Chairman, just a point of clarification if I may.

The Chairman: Will you yield for clarification?

POINT OF CLARIFICATION

Dr. the Hon. E. Grant Gibbons: Yes, just on the actual 2013/14 for that grant of \$5.8 million. That is not all BDA. There may have been some small business development in there as well, and also that was before the BDA was actually set up because it did not come into effect, as you may recall, until about April of 2013. So be careful with the apples to apples because it is not.

Hon. Wayne L. Furbert: That is fine. I appreciate the Minister clarifying that information, but it still does not remove the fact that we are giving \$4.2 million—\$4.25 million, and it is a grant. It is a grant. So you know, maybe "Grant" could ask them what is the grant breakdown. Maybe he has a breakdown. I doubt it. You give a grant to an organisation and they spend it the way they want, that is how it works. But we as shareholders—the Government—have to be confident that we are getting the return that we are.

So, yes, I heard the Minister say legislation was put through. It has been happening from time and eternity. Yes, they attracted some of these asset management conferences here. And another question I would ask the Minister is, Is the Government funding part of that conference? Is the BDA funding part of it

or are they coming here of their own will? Because a lot of conferences will travel around the world based on . . . because I can tell you, I was the Minister. They used to call me up and say, *Minister, would you fund this organisation to come here?*

I remember one of them was \$450,000, I think, one it was. And they will come. They will come if you fund it. Right? So are they coming of their own free will? And that is where you have got to find a balance, because some you have to pay. Some you have to pay because you want to bring them here to see what Bermuda is like. You want to get tourist numbers here, you know. It is the whole economic aspect of it. So I am not knocking it, I am just saying *are we . . .* because the Minister is saying that these new groups. So, asset management, and so on.

Trust business is looking up. I have had an opportunity to talk to a few people in trusts and so because of the trust legislation changes people are now looking at it. So these are changes which are good and help us improve ourselves as a jurisdiction.

But the question I ask the Minister is, What do we see new happening over the next 3, 6 to 12 months as far as new business? He is quite aware that we believe in attracting international law firms here. I know the Minister said they have got one, a gentleman from Canada, who is probably doing the work for CCC or whoever. I am not sure what he is doing.

Attracting international law firms. Why, Mr. Chairman? Because they will bring business. When a person is looking around the world for a jurisdiction . . . and I can tell you right now there are a lot of international businesses who would welcome that idea. First of all, it might help lower some of those fees that they have got out there—accounting and legal fees—to help them to decide whether they come here, go to Cayman, Jersey or wherever. And, yes, the partners of those local firms can then merge into . . . I used the idea when I was working for Gray & Kemp, the local accounting firm, then Pricewaterhouse came along and we merged. And now you do not even hear . . . most people, young people, do not know who Gray & Kemp were. All right? But Gray & Kemp merged and all the locals merged into international practice. And I think that can be done.

Conyers Dill & Pearman (CD&P) [and] Appleby have probably one of the largest international practices. They form partnerships with these groups overseas, so they are all over the world. So they should not have a problem in allowing other international business to come here. It will, I can tell you, Mr. Chairman, it will. I believe very strongly that it will increase business here tremendously because you are now feeding your organisation in Bermuda instead of saying, *Well, I've got an organisation in Cayman or Jersey or Hong Kong, or wherever. Do I give it to a Bermuda company which I will not get any return or do I give it to my . . .* it is common sense. Now these

guys, these law firms that form partnerships over the years—good partnerships, so they got some meat—they get some crumbs.

But all I am saying is I believe that the international . . . the number of companies that register here will increase. Appleby was the first law firm that opened up the technological . . . that opened up the . . . I think the first customer or client down in the Cayman Islands—Appleby—that is a Bermuda company. They made a decision to send the business to Cayman. Right? When they were doing business in Hong Kong with some aircraft registry, and we changed . . . I think the Minister . . . We were working on it before I left, but I think the Minister made some changes.

They were sending the air craft registry to some other places. When they had to do the stock exchange, deciding on which jurisdiction that we could go in (again, I think it was Conyers [Dill & Pearman]), they asked me why I was in Hong Kong. I was not in Hong Kong to do with tourism. I was there to do with international business. We came back and I think the Minister put it in place just after we left office to allow these companies to place their . . . and I may be getting it wrong and the Minister can correct me . . . place their companies on certain exchanges while being here. Before they had to only place them here, I believe, I could be wrong. So those are things that help to remove some of the encumbrances.

So where are we going? Where is the law firm progress? Is the Government supporting that? That is the question. Is the Government supporting—I heard them talk about banking, but how . . . where are we on that? Are we moving quick enough? Are we Nike? Are we just doing it? Or are we too busy consulting and trying to make everybody happy to allow some financial institutions to come here? Where are we on that? Are we almost there? Because this would generate new business.

Where are we on the technological part that should be at Southside? And let me just say, the Minister . . . I applaud him for it, because it was that Minister (when I was in another place) when he was the Minister responsible for taking up the Base Lands, and we were setting aside areas out at Base Lands, and I remember clearly he talked about . . . and maybe it was E-Commerce at the time, the word “E-Commerce”—

An Hon. Member: Business technology.

Hon. Wayne L. Furbert: Business technology. How . . . where . . . how long . . . Do you know how long that has been? Twenty, 25 years. So the UBP did not do it, the PLP did not do it at the time. Where are we on that? It is another 25 years? It might be pushing up tulips, daisies, before something comes into place. Where are we on this? This is what I am talking about, the whole idea, wondering why . . . I guarantee . . . I

most likely will not be in this House in 25 years, if it took that time again. Where are we on these new initiatives that would create new business, new ideas, as my Shadow Minister of Finance was talking about?

‘That is what the country needs to be hearing, not just work . . . Where are we on this, then? I have given you \$4.2 million a year and, you know, you are travelling all around the world to all of these conferences. And, yes, they had to be ensuring that the businesses we have here are stabilised. We accept that. Right? That is why I talk about, *Let’s work together on some of these things*, to make sure international business is quite . . . you know, where?

Let me just make it clear. International business grew faster from 1998 to 2006 than it did in years gone by. GDP grew from \$3 billion to \$6 billion under the Progressive Labour Party. We all know what happened after that—things changed. And even now, when I was the Minister they used to say to me, *Minister, time is changing, things are changing*. And no, they kept on saying that there are other reasons why they are leaving—it is you. No, things were changing.

So here is my next question. What can we do different to set aside a piece of land down on, . . . on, . . . on there now, because the insurance business, as far as employees, is growing everywhere else but here, as much as we should have. They are growing everywhere else. And it is not like they are standing still. They are growing the number of staff. But what can we do different and what is BDA recommending to the Government we do different if we set aside a piece of land on the Base Lands? I do not care if you call it the “58th State,” because that is where they wanted . . . remember when the Americans were here and we could not go down there because they did certain things. How can they operate . . . but achieving benefits of employing some of our Bermudians because that is the whole thing that we want to do is to allocate.

I do not know, there are a thousand acres on the Base Lands. Allocate 100 acres for a park for insurance to allow new types of insurance people to come in that get certain benefits. I know the Americans are taxed on their worldwide income, but other jurisdictions are not. Canada is not. I am not sure about Australia, or wherever. Mexico, I think, is not. I think it is only the United States and, I think, Russians are taxed on their worldwide income.

So how can we set aside something . . . this is different. So I am not going to talk . . . because I promised I was not going to talk so long because I want to deal with that, and I want my other colleagues and other people to ask questions on BDA. So I am going to sit down right now, Mr. Chairman. And, like I said, I am asking, Mr. Chairman, with cooperation from the Minister as we talked, to allow Members to ask questions, but do not go all over the place now asking about Energy and any other heads right now.

Thank you.

The Chairman: Thank you, Honourable Member.

Is there any other Honourable Member who wishes to speak?

The Chair recognises the Honourable Member from a constituency in Pembroke, the Honourable Walter Roban.

Mr. Walter H. Roban: Thank you very much, Mr. Chairman, for the opportunity to contribute to this discussion as it relates to the Ministry of Economic Development.

I have a few questions on a couple of different heads for the Minister, Mr. Chairman. I am very interested in the Bermuda Development Agency and what it is doing. One particular question I would like to know is if the Ministry has considered perhaps diversifying the board to some degree. From my observation the board is pretty much accountants and insurance persons, which is fine. Those are some of the people of excellence in the country.

But as I would like to see from my perspective, if this is supposed to be the Bermuda Development Agency, it should, frankly, not only have persons on the board looking at how to develop our existing industries and financial services and other areas of that, but look at other practical industries that might be deployed in Bermuda that can add to diversification of our economy. And there are persons in the community who are not accountants, who are not insurance executives, who actually have ideas about what can be done in the country further.

I think it would be a good idea to approach some of those people to add to the board as time goes on to bring their ideas . . . whether it is Dr. David Saul, Nicholas Hutchings or persons who since the . . . since the Government has seen it fit to look at commercial fishing, some persons who have expertise in other aspects of how we can develop our Blue Economy as well. Because, obviously, having the development of the seaside . . . and although this is not in his ministry it is a new . . . it is about economic development. And looking at industries like that, like the new fishery side, the commercial fisheries landside facility which the Government has made a commitment to develop, these are new industries that could potentially bring in revenue to the country.

I know that the mission of the Economic Development Agency is, irrespective of what the industry is, to earn more revenue for the country. But I do think that some diversification of that board would be appropriate, whether it be . . . even as the Honourable Minister spoke about E-Commerce, maybe having some E-Commerce people on the board because there are, as the Minister did outline in some of his presentation, new ventures. There are new potentials of business in our E-Commerce framework and our IT

infrastructure, which, clearly, is an area that is changing rapidly.

And there are things that potentially Bermuda can take advantage of because of our superior infrastructure. We have some major undersea cables that come in and out of Bermuda going to the North American seaboard and down to South America, which potentially in the long term can reach even greater revenue as that industry changes over time. Perhaps the Minister and the Government might consider adding some of these persons to the board of the BDA as well. And people who can bring new ideas about new industry—not just about re-shaping our existing ones.

So I would hope that the Minister can look at some things like that. How do we continue to look and prepare ourselves to develop new industry?

We on this side, as you will remember in our Throne Speech Reply, actually proposed a totally different organ of Government to take on that since the BDA appears to be focused on our existing industries. Let us create a new agency that will actually look at policies and development of new industries. Now, if that is not the preference of Government, to create another bureaucracy of such, then augment those sorts of attributes to your existing framework. So I think that is something that the Minister should look at . . . looking, as we discuss the BDA under page B-327, under the Ministry Head.

I did hear some of the information that the Minister articulated as to what the BDA is doing, but what has been its progress in sort of moving and looking at Bermuda's areas of opportunity in hedge funds and mutual funds and financial services? We hear a lot about what is happening in Cayman and other places, which have a well-established presence in those businesses. It is my understanding that we have not seen much happening over the past year or so for us to, I guess, get our foot into that.

Obviously, the IMF business is where there seems to be the most progress, but there are other aspects of the industry. Perhaps the Minister could talk more about, or give more detail as to where he sees us going, particularly with some other aspects of financial services.

But my main interest is perhaps some diversification to the BDA board by the Government that can see it take on other attributes in looking at new industries.

I would like to now move from that particular head to Head 46, Telecommunications. I listened attentively to what the Minister articulated under Head 46 and it was pleasing to see, Mr. Chairman, that there has been some progress under our continued evolution of our telecommunications framework. We obviously now have the Regulatory Authority which seems to be the key organ for the management and development of our industry in telecommunications

[Inaudible interjection]

Mr. Walter H. Roban: I have been given some direction by my colleague, but I will just touch briefly on this, because this is more of a personal interest of mine. And I will then close out and someone else can move and go further into the BDA.

I believe the satellite venture is a very exciting area where there is potential revenue—greater revenue development for the country. Obviously in 2014 the Minister talked about the conclusion of some of the arrangements around our satellite slots which (we are now under Satellite Ventures Bermuda Ltd.) appear to be developing irrespective of the obstacles that were once presented by the Isle of Man and now there seems to be a Dutch company that is ostensibly trying the same thing on again of making it difficult for us to move forward with this development.

But I am very pleased that the Government is, it seems, moving with enthusiasm in this area. It is an area of some interest of mine which I thought was a real genuine area of new revenue generation for the country. When you consider the value of that slot, it must be certainly near a billion dollars or more, and there is a potential for us to develop over time as the capacity of any satellite there is actually utilised to develop substantial revenue from any satellite business that we can get. I do hope that this work continues with the same level of enthusiasm that, certainly, the PLP had for it. And it does appear as if the current Government is taking it on as the Minister outlined.

That industry is certainly \$200 billion to \$300 billion in value, in revenue, and it is growing. And it is growing, in particular, Mr. Chairman, because (and this is under Head 46 just to repeat for the benefit of the public, Telecommunications) this is an area that, certainly from the standpoint of what is happening in North America somewhere between the year 2008 and 2010 the US Government directed NASA to commercialise a lot more of its activity. And this has itself essentially created a lot more opportunity in the space industry, which used to be, perhaps prior to the 1990s and the 1980s and the 1970s and back, purely a governmental area of activity—putting up satellites, whether it be commercial, military, or otherwise.

Some of those developments we are benefiting from now like GPS. That was obviously a government military technology that now everybody uses in some way and it is becoming highly commercial, even more commercial than it was under just military use now. And that is where there is a lot of opportunity for us to move to get involved with this commercial satellite industry as it continues to grow.

I would be interested to know from the Minister what other detailed steps have been made over the past two years to look at what we can do in this space, particularly from the area of satellite administration and registrations and some of the activities that I know the Isle of Man, in particular, has seeming-

ly had some dominant role in. But considering our sophisticated environment of business there is no reason why we cannot get involved as well and develop a satellite administration infrastructure that we can get involved with now that we have our own slot that has been occupied. That can be somewhere we develop.

I know companies like Intelsat once had a presence here for many years, but have moved to another jurisdiction, I think officially. But we have had a history in this area from a commercial standpoint and I would like to perhaps know from the Minister what other steps are likely to be made by the Ministry with widening our activity in this particular area.

I did note that the Minister talked about the presence of ESA and NASA here. That is an arrangement that began under the previous administration in which we developed arrangements with both of those agencies to monitor their mobile satellite launching activities from Bermuda, taking advantage of our already-established historical role in that with the US Government. What I would like to hear from the Minister is, When did SpaceX come on board? Which I think is a wonderful thing actually because SpaceX is perhaps the leading commercial launcher right now. I believe, they have a contract with the US Government to launch their satellites going forward since there is no longer a shuttle.

So they are a private enterprise, they are one of the companies that have taken advantage of this commercialisation of space from North America's standpoint and I would be interested to know when they came on. And if there are other efforts to get others here in Bermuda to leverage this reputation we have with NASA with ESA to get more.

The other thing I would like for the Minister to speak to is that one of the arrangements that we discussed with NASA and ESA is leveraging their presence for a more local benefit outside of their activity, outside of being down at BLDC. And my honourable colleague, Mr. Furbert, spoke about doing more with BLDC in the area of these commercial technology activities. Perhaps a space enterprise zone is something that can be moved forward, other technologies. There is so much land over there for economic diversification I hope that the Government looks at other things that they can do with the BLDC other than with this in particular.

But the local component that we had talked about with ESA was some of their persons coming here and coming to our schools and talking about space technology and exposing our young people to what opportunities are in the wider global technology world. And, clearly, the people working with ESA and with NASA are the top people in the space field in the world. To have even one or two of their people here who could go around to our schools and excite the interest in technology, particularly in space, I think would be a wonderful thing. And they would do it for free rather than us paying anybody. And who are the

better teachers than those who are in those industries?

So I would hope that that particular component of the arrangement is aggressively pursued by the Minister and the Ministry so that we can leverage these resources that we have from these international players here. And the same with SpaceX. I mean, the gentleman who is the leader of SpaceX is seen as one of the modern visionaries in technology and in the modern industrial world. We can also have them here discussing what the opportunities are, because they are more a product of the dot-com and this modern generation of technology, whereas NASA and ESA are the older legacy companies.

But this is one of the new generation of companies so they are going to be at the cutting edge of what is going on. And if we can have some of their people also talking to our young people, those who are interested in technology and those who are looking as to what they might do, perhaps the Minister can look to get them on board and use these opportunities to enhance what is happening in our schools around science.

STEM is a commitment that the Government has made within Education. Who better to help us with that than NASA, SpaceX, and ESA? They are the perfect partners with advancing those opportunities that we are looking to advance with our young people.

Just a clarification, as to the amount under Telecommunications that the Minister said was going to be spent on the specialist consultants. I did hear the Minister say \$390,000, if that is the correct figure. If I am wrong I would be happy for the Minister to give me a correction on that.

Also the precise amounts that will be going to the Regulator from the ICOL fees . . . well, running the regulatory body and also to Government. I thought the Minister said \$1.5 and \$2.5—are those the correct figures?

[No audible reply]

Mr. Walter H. Roban: Okay, they are. And how much we are recouping from the \$10.3 million, again, for the cellular fees. I would like the Minister just to confirm those numbers.

[No audible reply]

Mr. Walter H. Roban: Okay, 1.5 and 2.3, thank you.

I do hope that . . . and I will swing back right now to . . . having spoken about that, because I think that the Telecommunications head and certainly the Ministry have a lot that they can be working on in reference to new revenue.

Clearly, the satellite opportunity is something that is long term, and hats off to those who many years ago saw this as something that Bermuda should pursue. Dr. Stubbs was, I believe, one of the people

very early on in the 1970s who saw this as something that we should pursue. Clearly if Dr. Stubbs had not aggressively done that, and I do recall he might have been a Minister of Telecommunications as well, perhaps the first at the time (I can be corrected on that), clearly, his steps then are benefitting us now.

And it says something about governance in that government is not a four-year episode. Governance is a continuous path of activity that should be seen as continuous. And it does not necessarily . . . it is like fundamentals do not change with a change of a political party, there are some things that are always going to be going on. And if we have people—whether they be in government or out of government—whose novel ideas, like what Dr. Stubbs did in telecommunications, are embraced, then potentially . . . and if Dr. Stubbs did think about this 40 years ago, it is now only being realised.

At that time there was very little commercial activity in space. It was all governmental control, and it was all very much . . . there was no way Bermuda was going to be in a position to do anything. But with what happened 30 years after that, this now is a real revenue opportunity and a new industry. I believe technology is an area that is one of the potential new areas that Bermuda can look to because of the infrastructure we have already laid for our importance with the whole telecommunications network between the United States, South American and Europe.

This is an area that we can begin to direct our people to be more involved with and to get training, if the realisation of education around STEM can be truly committed to, I believe that we can create a whole generation of people who are self-sustaining in their professions. They can be global in their expertise, and they can be earning real revenue for Bermuda if we can push ourselves in this area and embrace science, mathematics, engineering and technology in a way that we have not done before. And we can move beyond, which I would say is a very important component, the technical skills that we have as a country with our electricians and other people in those technical fields.

They are very important to our economy, but we need to develop this other aspect as well and make computer programming, coding, and all those things are a part of the current generation of technology, as important as those industries were to us in the past. And make the training of our people a priority in these areas, because the only way that we are going to embrace and absorb what is out there globally is if we have the skill sets here so that we do not have to import as much. If we are training our people already others will come, and the business will come, just as we have done with re-insurance, just as we have done with tourism in the past.

So having made those comments, I believe that the BDA the Bermuda Development Agency, can do a lot more under . . . on page [B-327], Head 95.

There is a lot more that they can do to truly be developing new business, new revenue streams, for the country. And I do hope the Government looks to diversify that particular board so that many other aspects of opportunity out in the world that Bermuda should see as ripe for the picking are embraced.

Thank you very much, Mr. Chairman.

The Chairman: Thank you, Honourable Member.

The Chair recognises the Honourable Member from constituency 20, the Honourable Susan Jackson.

Mrs. Susan E. Jackson: Thank you, Mr. Chairman. I just want to speak briefly so that I can relieve you in the Chair.

I just want to congratulate the Ministry. They have been able to perform very well and what I am interpreting from this brief is that this has been fantastic return on investment. There clearly has been a very well thought out and efficient and effective use of the taxpayers' funds this year. Of course, the gold star goes for the way that they were able to very efficiently apply for and win the America's Cup. So clearly there is a very disciplined manner in which the funds are being spent in this Ministry.

But I want to speak just briefly to the BDA. I have certainly been observing how this very creative and energetic group of people have been very effectively creating an environment to attract new business to Bermuda. And again, what is going to be the return on investment? Well, I would imagine that it is going to be substantial. One, they are doing a great job collaborating and partnering with other industries on Island. They are making full use of conferences, both in Bermuda and abroad—their high visibility, their engagement with prospects, new business opportunities that could possibly come to Bermuda. They are doing a great job in telling the Bermuda story and providing, as mentioned in the brief, concierge services to help navigate new businesses through the bureaucracy of settling and starting up new businesses in Bermuda.

So I highly commend them for their efforts. I believe that the money that will be spent—and I am referring to Head 95, [line item] 9503—will reap us financial benefits in the future. And of course you know one thing we have to remember is, again, that Government's role is to create the opportunity and framework to attract new business and to grow new business. It is not our job to actually find those jobs and create those actual positions, but to create an environment where these positions can grow.

So the BDA is well on its way. And, you know, aside from the conferences . . . and one of the things I was thinking, too, you know, this is . . . people are saying, you know, sort of, *Well, what new is going on?*

It is just a thought, but in the past Bermuda spent an awful lot of time attracting businesses to Bermuda to have conventions. And really it was a

tourism product and proposition. Now with these conferences it is almost like it has mushroomed into something else, because with a convention you have maybe one company that would come down and bring 50 or 100 of their staff. But they were all one company and they would spend time here and brainstorm and do what they do. But in the situation and the makeup of a conference, this is a collection of hundreds of businessmen and women coming to Bermuda and each one of those businessmen and women represent all of the staff and infrastructure of a possible company that could be here in Bermuda. So each one of those members or participants at a conference could be, you know, the staff of anything from 25 to 2,500 new jobs on the Island.

I mean the scope is unlimited. And when I think that the BDA have successfully navigated companies from as far afield as Singapore to come and establish new businesses in Bermuda, I realise that, again, not only are they reaching far and wide to attract these new businesses, but they are also subtly promoting Bermuda as a tourism destination. So you know this is a sort of tourism destination market for entrepreneurs, or significant net worth individuals, that will bring good revenues to Bermuda.

So I commend them because, not only are our dollars being spent on promoting and encouraging and supporting new businesses to Bermuda, but they are also very quietly and subtly also promoting this Island as a jurisdiction under the tourism banner. And so I really commend them for that.

Now, I also just wanted to mention too under [line item] 9502 that there is the introduction of scholarships through the BDU. And, you know, we often talk about how it feels as though Government is not providing the educational opportunities for people in Bermuda to study further. And what are we doing . . . well, this is an example of how the model is changing. Compliance, as an example, is very new phenomenon in the business community. And the fact that the Ministry of Economic Development has identified this and is creating an environment and financially supporting people in Bermuda to train in these fields is a very good use of money. And to think that there is an allocation in the budget that is going toward educational opportunities is admirable and money that is well spent. So I just wanted to recognise the Ministry for their commitment to education and scholarships.

Under [cost centre] 77005, there is discussion about Rocket Pitch and the entrepreneurial weeks and these programmes. I have watched colleagues and associates participate in the Rocket Pitch competition in particular, and the opportunity to focus and create a business model and to have the support of the Government of Bermuda to go out on their own and give this a try. And in the case of Rocket Pitch, where there is at least a nominal prize in the form of a financial support for entrepreneurs to get on their feet and get started.

I know of one particular business that went through the Rocket Pitch process. She won and is now able to . . . she has left sort of the nine-to-five and she has gone on her own and has her own business and is doing very well. I have stopped by on a couple of occasions to visit her and see how she is doing. She is happy, she is creative, she is working hard. She has got plenty of business and, again, it is just an example of how this is helping our community to develop entrepreneurs and to really support people in the local economic development.

Again, I cannot think of a better use of taxpayers' money than to support entrepreneurial environments, to support scholarships, to provide opportunities for, you know, sort of teams like the BDA to get out there and promote.

I am just going to go back to the BDA for one minute, because the other thing that is a fantastic and efficient use of money is that they are so technologically savvy. I know the team and they are doing away with very expensive forms of advertising. They are making great use of often free or very, very inexpensive social media channels that are very effective, that give you that one-on-one direct marketing, direct contact with your target audience and the website, LinkedIn, all of these channels—good use of money, if any money is spent at all, and a much more effective way of communicating with our target audiences. So you know, again, I appreciate the efficiency and the smart use of money.

I am going to end by just saying that here comes the America's Cup. I am glad that funds have been designated for the convening of the America's Cup project and the things that will need to be done moving forward. I believe that this is not a space where we should try to sort of squeeze pennies and make do where we can. I am glad that funds have been specifically allocated for this cost.

I greatly appreciate and respect that this Ministry will be disciplined and efficient in their spending, and I look forward to a very robust and creative environment where I believe a number of initiatives that will assist the local community will create environments for people in Bermuda to prosper financially and prosper intellectually. And I give my full support to the Ministry.

So I thank all of those involved, and I am most proud that I am a part of this Government and being able to speak to and support this particular Ministry because I really am proud that they are going to make the best use of Bermuda's money.

Thank you.

The Chairman: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency [6], the Shadow Minister for Economic Development, the Honourable Wayne Furbert.

Hon. Wayne L. Furbert: Yes, thank you, Mr. Chairman.

I tried something different but it did not work. You know, the Member who spoke just now said the exact same words that the Minister . . . I do not need to know about the praising of . . . this is supposed to be a debate.

And she gets in the Chair now.

[Mrs. Susan E. Jackson, Chairman]

Hon. Wayne L. Furbert: I am in trouble.

[Inaudible interjections]

Hon. Wayne L. Furbert: This is supposed to be a debate, and I was hoping . . . because you cannot get proper debate unless questions and answers are going back and forwards. All right? And that is what the Minister and I had agreed on. All right? And so wandering all over around the world . . . so I am just going to ask questions of the Minister. Okay?

Out of the \$4.2 million that we gave to the BDA, how much is spent on marketing dollars and how much is spent on salaries? Do you know that?

How much is spent on travel?

So those are the three I wanted to ask on the BDA.

Madam Chairman, out of the Ministry there are 41 staff in this year's budget. Are all of those positions filled right now? Or, as we know in Government, they hold on, they budget for it and they do not . . . and then the Minister finds somebody to spend it later on, or every ministry finds . . . that is typical. So I am asking the Minister, is every one of those 41 that we are budgeting for right now, are they all filled right now?

The Government wanted furlough days, so the 41 members—I think it is eight hours, or one day out of a month, therefore it would have been 328 hours that Government would have saved every month—41 times 8, it is simple.

Here is the big question. If the Government can do without 328 hours every month, that is roughly two staff. Is the Ministry top-heavy or is the Government . . .

The Minister is telling me right now that every person is fully occupied, fully accountable. Because he was asking for furlough days. That means you do not need them. So 328 hours . . . so these are real things that we should be asking. Not talking about . . . that is why I said, it is good to get around the pack and talk about different things.

And I hope that we will give the Minister enough time to answer these questions. In other words, all those complements . . . as full.

The last year that we were in Government we gave BIBA . . . well, yeah, BIBA and IDC \$3.5 million—\$2.8 [million] plus \$720,000. Is the Minister com-

fortable that BDA has enough to make it work, what they really want to accomplish? Because remember this is the department, the organisation that is supposed to help turn things around. Did they approach the Minister for more money and the Government said no based on budgetary restraints?

I am going to move on. I am not going to give them time to stand up again and talk just to talk.

Registrar of Companies, the Professional Services has gone from \$776,000 to \$643,000 a \$178,000 reduction. And I believe that had to do with Insolvency, because a lot of times the department which, by the way, Madam Chairman, funds any insolvency that takes place. They normally pay for the legal and accounting service if they cannot recover any assets from the company.

So is the Government saying the Professional Services are expecting fewer liquidations in the coming year than they have had in the past? Because last year they budgeted for \$821,000 and it went to \$776,000 and now \$643,000.

Document Filing Fees has gone down by—sorry, they are expecting an increase of \$500,000 on . . . this is line item 8269—\$500,000 more this year. What makes the Government think that it is going to get . . . when they only budgeted for \$1.5 [million] last year and they actually came up . . . well, the actual revised is \$1.5 million. So what—

[Inaudible interjection]

Hon. Wayne L. Furbert: This is B-332, line item 8269. What makes the Government think they are going to make an additional \$500,000 this coming year than they did last year? What has transpired?

Again, I ask the question about staff. Staff has gone up two in the Registrar of Companies, and I thought that the Minister had frozen everything, frozen all civil servants. And so why, why are we taking on more when you said when we were in Government we had too many staff in the . . . throughout government, so why are you going up two more? I mean, there may be a logical reason.

LinkBermuda, Madam Chairman, in Telecommunications, we had been working on . . . we had given I think approval for them to do a \$70 million outfit to connect to homes. What is happening? Where is LinkBermuda now? I believe, or I know, the CEO has changed and, again, that has nothing to do with Government, but what is their . . . have they approached Government on new ideas that they are hoping . . . because I thought they were going to bring new initiatives and new ideas. And we had approved, I believe, it was \$70 million outfit where they connect . . . and I think they did a trial for a period—

[Inaudible interjections]

Hon. Wayne L. Furbert: In Devonshire.

So where are we on that? Is that not going on anymore? There was hope to compete, again, to compete with I think it was CableVision at the time. I think that was what their whole idea was. And so has the Government stopped the progress on LinkBermuda initiatives? Where are we driving that to help bring down the cost on the fibre?

America's Cup in 2017—we fully support it. I am just asking questions so that we are aware of where our money is being spent. One million dollars was given to the ACEA in December. I know they will probably put it in supplementaries, so I do not want to be asking too many questions on it. And I am sure the Minister will explain, but there was another \$500-plus million *[sic]* that was in addition, and yet the Minister said . . . no staff—

[Inaudible interjection]

Hon. Wayne L. Furbert: Sorry, \$500,000. Sorry. Yeah, well, he said thousand and I corrected him also, so you have good ears, Honourable Member. I was just making sure everybody was listening.

And so . . . you threw me off. I know who it was. I knew who threw me off.

[Inaudible interjections]

Hon. Wayne L. Furbert: The Minister said that no staff has been paid since the formation of that body, the ACBDA, no staff has . . . So where is that \$500,000? What was that spent on? Again, the Minister may answer that during our supplementaries and he may refuse to answer right now, but that is a big question. So why would you . . . I do not know. Tell me, where did it go?

Fifty million dollars this year committed for a sponsorship fee. We have already paid \$1 million based on the agreement, an additional \$4 million issued. Can the Minister tell us what the other \$2.18 million is going to be spent on within the ACBDA? What is it? Can he give us a breakdown on where that money is being spent? Or is it . . . I am thinking the capital work is coming out of another ministry. Well, \$6.2 million is being allocated, based on your numbers (based on cost centre 9505), towards it, [and] \$4 million is for the sponsorship fee. So there is \$2.2 [million]. Where is that? What is that for? Okay.

And then we will deal with the other \$4 million as time goes on for 2017 and going forward—five and five.

We are guaranteeing \$25 million. Now I have heard that since day one, that the Government is guaranteeing \$25 million. I am sure by now it has been reduced. Can the Minister tell the country how much we are down by now? I mean, they started at \$25 million way back a couple of months ago. They must have raised some money now for the sponsorship guarantee. What are we actually liable for now?

Or are we still actually liable for the \$25 million? Because that is where we should have changed that in the brief if there is a number. We should have said we were responsible for \$25 [million] but now we are down by \$10 million. At least people could hear those numbers going forward.

How much money are you expecting from the general admissions fee, the return? What are we looking at? Do you have any idea? I know it is based on people showing up, and I understand that all Members of Parliament are getting a free ticket to get in, so you can deduct that.

[Inaudible interjection and laughter]

Hon. Wayne L. Furbert: You can deduct that part.

Well, well . . . one Minister is saying one thing. The Minister is saying one other thing, but I have faith in that Minister that he will be fair and reasonable to ensure . . . if the Ministers on that side and the Government on that side are getting entrance fees free, then this side which is the Government who is approving this today, should be able to get some benefits too. I am just saying, if they are not, we will pay exactly what you pay, Minister.

[Inaudible interjection and laughter]

Hon. Wayne L. Furbert: So I will be interested to know that.

Are the members of the ACBDA board getting any fees for serving on the board? The Minister shakes his head.

Are they getting free entrance? That is getting something free?

But the CEO is getting a salary, and I am not sure whether the Minister . . . I know it is not as much as Hanbury because he is a Bermudian. Hanbury was not even a Bermudian. He will not get as much as Hanbury; I can guarantee it. That is how we do it in Bermuda.

The capital work for . . . what time do we finish, Madam Chairman?

The Chairman: I believe you have got about 10 minutes. There is about 10 minutes left. It is 5:12 as I understand it.

Hon. Wayne L. Furbert: Ten minutes left? No, I think—

The Chairman: Until 5:18. There is a glare on there but it looks like we have got about 15 minutes.

Hon. Wayne L. Furbert: Well, I am going to sit down because I do want answers.

Advertising and Promotion for E-Commerce is down by \$44,000. In other words, I know the Minister has gone through and told his Ministers to cut their

budgets, and everybody has gone in and tried to cut something. But I would be interested to know what that advertising and promotion . . . what type of travel does E-Commerce do? How much travelling? Because they are budgeting \$33,000 for travel, [page] B-339 under travel. Why are they travelling more than the Minister? Now, unless they are travelling from Somerset to St. George's . . .

Is the new Director of E-Commerce . . . is that person a Bermudian or not? I was not sure. Is she a Bermudian? I cannot remember her name now. She did an extraordinary job there. I know she was there when I was the Minister. I just wonder whether that person is now Bermudian.

Madam Chairman, I thought we had more time, to be honest with you. E-Commerce . . . it is good the Minister is doing something with Energy. One word that he said that got my attention though is the . . . he said . . . the Member said, why can we not put back the rebates for satellite . . . not satellite dishes—

An Hon. Member: Solar power.

Hon. Wayne L. Furbert: Yes, the solar power. Why can we not put that back? Why can we not encourage Bermudians to move in that direction? I know you are trying to cut something, but, you know, cut half a million out of the Government's travel budget and allow Bermudians to get some rebates on solar and try to encourage it.

LNG [liquefied natural gas], I think, is the way to go. I have been to several of your meetings that you have held and I think . . . Will the Minister be going out for RFP . . . if they come to a decision on LNG, will it be RFP? Or has the decision already been made? Is BELCO . . . will BELCO be excluded from the LNG proposal or are they automatically competing? They have to compete in that?

There was a question (and I cannot find it because I am in a rush right now) . . . but there was a statement made in your brief that we are doing all these things . . . Oh, here it is . . . introducing new technologies to the Island *may* lower the cost of service. I would have thought you would say "shall." It may even be only 1 per cent, but "shall." It may be a slip up . . . reduce local pollution and global greenhouse . . .

Minister, I am going to give you time. Unfortunately I just wish we had a better debate on this. I think that is why I think it should be a closed . . . not closed door, but in a committee room and take a whole day just to discuss this . . . any type of heads going forward. But as I said before, I think this exercise is a wasted exercise and I think we can get better out of this if we were able to discuss it more, instead of everybody pontificating and trying to score some points.

Thank you—which I have tried not to.

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITORS

The Chairman: Thank you.

While we are waiting for the Minister to take his seat, I would like to just recognise Youth Parliamentarians in the Gallery. We have got Dominique Williams, Andrea Critchlow, Sabria Trott, and Sophie Simmons—all from Berkeley Institute. Welcome.

[Desk thumping]

[Committee of Supply on the Estimates of Revenue and Expenditure for the year 2015/16 continuing]

The Chairman: Minister of Economic Development.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Let me see if I can work backwards on this. The Honourable Member who just took his seat from constituency 6 (Is that right? Yes, [constituency] 6) had asked the question about surely new technologies will reduce the cost of service. It is a good question and an interesting one because a lot of the new technologies actually do not save that much money.

For example, when you look at solar PV [photovoltaic]—particularly home solar PV—the actual cost per kilowatt hour is about thirty-two cents. And the Honourable Member, if he had gone to some of the sessions and was paying attention, would know that the average cost for photovoltaic for small residential is about thirty-two cents. So when you compare that with about thirty-five [cents] to thirty-seven [cents], where you are paying for BELCO right now, there is not that much of a cost savings. But it does certainly reduce the emissions and it does distribute energy production which is all obviously good.

When you look at larger scale solar PV, that is probably down around the mid-twenty [cents] to the high twenty [cents], so there could be cost savings there depending on the cost of obviously fossil fuels like diesel and things of that sort.

The Honourable Member asked as to how we would address the LNG question, whether BELCO would be allowed to bid or whether there would be an RFP of some sort. That is the whole purpose of developing this policy framework, so that we can set out through both stakeholders and others what the framework is for the role that the utility plays, and the role that sort of independent power producers play as well, and that will be forthcoming in the next little bit.

Obviously, when you have as one of your goals distributed generation, clearly you want others providing independent power production. So it is going to be a mix. But how that works and the security of energy supply, the cost of energy supply, and how

people have access to the grid, which obviously we do not want to duplicate, there is no point in building another set of poles and transmission lines out there. All of that is part of this energy policy, but obviously we want to make sure that everybody has a fair shot at this.

At the same time we recognise clearly that the utility has a very, very important role to play in terms of the distribution and transmission and the retail part as well. So all of that has got to factor in. I think the simple answer to that question is stay tuned, because we will be setting that out in a policy statement.

Let me move forward. The issue of travel in E-Commerce, I am going to work a little bit off the top of my head (which is always dangerous, Madam Chairman), but one of the reasons there was a fair amount of travel in the E-Commerce was because when we are dealing with the privacy legislation it is really important that Bermuda be competitive in terms of what that legislation eventually looks like because it is going to have to mesh with other jurisdictions, particularly the EU [European Union], the US and other places where you have got very clear privacy and data protection rules. So some of that travel went with the former director and I think the current director going to conferences to make sure that there was consultation with EU and other people who are involved in this space.

The Professional Services, and that area, we have got a consultant who has been working with us now for some time on privacy legislation, so that is the reason for that.

The Honourable Member asked whether Marisa Stones is Bermudian—that is the new director—and the answer is yes.

Rebates for solar panels. The Honourable Member, why can we not continue to pay rebates on solar panels? The simple answer is we cannot afford to. We paid the initial . . . the initial promise was to set aside \$500,000 to stimulate the solar panel and solar thermal (which is the hot water part) introduction. As I think I mentioned in the brief, we got over one megawatt installed. That is quite a bit. We obviously hope to do more. I think over \$800,000 was spent; some \$590,000 just in the last two years. So it was really taking off in the last two years and we thought with the cost of these panels coming down every year and more efficient in production . . . and at a certain point I think you have got to be careful as to who you are subsidising here.

Obviously, we expect that to continue, particularly as the [price] of solar panels starts to come down and it is a more efficient cost versus buying it from the utility. But I think the fact of the matter was that we were spending a lot of money on that and I think the decision was taken from a policy perspective, as it was \$380,000 past the original promise of \$500,000, that we needed to call a stop to it because it was getting quite expensive. There is a provision in the cur-

rent budget to honour applications that were made prior to the time in which it was announced the rebate was formally closed, so I think that is about \$90,000, if I remember.

Let us see, the Honourable Member from constituency 6 asked me whether the ACBDA board was paid. The answer is no. They are providing services as board members gratis. That includes the Chairman. The CEO is paid, and I think, as the Honourable Member said, he is appreciably below some of the other quangos around here. That is Mike Winfield. And he said, *Look, if you get really pressed you can provide my salary.* But since I have not been really pressed, I am not going to at this point. It will probably be, I think, in the audited financial statements, which will also be true of the BDA as well. Both of those salaries are very commensurate.

The Honourable Member asked if the current Bermudian [in the] BDA CEO position making less than the former [CEO, the] Canadian. The answer to that is yes. And the answer is: that Honourable Member recognised what he wished to be paid, it was a negotiated salary, as was the former Canadian who was in the role. So that reflects I think the discrepancy. The former member was paid a lot more in Canada, whether . . . No, I am not going to go there because . . .

[Laughter]

Dr. the Hon. E. Grant Gibbons: Let us see, what else, the Honourable Member was asking me about the spending for the—

The Chairman: One minute.

Dr. the Hon. E. Grant Gibbons: One minute?

He was asking me for the spending in the Current Account for this year for the ACBDA—about \$300,000 (as I said in my brief) is going to the Ministry office with Jasmin Smith and her assistant; \$4 million is going to sponsorship; \$1.9 million is going to the ACBDA itself; of that, about \$500,000 is going for the World Series on Front Street; and then, as I have said, you have got about \$6.2 million in terms of the capital budget. So I can enlarge more when we get to the supplementaries.

Am I out of time, Madam Chairman?

The Chairman: You probably have about 10 seconds.

Dr. the Hon. E. Grant Gibbons: About 10 seconds. Okay, then maybe what I should do . . . maybe what I should do is move the heads at this particular point—

The Chairman: It is time.

Dr. the Hon. E. Grant Gibbons: Okay. Very good.

Okay. Thank you, Madam Chairman, I appreciate the contribution from various Members. I am sorry the Member in constituency 6 was disappointed by the debate. I thought it was . . . there was some good conversation going back and forth.

At this point, I would like to move all of the Heads, which are: Head 95—the Ministry of Economic Development Headquarters; Head 39—Registrar of Companies; Head 46—Telecommunications; Head 67—E-Commerce; and Head 89—Energy.

Thank you, Madam Chairman.

The Chairman: All right. It has been moved that the heads be approved.

Is there any objection to the motion?

No objection.

[Gavel]

The Chairman: Approved.

[Motion carried: The Ministry of Economic Development, Heads 39, 46, 67, 89 and 95 were approved and stand part of the Estimates of Revenue and Expenditure 2015/16.]

MINISTRY OF COMMUNITY, CULTURE AND SPORTS

The Chairman: Honourable Members, we are now in Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for the year.

We are now going to debate Community and Cultural Affairs and this will be Heads 71, 20, 23 and 52.

I call on the Minister in charge to proceed.

Minister, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, can you just confirm for me the time that the debate will end, please, so I know that we have got our clocks synced?

The Chairman: You have three and half hours.

Hon. Patricia J. Gordon-Pamplin: [So that is] 8:47?

The Chairman: [Yes,] 8:47.

Hon. Patricia J. Gordon-Pamplin: Thank you.

Madam Chairman, I would like to move, firstly, Heads 71, 20, 23 and 52, which are the heads that I shall be debating.

I will give you an overview, Madam Chairman.

Madam Chairman, the vision of the Ministry of Community, Culture and Sport is simple. It is to strengthen the social fabric of our community. Our mission is to provide service to the community by pre-

serving our heritage, empowering our people, and developing and protecting our youth and families. In so doing, we project the following core values: Integrity; Commitment to excellence and service; Accountability; Respect; and Empowerment (I CARE, for short).

Madam Chairman, the Ministry is currently comprised of the following eight heads:

- Head 18—Libraries;
- Head 19—Archives;
- Head 20—Youth, Sport and Recreation;
- Head 23—Child and Family Services;
- Head 52—Community and Cultural Affairs;
- Head 55—Financial Assistance;
- Head 56—Human Affairs; and
- Head 71—Ministry Headquarters.

Madam Chairman, in the 2015/16 fiscal year, the current account budget estimate for the Ministry of Community, Culture and Sports can be found on pages B-222 to B-262 and pages C-19 to C-20 of the Approved Estimates of Revenue and Expenditure for the year 2015/16. As shown on page B-222, the Ministry's total budget estimate for fiscal year 2015/16 is \$84,202,000. This represents an overall decrease of approximately \$2,145,000, or 2 per cent compared with the original estimate of \$86,347,000 for fiscal year 2014/15 which is shown on page B-222.

Madam Chairman, the breakdown of the Ministry's current account budget estimate for 2015/16 by Head (as shown on page B-222) is as follows:

- Head 18—Libraries; \$1.950 million, an 8 per cent decrease;
- Head 19—Archives; \$1.207 million, a 7 per cent decrease;
- Head 20—Youth, Sport and Recreation; \$9.541 million, an 11 per cent decrease;
- Head 23—Child and Family Services, \$14.909 million; a decrease of 12 per cent;
- Head 52—Community and Cultural Affairs; \$3.081 million, a decrease of 10 per cent;
- Head 55—Financial Assistance; \$49.131 million, an increase of 5 per cent;
- Head 56—Human Affairs; \$1.862 million, a decrease of 12 per cent;
- Head 71—Ministry Headquarters; \$2.420 million, a decrease of 7 per cent.

For a Ministry total of \$84,201,883, an overall decrease of 2 per cent.

Madam Chairman, the largest increase in budgetary allocation is for Head 55, Financial Assistance, which shows an increase of 5 per cent over the original budget allocation in 2014/15. I will discuss further details of this increase when I present the budget of Heads 55 and 56 on Monday.

Madam Chairman, the sequence in which I intend to cover the heads which have been slated for

debate is as follows: Head 71, then [Heads] 20, 23, and 52.

HEAD 71—MINISTRY HEADQUARTERS

Hon. Patricia J. Gordon-Pamplin: Madam Chairman, I will now present the budgetary information for Head 71, Ministry Headquarters, including the Mirrors Programme.

Madam Chairman, the financial year 2015/16 estimates of expenditure and revenue for Head 71, the Ministry Headquarters, can be found on pages B-223 to B-226 of the Estimates Book. Ministry Headquarters is responsible for the budget of two units, the first being Administration, which consists of mainly salaries, administration and grant expenditure, and secondly, the Mirrors Programme.

Madam Chairman, the Ministry's overall mission is to strengthen the social fabric of Bermuda through policies and programmes that support, empower and protect people and communities.

Madam Chairman, page B-223 shows that the total budget allocation for the Ministry Headquarters for 2015/16 is \$2,420,000 split between business units, 81000, Administration \$1.677 million and 81020, Mirrors Programme \$743,000. This represents a net decrease of 7 per cent or \$182,000 less than the original 2014/15 budget of \$2,602,000.

Madam Chairman, the stated decrease is due to a combination of factors. First, the 2015/16 fiscal year represents the second year of the medium term expenditure framework and hence, the budget allocation represents a reduction of 7 per cent or \$182,000 in current expenditure from the 2014/15 fiscal year, which is in line with the Government's deficit reduction strategy.

Secondly, Madam Chairman, you will know that the Furlough Policy Agreement between the Government and the Bermuda Trade Union Congress is expected to end on March 31, 2015. As a result, savings which would have been realised by Government had the furlough continued for fiscal year 2015/16 will not be achieved. Therefore, in an attempt to address the ongoing imbalance between annual expenditure of continuing services and the lack of revenue growth to fund these services, Ministry Headquarters have deducted a furlough equivalent in the department's budget allocation totalling \$34,000. The major areas impacted by these reductions in expenditure are professional training programmes for the Mirrors Programme and grant commitments in financial year 2015/16.

Madam Chairman, for the Ministry Headquarters, the post of administrative assistant has been abolished, and this post has been unfilled and unfunded for more than two years; however, a new programme manager post, as mentioned above, was established. As a result, the full-time equivalent count remains at 10, as it was in 2014/15.

The Mirrors Programme, 81020. Madam Chairman, on February 4, 2015 the Mirrors Programme obtained accreditation with no deficiencies. The United States peer reviewer indicated that the programme had the best written self-study in Bermuda and was ranked in the top two of a 13-year history of doing similar work in the United States. As such, the Mirrors client handbook will be shared with other similar development organisations as a measure of excellence.

Madam Chairman, this is a significant milestone for Bermuda and a proud moment for Mirrors. At this point, I would like to convey my congratulations to the entire Mirrors Team on this superb accomplishment.

The Mirrors Programme increases human capital at the societal level by providing alternative programming through transformation training and coaching for youth and adults, with the goal of producing positive life outcomes for youth in education, employment and the criminal justice area. Mirrors has worked with 1,018 youth and over 2,100 adults since 2007.

Madam Chairman, the budget allocation for the Mirrors Programme for fiscal year 2015/16 is \$743,000 which represents a decrease of \$229,000 from the previous year. This allocation will allow the foundation support for Mirrors to hold one intensive residential cycle for the 15- to 18-year-old participants (Community Programme), and two middle school programmes (Coaching for Success Programme). The allocation requires community funding support to execute these programmes and associated trainings which includes one parent workshop for 2015/16. This is in line with having a public/private partnership to address the positive development of youth and decrease anti-social behaviours among this population.

Madam Chairman, the Mirrors Programme experienced a decrease in staffing from eight to seven due to an unfunded vacant administrative officer position in fiscal year 2015/16. In order to effectively run the transformation programmes and to avoid creating a culture of burnout among staff, Mirrors continues to explore creative means in activating a volunteer enrolment strategy as a means to supporting a burnout resilient culture.

Mirrors has engaged the Centre of Philanthropy for support and has worked to incorporate the volunteer.bm web-based system to assist in volunteer enrolment for 2015/16 together with Community volunteers who are required to support the current cycle of programming. With community funding, Mirrors will be able to utilise resources and in kind services from vendors, for which Mirrors was able to support programming in fiscal year 2014/15. This approach is expected to continue in 2015.

The Mirrors Programme has enlisted three volunteers to support fund development in partnership with the charity, Mirrors Alumni and Friends Associa-

tion. This partnership has agreed to continue the "Taking a Stand for Youth" campaign designed to generate funding and awareness to support Mirrors programming in 2015/16. The 2014/15 campaign provided approximately \$22,000 each to public schools and Mirrors programming. The same format will be incorporated in the 2015/16 campaign, providing schools with 50 per cent of the funds raised. Schools have reported that the funding provided were used for the purchase of library books and also assisted with the guidance counselling and special services areas. Additionally, Mirrors Cohort 9 participants supported the Saving Children and Revealing Secrets (preventing sexual abuse) charity as a part of their community service project.

Madam Chairman, three staff members participated in coaching training in the UK at the Coaching Academy (the largest coaching certification programme in the world) and have enrolled full time for two levels of certification. Staff members continue to demonstrate their commitment and passion in professional development in the coaching arena to better serve the programmes need. This was most evident by the staff members contributing \$8,000 each from their personal funds to be professionally trained in the coaching arena.

Madam Chairman, the subjective analysis of estimates for Head 71 shown on page B-224 shows that the allocation for salaries in Ministry Headquarters has increased by \$68,000. This is due to the regrading of four accounting positions in the Centralised Accounting Unit as a result of changes in duties and responsibilities: the inclusion of a Programme manager's post established in financial year 2014/15, and the abolishment of an administrative assistant post in 2014/15.

Grants and contributions have been reduced by \$83,000 in an effort to contain costs (as can be seen page B-224).

Madam Chairman, explanations for changes to various cost categories as per the subjective analysis found on page B-224 are as follows:

Training: Budget allocated for training is \$64,000 in 2015/16, which represents an increase of \$62,000 from financial year 2014/15, \$2,000. This increase is due to funding required for the Mirrors Intensive Residential Programme and the ensuing follow through services which covers a nine-month period. This budgeted amount has become necessary because in 2014/15, it was anticipated that Corporate Bermuda would fund this programme—hence the low budgeted amount of \$2,000—however, Mirrors did not receive the required funding as anticipated from corporate donors in 2014/15.

Travel: Travel expenditure is budgeted at \$50,000 in 2015/16, which represents a decrease of \$15,000 from 2014/15 (\$65,000). This decrease is attributable to, firstly, a reduction in Ministerial travel by 36 per cent, or \$8,000 from 2014/15, as the Minis-

ter does not anticipate a significant amount of travel in 2015/16. And, secondly, the elimination of professional development training for the Mirrors Programme has resulted in a reduction of travel costs attached to this training of \$7,000.

Communications/Advertising and Communications: Budget allocated for communications is \$20,000 in 2015/16, which is a decrease of \$6,000 from 2014/15. Advertising and promotion is budgeted at \$7,000 in 2015/16, which is a decrease of \$15,000 from the previous year. These reductions depict the Ministry's commitment to contain costs as per the medium term expenditure framework—deficit reduction strategy. It is expected that any expenditure associated with communications, advertising or promotion will incorporate multiple activities that possess common synergies. This ensures more “bang” is received for every dollar spent, in a manner of speaking.

Professional Services: They are budgeted at \$180,000 for 2015/16, which represents a decrease of \$111,000 from 2014/15. This is due in part to a reduction in funding allocation for Uncommon Results and Mr. Alfred “Coach” Powell, all overseas consultants attached to the Mirrors Programme, from \$228,000 to \$152,000 (a reduction of \$76,000); a reduction in board and committee fees by \$22,000 (from \$32,000 last year to \$10,000 in 2015/16), whereby, Ministry Headquarters will no longer budget for total board and committee fees across all departments within the Ministry, but rather, each department will now budget for this item themselves; and a reduction in local consultant services funding by \$13,000 (\$42,000 in 2014/15 reduced to \$29,000 in 2015/16), which represents a decrease in discretionary funding for unforeseen expenditure within Ministry Headquarters and which is also used as a lifeline for other departments within the Ministry.

Rentals: Budget allocated for rental of facilities has decreased by 100 per cent and stands at zero in 2015/16, when compared to \$50,000 in 2014/15. Any expenditure related to rental of facilities is attached to the Mirrors Programme and the expectation in 2015/16, is that facilities to be used for accommodating Mirrors intensive residential programme and its follow through services will be sourced from “in kind services,” such as the Police and Salvation Army to name a few. In addition, similar to 2014/15, the generosity of Corporate Bermuda will be relied upon to assist by any means possible.

Repair and Maintenance/Materials and Supplies: Budget allocated for repair and maintenance is \$20,000, which represents a decrease of \$11,000. Budget allocated for materials and supplies is \$38,000, which represents a decrease of \$17,000 from 2014/15. Both decreases are reflective of lower prices expected to be achieved by Ministry Headquarters on new and existing contracts, based on discussions and re-negotiations that are currently in train, with suppliers and vendors. The Ministry continues to

explore alternative and innovative ways and means to seek lower prices without compromising quality or efficiency.

Energy: Budget allocated for energy is \$2,000 which is an increase of \$1,000. This budget allows for the purchase of gasoline for the vehicle that transports materials and supplies for the setup and breakdown of the intensive residential programme and the middle school programmes (Coaching for Success Programme).

Equipment: There is little expectation to purchase minor capital equipment in 2015/16 by Ministry Headquarters, hence the reduction in budget by 83 per cent, or \$5,000 from 2014/15. This expense is budgeted at \$1,000 only in 2015/16.

Madam Chairman, output measures for the Mirrors Programme are outlined on page B-226. One personal transformation intensive intervention with associated trainings was held for 16 youth aged 15 to 19 years. The target number of youth serviced was reduced to 20 based on not reaching the funding target. These youth are currently in the follow-through phase for the next eight months to prevent future problem behaviours, specifically academic failure, offending, and lack of employability skills, substance abuse and violence.

Additionally, five middle school youth academies covering 312 M3 level students, three Coaching for Success continuation groups (serving an additional 40 youth at the middle school level), and seven adult trainings (186 adults) were delivered. Mirrors offered two professional development trainings in the transformation methodology in 2014/15 with an additional training scheduled for March 2015. The Mirrors mentoring programme will be phased out to allow Mirrors to focus on coaching at the middle and high school levels. It is our intention to support the Big Brothers and Big Sisters organisation for mentoring services.

Madam Chairman, the Mirrors Programme post programming data indicates that of the 82 per cent past participants commitment to education through graduation or enrolment in education, 92 per cent have not offended or reoffended, and 41 per cent are employed with 29 per cent seeking employment two years post programme.

Madam Chairman, the Mirrors Alumni and Friends Association supported Mirrors in raising \$122,000 for 2014/15 through the “Taking a Stand for Youth” campaign and corporate grants. The Alumni has pledged to continue to support fund development for Mirrors future programming and create networks to support participants post programming. Mirrors staff trained coaches under the Alumni at the request of past participants that requested ongoing services.

Madam Chairman, in 2014/15, Mirrors completed the first phase of accreditation under the Bermuda National Standards Committee. Additionally, Mirrors has addressed all areas of its five-year strategic plan (ending December 2014) except for the in-

formation technology goal which will be implemented at the earliest possible opportunity.

Madam Chairman, the Mirrors Programme has enhanced young adults' individual growth and development. The majority of programme evaluations for youth and adults suggest very good satisfaction with the content and experience of the programme.

Madam Chairman, I would like to take this opportunity to sincerely thank the volunteers, corporate Bermuda and everyone on the Mirrors team for their commitment to the development of Bermuda's youth. Please join me to congratulate the Mirrors team for making this a breakthrough year for our community and the organisation.

Madam Chairman, with respect to Capital Acquisitions, as shown on page C-13 of the Estimates Book, the Ministry Headquarters was allocated \$400,000 in 2014/15 to begin the process of establishing a Human Services Software System to integrate social services data across the Ministry and also from other human services organisations. This work is now expected to commence in 2015/16 and the appropriated capital amount of \$400,000 is carried forward to 2015/16.

Madam Chairman, the Ministry's intention is to take a modular approach to implementation, with emphasis being placed first on improving data management and decision-making in the Department of Child and Family Services.

Madam Chairman, I would also like to thank the staff at Headquarters for their invaluable contribution during this past year.

Madam Chairman, this concludes my 2015/16 budget presentation for Head 71, the Ministry Headquarters.

HEAD 20—YOUTH, SPORT AND RECREATION

Hon. Patricia J. Gordon-Pamplin: I now move on to Head 20, Youth, Sport and Recreation.

Madam Chairman, I will now present the estimates of expenditure and revenue for Head 20, Youth, Sport and Recreation for 2015/16, which can be found on pages B-235 through B-241 of the Estimates Book.

Madam Chairman, the mission of the Department of Youth, Sport and Recreation [YSR] is to advance amateur sport, recreation and youth development for all—from leisure activity to athletic excellence, and to strengthen the significant contribution that these initiatives make towards the enhancement of the quality of life for the total community.

Madam Chairman, there is a budget allocation of \$9,541,000 for the Department of Youth, Sport and Recreation in 2015/16 (seen on pages B-236 and B-237) for nine programmes. This is a net decrease of 11 per cent or \$1,204,000 over the original estimate of \$10,745,000 for 2014/15. The estimated revenue of \$586,000 is shown on page B-238.

Madam Chairman, some \$5,022,000 is reserved for salaries (\$1,832,000) and wages (\$3,190,000) for 103 full-time and part-time staff, which are the total of the first two line items of subjective analysis on page B-237. In keeping with the mandate to cut costs across all Ministries, the department of YSR is no exception and therefore funding for Grants and Contributions has been reduced by \$1,045,000, or 28 per cent from 2014/15 and stands at \$2,675,000 for 2015/16. This funding will be disbursed as follows:

- Sports Development:
 - Bermuda Sports Anti-Doping Authority, \$750,000;
 - Bermuda Olympic Association, \$150,000;
 - Bermuda Cricket Board, \$100,000;
 - Bermuda Football Association, \$350,000;
 - YSR Swimming Programme, \$25,000;
 - To be allocated among 34 National Sports Governing Bodies, \$150,000;
 - Which totals \$1,525,000.
- Sports Incentives and Awards Programmes:
 - Elite Athlete Fund, \$100,000;
 - National Jr. Sponsorship, \$50,000;
 - Which totals \$150,000.
- Sports Facilities Management:
 - National Stadium Trustees, \$850,000.
- Youth Development:
 - Youth Grants, \$150,000.

The grand total of those four categories is \$2,675,000.

There are no funds appropriated for Capital Development or Capital Acquisitions for 2015/16, according to pages C-6 and C-13.

I will go through the individual programmes, Madam Chairman.

Administration and Sports, line item, 2001. Madam Chairman, page B-236 shows the budget for [cost centre] 30045, General Administration is \$1,478,000. These funds provide for the administration and operations of the Department of Youth, Sport and Recreation's headquarters, which has relocated to the Craig Appin Building on Wesley Street, Hamilton. In addition, the Administration Section provides administrative support for the other eight programmes within the department, and is responsible for monitoring departmental spend so as to ensure that proper policies and procedures are adhered to in achieving economy, efficiency and effectiveness at all times.

Sport Development, line item 2002. Madam Chairman, the department provides for its Sports Development Programme through [cost centre] 30055, Sports Programmes. The budget for [cost centre] 30055 has been reduced by 36 per cent or \$900,000 to \$1,600,000 (page B-236). This programme estimate provides grants for the National Sport Governing Bodies (NSGB) in the sum of \$1,150,000 and the Bermuda Football Association (BFA) of \$350,000.

Under the strict control of the Sports Development Section, the department continues to ensure that funds used by the NSGB are for the development of Bermuda's senior and junior athletes training and sports development.

[Cost centre] 30055 also provides for a grant of \$25,000 for the Departmental Summer Swimming programme. An additional \$75,000 in operating costs is covered under this [cost centre]. A more detailed grant listing can be found on page C-19 of the Estimates Book.

Madam Chairman, this [cost centre] includes sports grants to the Bermuda Sports Anti-Doping Authority (BSADA). This agency, which is affiliated to the World Anti-Doping Agency (WADA) is one of the most important financial items within the Sports Development Section. The Bermuda Sports Anti-Doping Authority remains the National Anti-Doping Organisation (NADO) for Bermuda. Without the functional presence of this organisation in Bermuda, it would simply mean that Bermuda would not be able to participate in any international sporting events abroad or host any international sporting events locally.

Madam Chairman, during 2015/2016, the Department of Youth, Sport and Recreation intend to continue focusing on the development of our senior and junior athletes by supporting the National Sports Governing bodies through the grant process. The Department of Youth, Sport and Recreation understands that without this support many of the athletes will not reach their optimum potential. The department will also continue to work with other Government Agencies to maintain the department's sporting and recreational facilities, and will continue hosting sporting events to honour our past and present sporting personalities.

Madam Chairman, this year marked the 33rd Anniversary of the Government's Sports Awards. The department received a record number of nominations and at the conclusion of the event, the department presented 33 individual awards and two team awards. In addition, at this year's event, for the first time the committee presented Junior Achievement Awards to the top junior athletes in the country. With the inclusions of these awards, the junior and senior athletes and sports administrators were fully recognised for their contributions to sports in Bermuda and internationally.

Madam Chairman, a major highlight for the Sports Development Section was the hosting of the 6th Hall of Fame Induction Ceremony. During this year's event, 10 outstanding sporting personalities were inducted in the Bermuda Hall of Fame representing five different national sports. To date, a total of 58 outstanding sporting personalities have been inducted into the Bermuda Sports Hall of Fame.

Madam Chairman, I am pleased to note that a National Sports Policy was released in July 2014. The senior officers within the department are continuing to

work with many of the major stakeholders to ensure that the action points identified by the National Sports Governing bodies come to fruition. The Sports Development section plans to host a Sports Development Conference for sports clubs. This event will be designed to assist the local sporting clubs with fundraising, sports governance and sports development. The department will continue to enhance its social media platform that serves as both an information portal and an avenue to celebrate the athletic achievements of Bermuda's athletes.

Sports Incentives and Awards, line item, 2003. Madam Chairman, there is no change in the allocation for [cost centre] 30030, Athletic Awards of \$150,000. These funds will continue to support, encourage and provide incentives to our senior and junior athletes to strive for excellence in their personal development. The Elite Athletes Fund of \$100,000 is managed by the Bermuda Olympic Association who prescribes the requirement for athletes to receive funding having met a local A, B or C standard in their development. Junior athletes are provided assistance through the Junior Athlete Sponsorship Fund of \$50,000 which is provided to one athlete per sport as the most promising up and coming athlete to enable exposure to overseas training, coaching or competition to enhance development.

Sports Facilities Management, line item 2004. Madam Chairman, the department carries out Sports Facilities Management across five business units, with allocations totalling \$1,540,000 as follows:

- 30060—Sports Facilities, \$941,756;
- 30075—Softball Stadium, \$134,816;
- 30080—Tennis Stadium, \$347,126;
- 30090—Motor Sport Park, \$65,000;
- 30390—Sports Community Fields, \$51,000.

Madam Chairman, funding in [cost centre] 30060 includes funding for the National Sports Centre's operational grant, of which, \$850,000—a decrease of \$106,000 or 6 per cent, is allocated for the operation and maintenance of the National Sports Centre. The funding will also provide for the maintenance of the department's recreational fields. These costs include cleaning supplies, trash receptacles, trash bags, field marking paint, agricultural supplies and specialised equipment needed for the upkeep of these facilities. The WMC Preece Softball Stadium provides for one full-time and one part-time employee to maintain the grounds and includes cost for materials, supplies and electricity. The WER Joell Tennis Stadium employs four full-time and two part-time employees. Additional operating costs are also included in this business unit.

Youth Development, [line item] 2005. Madam Chairman, page B-236 shows a budget of \$428,000 for three [cost centres] under Youth Development Programme for 2015/16. This represents a net decrease of 30 per cent or \$180,000 from 2014/15. Ad-

ministering the support services for all programmes throughout the Youth Section will be maintained seamlessly into 2015/16 fiscal year. The budget for Youth Development Administration, [cost centre] 30210, has a budget allocation of \$278,000 which covers salaries and administrative overheads for this [cost centre]. Community Centres, Afterschool Programmes, Youth Services and Youth Grant opportunities play a fundamental role in supporting Bermuda's youth. The department's focus on "developing youth through sport and recreation" continues its outreach via numerous community partnerships. The development of a policy framework with guidelines on best practices to develop our youth will be a primary focus for the department in the upcoming fiscal period.

Madam Chairman, page B-236 (cost centre 30350, Youth Grants) shows funding in the amount of \$150,000 is budgeted for Youth Grants for 2015/16. In keeping with the department's philosophy inspired by the recently produced National Sports Policy, a portion of this Youth Grant will be allocated to assist local Community Sports Clubs to develop after school programmes that are sports and recreation based. These programmes must include the 40 Developmental Assets and Character Counts Programmes. The staff of the Department of Youth, Sport and Recreation will be available to assist the Community Sports Clubs with developing their after school programmes.

Madam Chairman, there is no funding budgeted for Youth Services (cost centre 30360) in 2015/16. However, the department has included as part of its objectives for Youth Development Administration (under [cost centre] 30210), to continue liaising with Youth Services Agencies as a means to providing strategic planning, identify best practices and encourage sharing of these practices, provide opportunities for networking, especially between the Agencies and the Sporting Fraternities. In addition, the Senior Youth Services Development Officer will participate in private sector meetings and trainings, such as the Children's Agenda, to ensure Government has a vocal representation in the private sector.

Community Centres, [line item] 2006. Madam Chairman, the Department of Youth, Sport and Recreation's Youth Policy Framework will be disseminated for round table discussion and feedback. This policy (The National Child and Youth Development Policy) is intended to provide guidance toward future strategic planning in youth services. The policy will identify the building blocks of successful development and assist with the designing of services and programmes to create this foundation.

Madam Chairman, funding levels for the department's three community centres: the Centre (Hamilton), St. George's Community Centre, and Boaz Island Community Centre has been set at \$1,499,000 which is down by \$100,000, or 6 per cent to that of last year. The allocations are:

- Hamilton, \$496,000;

- St. George's, \$526,000;
- Sandys, \$477,000.

The three Community Centres provide an immeasurable opportunity for Bermudians of all ages to experience positive recreational opportunities. Starting with the very young, the Centres offer safe, structured programming, compassionate staff and an opportunity to build positive and effective relationships. As with all Youth, Sport and Recreation Programmes, the Community Centres are invested in the 40 Developmental Assets, which are considered by researchers at the Search Institute, a non-profit organisation in Minneapolis, Minnesota, to be the building blocks of healthy youth development. The developmental assets are 40 values, experiences, relationships, and qualities that bring many benefits to the young people who have them. Asset building is alive and well in the Bermuda Government Community Centres.

Madam Chairman, the Music Programme is a fine example of asset building as children are exposed to the Performing Arts from an early age. The Youth Advisory Committees at the Centres give guidance on programmes, for example, in addition to the traditional classical music, DJ and recording programmes are offered. All of the Community Centres offer a Seniors Programme. The Counsellor in Training Programme continues to be a great success at all Community Centres.

A total of 27 persons are employed at the three centres; nine full-time and 18 part-time (as shown on page B-238).

Camping, [line item] 2007. Madam Chairman, the department's Camping Programme has retained most of its funding for 2015/16, which is \$1.152 million, with only a 1 per cent budget reduction overall across the five camping business units.

The budget estimate for the Camping Programme provides for the staffing, operation and administration of five camping facilities, including maintenance, repairs, supplies, energy, fuel, wages and the marine vessels' operations. The Camping programme employs nine staff who maintains the facilities and the marine vessels.

Madam Chairman, the Camping Facilities include:

- Darrell's Island is the largest facility which accommodates 14 rustic campsites, accommodating 30 campers at each site. It also houses a building which accommodates 30 campers. It has a budget of \$308,000, down by \$50,000.
- Messina House is the only land-based campsite. This site is located in Boaz Island, Sandys and can accommodate a maximum of 34 campers. The budget allocation is \$258,000, up by \$53,000.
- Paget Island is located in St. George's harbour and is the largest building or single

campsite, accommodating a maximum of 95 campers. Its budget allocation is \$315,000, down by \$45,000.

- Ports Island is the oldest camping facility. It houses a building which accommodates a maximum of 45 campers. Its budget allocation is \$142,000, down by \$3,000.
- White's Island is used sporadically for overnight tent camping. It is primarily used for basic swimming instruction by the Bermuda Amateur Swimming Association and rowing instruction by the Bermuda Rowing Association. Its budget is \$26,000, up from zero dollars as that facility was not under the management of Youth, Sport and Recreation in the prior year.

School Age Activities, [line item] 2008. Madam Chairman, the budget allocation for the school age activities programme business units increased by \$76,000 to \$897,000 (page B-236). This will help to promote and support leisure activities through recreation, and to support local day camping during our school breaks.

This programme supports approximately 800 school-aged children and is housed at various pre-schools, primary schools and middle schools throughout the Island. Additionally, there is a Special Needs Programme that provides one-on-one care for special needs children.

The Special Needs Camp is incorporated in the School Age Camps and allows for total inclusion of all students. Approximately 170 part-time employees conduct this programme and are supervised by qualified teachers. It should be noted that 80 per cent of the part time staff are university, college and high school students.

Madam Chairman, included in this programme are three Pre-school Age Camps. Children in these programmes are in their final year of pre-school. The camp is very successful and was created specifically for the transition of these young people from pre-school to their first year in primary school.

Additionally, under this programme, a budget of \$101,000 is provided for Specialty Camps for Middle School Age Children. This programme supports up to 100 middle-school age children and focuses on the social and unique development of students at this age. This funding provides for staff, books, materials, visits to businesses and community helping services, supplies and equipment which helps to "develop" the whole child.

After School Programmes, [line item] 2009. Madam Chairman, the After School Programme operated by the Department of Youth, Sport and Recreation provides for staffing, communications, materials and supplies for 10 After School Programmes at Government Primary Schools. Budget allocation for [cost centre] 30125 remains fairly consistent with 2014/15

at \$797,000, a reduction of only \$3,000. The Programme supports a maximum of 400 primary school aged children across the 10 schools and employs approximately 50 part-time workers.

Madam Chairman, explanations for changes to various cost categories, other than Salaries and Wages, and Grants and Contributions, which have already been explained, as per the subjective analysis found on page B-237 will now be provided:

Other Personnel Costs: Budget allocated for other personnel costs is \$96,000. This represents an increase of \$52,000 from 2014/15. This increase is necessary to cover housing allowance increases for caretakers facilities owned by the Government/WEDCO.

Training: The amount budgeted for training in 2015/16 is \$20,000 and represents a decrease of \$30,000 from 2014/15. The training needs of staff will continue to be evaluated and hence, training funds will be allocated as need is identified and where such training will inure to the benefit of the Ministry and our children.

Communications: The budget allocated for communications in 2015/16 is \$119,000 and represents an increase of \$42,000 from 2014/15. This increase is attributable to the need for purchase of telecommunications equipment in relation to the after school programme, as the existing system is outdated.

Advertising and Promotion: Budget allocated for advertising and promotion in 2015/16 is \$39,000 and has decreased by \$4,000 from 2014/15. The department intends to make more use of electronic media (websites, Facebook, Twitter) as opposed to print and voice (radio) media for advertising and promotions as this is more economically efficient.

Professional Services: Budget allocated for professional services in 2015/16 will be \$171,000 and has increased by \$25,000 from 2014/15. This increase represents budgetary estimate for the annual Sports Awards 2015/16.

Rentals: The amount budgeted for rental of facilities in 2015/16 is \$463,000 and has decreased by \$57,000 from 2014/15. This decrease is as a result of reduction in monthly rental costs by: (1) the department moving to Craig Appin Building; and (2) relinquishing of rental property at 1054 Southside.

Repair and Maintenance: Budget allocated for repair and maintenance is \$244,000 in 2015/16 and represents an increase of \$14,000. This increase recognises the need for urgent repairs and continued maintenance on existing recreational facilities, to ensure the safety of Bermuda athletes and the public at large.

Energy: The amount budgeted for energy is \$228,000 and represents a decrease of \$11,000. In an effort to reduce expenditure in 2015/16, the department intends to be more efficient in the use of energy, hence the anticipated reduction in budget.

Clothing Uniforms and Laundry: The amount budgeted in this area is \$23,000 which represents a decrease of \$11,000. Any element of discretionary spending contained in this cost unit will be identified and removed without hampering existing service levels.

Materials and Supplies: Budget allocated for materials and supplies in 2015/16 is \$291,000 which is a decrease of \$82,000 from 2014/15. The department intends to continue the trend of more efficient use of supplies, hence a reduction of wastage. In addition, consolidating materials and supplies orders within the department, will allow for more leverage in negotiating lower prices for the Bermuda Government.

Equipment (minor capital): Budget allocated for repairs and purchase of minor equipment is \$42,000 in 2015/16 and has decreased by \$1,000 from 2014/15. This budget has seen a reduction because efficiencies are expected from the streamlining of departmental operations.

Other Expenses: Budget allocated for Other Expenses is \$40,000, which represents a decrease of \$3,000. This decrease in expenditure is expected as a direct result of the synergistic effect expected across the department by all the measures mentioned thus far in achieving economy, efficiency and effectiveness within the department.

Madam Chairman, as per page B-238, revenue for the department is budgeted at \$586,000, and is anticipated to be less by \$120,000 in 2015/16. Revenue generated from Registration and After School Vouchers (combined), is expected to decline by \$117,000 as a result of an anticipated decline in student registration. In 2014, Hurricane Gonzalo left a trail of damage on most recreational facilities which have seen decreased service levels provided by these facilities and hence less use and participation by individuals of these facilities. This equates to less revenue and is quantified to be a reduction of \$12,000 (down from \$14,000 to \$2,000) in revenue from Facilities, as per page B-238. These decreases are offset, albeit slightly, by revenue from rental of Boats and Equipment which is expected to increase by \$7,000 and \$2,000, respectively, due to changes and increases in the fee structure.

Madam Chairman, I would like to take this opportunity to sincerely thank all of the dedicated staff of the Department of Youth, Sport and Recreation for the work they do in advancing and recognising the significant contributions made by our sportsmen and sportswomen, and the pivotal role they play in helping our youth achieve their true potential.

Madam Chairman, this ends my presentation for the 2015/16 budgetary allocation for Head 20, the Department of Youth, Sport and Recreation.

HEAD 23—CHILD AND FAMILY SERVICES

Hon. Patricia J. Gordon-Pamplin: Madam Chairman, I will now turn to Head 23, Child and Family Services.

Madam Chairman, in discussing the 2015/16 estimates of expenditure and revenue for Head 23, it will be found on pages B-242 to B-247 of the Estimates Book.

Madam Chairman, the Department of Child and Family Services is responsible for promoting and protecting the best interests of children, adolescents and families in order to enhance their social functioning and quality of life. These services are mandated under the Children Act 1998. The purpose of the Act, to which the department responds, is "to protect children from harm, to promote the integrity of the family and to ensure the [welfare] of children." To meet this mandate the department provides day care services, care and protection services for children, and residential, home based and counselling service for adolescents and families.

Madam Chairman, the Department of Child and Family Services remains focused on implementing a comprehensive and integrated system with one entry point for all programmes and services. The goal is to ensure appropriate assessment of referrals to determine the best service response. The identified needs of the child and family are defined in an inter-agency service plan that engages and assesses the children and families throughout the process.

Madam Chairman, the Department of Child and Family Services is commissioned to provide a seamless service to ensure the safety of children while strengthening the well-being of families. In order to meet this legislated mandate, the department operates four programmes:

- Programme, 2301, Services to Children and Young Persons;
- Programme 2302, Services to Individuals and Families;
- Programme 2303, Residential Treatment Services;
- Programme 2304, Administration.

Madam Chairman, there is a budget allocation of \$14,909,000 for the Department of Child and Family Services for 2015/16 (as shown on page B-243). This represents an overall reduction of \$2,071,000, or 12 per cent when compared to the allocation for 2014/15.

Madam Chairman, the Department of Child and Family Services [cost centres] are discussed by Programme, as follows:

Services to Children/Young Persons, [line item] 2301. For this [cost centre] 33010, there is a budget allocation of \$782,000 in 2015/16. This represents a decrease of 21 per cent or \$204,000 from 2014/15. As a result of this decrease and in an attempt to contain expenditure within budget allocated for 2015/16, the feeding programme, the clothing pro-

gramme, and the enrichment programme will be curtailed so as to minimise the impact on the wrap around services provided to high risk children referred for care and a head start, at the Happy Valley Child Care Centre.

Services to individuals and Families, [line item] 2302. The total budget allocated to this programme for 2015/16 is \$5,681,000. This represents a decrease of 11 per cent or \$675,000 from 2014/15. Services are delivered via Family Services ([cost centre] 33020, \$2,511,000 reduced by \$173,000). Family Services provides the care and protective services to the children of Bermuda. This is achieved through three specialised units: the Intake/Assessment Unit, the Intervention Unit, and the Foster Care Unit.

Foster Care ([cost centre] 33030 with an allocation of \$2,229,000 reduced by \$258,000) is responsible for providing alternative living arrangements for children under the age of 18 years who are in need of out-of-home placement. During 2014, the Foster Care Programme provided foster care services to a total of 75 children: 40 of the children were girls while 35 were boys. As of December 31st 2014, Foster Care had several sibling sets of children in care:

- Sibling set of 2, there were 7;
- Sibling set of 3, there were 2;
- Sibling set of 4, there were 2;
- Sibling set of 5, there were 2.

During the last budget year, the foster care program has serviced a total of 12 therapeutic foster children. The children in this category have a variety of physical, cognitive, emotional and behavioural challenges. Therapeutic Foster Parents are compensated at a higher rate than traditional foster parents. They sign contracts that outline the levels of care expected based on the children's needs.

Bermuda Youth Counselling Services (BYCS) ([cost centre] 33200 with an allocation of \$941,000 having been reduced by \$244,000), is the section within the Department of Child and Family Services that is committed to strengthening, supporting and transforming the lives of young people up to the age of 24, and in so doing have a positive impact on the families, peers and the community. Some of this reduction relates to having one post frozen in [cost centre] 33200, Bermuda Youth Counselling Services, under the terms and conditions of the Early Retirement Incentive Plan in 2014. As a result of this decrease and in an attempt to contain expenditure within budget allocated for 2015/16, support funding provided to kinship care will be re-visited, so as to minimise the impact on services delivered to children referred for care and protection inclusive of foster care. Local and overseas consulting services were reduced and will result in refocusing and optimising the use of counselling sessions for addressing the psychological and/or psychiatric needs of children.

The reduction to day care fees, summer camps allowance and transportation make up the significant reductions in foster care. Of note, is that children in the care of the director do not qualify for Government Child Day Care Allowance and thus the Department of Child and Family Services will have to be extremely judicious in managing its limited resources and options for caring for children during the work day and when schools are on vacation, and facilitating transportation for children's visits and appointments.

Residential Treatment, [line item] 2303. For this programme, there is a budget allocation of \$6,945,000 for 2015/16. This represents a decrease of 14 per cent or \$1,128,000 compared to 2014/15. The [cost centres] that comprise [line item] 2303 are: Residential Treatment Services (RTS), which includes the Home Based Programme (CMIT); the Brangman Home; the Oleander Cottage (transferred from Observatory Cottage some years ago); the Youth Development Centre; the Psycho-Educational Programme, and Youth Residential Treatment (Administration arm of RTS).

The [cost centres] that comprise this Programme are: [Cost centre] 33060, Home Based Programme: \$1,735,000 (reduced by \$18,000). The Cross Ministry Intervention Team (CMIT), which is the Home Based Programme of the Department of Child and Family Services, is an intensive family intervention program developed to service clients referred from the Department of Child and Family Services, the Department of Financial Assistance, the Department of Court Services, and the Bermuda Housing Corporation. CMIT is designed to intensively work with clients who have demonstrated an inability to independently provide the basic needs for their families and/or have demonstrated poor compliance with the requirements of the existing support systems to provide these basic needs.

Residential Treatment Services is a 24-hour community based group home for adolescents between the ages of 12 and 18 years who are placed in the care of the Director of Child and Family Services via the Family Court. The adolescents have been deemed to be at risk in the community and requiring care and protection in a safe and structured environment. During 2014, 21 children received services through Residential Treatment Services as a result of being adjudicated, in need of care and protection, respite, life skills and family reunification.

Females requiring residential treatment services are housed at the Brangman Home while males are housed at Oleander Cottage.

The Youth Development Centre costs are utilised to provide one-on-one and special management of residents based on their needs as indicated by ongoing evaluation. Residential Treatment Services is committed to the inclusion of family preservation and reunification. Aftercare and interagency interactions services are based on the individual needs of the ado-

lescent and families. When this is not possible, alternative community-based relationships and resources are used to develop an appropriate discharge plan.

In addition, the programme at Residential Treatment Services also includes the monitoring of clients who are deemed to be at risk in the community as a protective factor.

During the last budget year client profiles indicated that 100 per cent of adolescents involved in the services had family relationship issues; the majority of children, both male and female, had experienced childhood trauma, including abandonment, abuse, grief, and domestic violence. The data identifies the wide range of specialist services required for dealing effectively with the children and families in need of our services. In an effort to address these issues residential treatment services, in conjunction with the Cross Ministry Intervention Team, have provided individual and group counselling, family assessments and interventions, parent groups such as family solutions, vocational and educational planning.

[Cost centre] 33100, Psycho Ed Programme: \$2,018,000 has been allocated to this programme and it has been reduced by \$405,000. The department of Child and Family Services is forging new relationships and a new strategy that will assist in maximising the funding available in an attempt to maintain its current level of service to children who have exhausted all local resources.

[Cost centre] 33110, Youth Residential Treatment: \$1,277,000 which has been reduced by \$112,000. To address this reduced funding, the department has aligned staff in this programme geared at providing a more effective and efficient service delivery by giving more direct service to the children placed in residential treatment and their parents. This realignment will also reduce the number of children referred out for services, resulting in cost savings. The realignment of staff is designed to provide a more seamless response to children and families that supports successful outcomes. Children and families will no longer be confused about the process within residential treatment, or who the primary worker is, and which support services are available to them.

Administration, [line item] 2304. The total allocation is \$1,501,000 down by \$64,000. Madam Chairman, [cost centre] 33120, Administration, provides for the administration and operations of the Department of Child and Family Services. The budgetary allocation of \$1,101,000 is shown on page B-243. This represents a decrease of \$14,000, or 1 per cent. In an effort to operate more cost effectively, the department has explored fee for service options and has decreased funding to grant recipients: The Cross Ministry Initiative, Women's Resource Centre, Physical Abuse Centre, Teen Services as well as Foster Care under [cost centre] 33130 by \$50,000. Hence, the budget allocated for Grants in 2015/16 is \$400,000 (as shown on page B-243) as a result of reducing

Teen Services grant, as well, from \$200,000 to \$175,000.

Madam Chairman, the estimate of revenue for 2015/16 is \$176,000 as shown on page B-244. This revenue is generated by the Happy Valley Child Care Centre and represents an increase of 129 per cent, or \$99,000 from 2014/15. Previously, fees were collected on a sliding scale and determined by a means test. As of April 1, 2015 the sliding fee scale will be eliminated and a flat monthly fee of \$400 will be implemented, resulting in an increase in revenue over the 2015/16 budget year. It is important to note that the cost per child will still remain higher, than the fees paid by parents.

Madam Chairman, with respect to the Expenditure of the Department of Child and Family Services, effort has been made to increase departmental efficiency and to reduce spending. The subjective analysis of estimates on page B-244 of the Estimates Book shows that the primary areas of budget reductions relate to salaries, wages and professional services.

Madam Chairman, the major reason for the reduction in salaries of \$749,000 and wages of \$273,000 as per the subjective analysis, is due to nine positions which were funded and vacant in 2014/15, but, which will now be frozen in 2015/16. On page B-245, this is represented by a decrease in full-time equivalent count from 104 in 2014/15 to 95 in 2015/16.

Madam Chairman, in an effort to contain costs within stipulated budgetary constraints, there is a reduction in professional services of \$567,000 as per the subjective analysis (see page B-244) when compared to 2014/15. As a result of this reduction and also as a measure to contain expenditure within budget allocated for 2015/16, there will be a reduction in professional specialised services.

Madam Chairman, explanations for changes to various cost categories as per the subjective analysis found on page B-224 will now be provided:

Other Personnel Costs: Budget allocated for other personnel costs remains unchanged at \$96,000 when compared to 2014/15. This budget is necessary to cover telephone expenditure and on-call services for social workers who perform critical functions within the department, such as responding to police emergencies as it relates to children, foster or otherwise.

Training: Budget allocated for Training is \$123,000 and represents a decrease of \$22,000 from 2014/15. While it is important to maintain levels of training to meet and satisfy industry standards, this budget reduction is not expected to hamper the delivery of specialised services.

Transport: Budget allocated for Transport in 2015/16 is \$51,000 and represents a decrease of \$25,000 from 2014/15. The department will attempt to minimise any impact this reduction may have on the

timely delivery of foster children in meeting with counsellors for evaluations and assessments.

Travel: Budget allocated for Travel in 2015/16 is \$188,000 and represents a decrease of \$20,000 from 2014/15. This budget covers travel expenditure for children requiring psychiatric, psychological and medical attention. All overseas training and its associated travel costs for staff have been eliminated with the exception of travel expenditure provided to staff at the Happy Valley Child Care Centre on attending the International Child Day Care Conference/Training, which focuses on latest research/methodologies on dealing with child care.

Communications: Budget allocated for Communications is \$132,000 in 2015/16 and represents a reduction of \$15,000 from 2014/15. The department's telephone system has been fully transferred onto the government's voice over Internet communications network and as a result cost savings is expected to be realised.

Advertising and Promotion: Budget allocated for advertising and promotion is \$3,000 which represents a reduction of \$5,000. There will be no advertising for new foster parents during foster parent month, hence this reduction.

Rentals: Budget allocated for rental of facilities is \$762,000 and represents a decrease of \$85,000 from 2014/15. The department will be implementing a new strategic direction in 2015/16, and factored into this vision is savings to be realised by optimising and reducing current levels of office space.

Repair and Maintenance: Budget allocated for repairs and maintenance is \$379,000 in 2015/16. This represents a reduction of \$83,000 from financial year 2014/15 and is due to savings anticipated to be incurred from a reduction in office space as previously explained.

Insurance: Budget allocated for other insurance cost remains unchanged at \$5,000 and it is for vehicles used by the department in relation to social services which are insured for third party, and there have been no indications of increases to the cost of insurance for 2015/16.

Energy: A reduction in office space will also lead to decreased energy costs. As a result, energy is budgeted at \$219,000, which represents a decrease of \$4,000 from 2014/15.

Clothing Uniforms and Laundry: Budget allocated for clothing, uniforms and laundry is \$135,000 in 2015/16, which represents a decrease of \$43,000 from 2014/15. This reduction encompasses a decrease in the volume of clothes that would be purchased for foster children and a reduction in cleaning services provided for children at the Happy Valley Child Care Centre, whereby parents will now be requested to provide additional clothing over and above the standard issue for their children at this centre.

Materials and Supplies: Budget allocated for materials and supplies is \$314,000, which represents

a reduction of \$57,000 from 2014/15. Purchases of materials and supplies for all [cost centres] across the department will be consolidated and purchased in bulk as a means to receiving lower prices.

Equipment (Minor Capital): Budget allocated for this remains unchanged at \$41,000 and it is required to replace any broken furniture within Residential Treatment Services.

Other Expenses: Budget allocated for other expenses is \$84,000 in 2015/16, which represents a decrease of \$23,000 from 2014/15. This reduction is reflected in respite for foster parents. As a result, the department will need to develop a system that addresses reduced funding to foster parents with the need to provide sufficient time for existing foster parents to recharge themselves, especially if the foster child or children have mental, physical and cognitive health challenges.

Grants and Contributions: Budget allocated for Grants and Contributions is \$1,100,000 in 2015/16, which is a decrease \$100,000 from 2014/15. This reduction is necessary to achieve budget ceiling estimates and as a result, grant contributions will be prioritised and disbursed only after careful scrutiny.

Madam Chairman, the performance measures for Head 23 are found on pages B-246 to B-247 of the Estimates Book. The Department of Child and Family Services continues to meet most of its targeted outcomes in all [cost centres]. I wish to note that in [cost centre] 33030, Foster Care, the forecasted outcome of 10 new foster parents recruited fell short by four parents. There has been a challenge in recruiting foster parents, especially those who are equipped to provide a therapeutic environment for high risk and/or special needs children in need of placement. Efforts are ongoing to attract, train and support foster parents to enable them to meet the needs of a more specialised population.

Madam Chairman, the cost of residential beds per day at Brangman Home ([cost centre] 33070) and Oleander Cottage ([cost centre] 33090) remains stable. However, the outcomes of the current strategic planning may result in changes during the next fiscal year. Residential Treatment Services continues to provide a service that meets international best practice standards which has been confirmed by their recent reaccreditation.

Madam Chairman, the budget reduction to the Psycho-Educational Programme ([cost centre] 33100) will be augmented by the strategy that will emanate from new liaisons mentioned earlier in order to maintain the appropriate services overseas that are not available locally. This new strategy must succeed, otherwise it will have a direct impact on the Ministry of Education if these children create a disruption to the system due to unaddressed social, emotional, psychological and/or psychiatric issues.

Madam Chairman, I am proud to report that under [cost centre] 33120, Administration, all sections

(100 per cent) within the department have achieved accreditation for operating at best practice standards as outlined by the Council on Accreditation and the Bermuda National Standards Committee. The Department of Child and Family Services remains the only government department to have all of its sections accredited—the *only* government department to have *all* of its sections accredited.

Madam Chairman, again, I would like to take this opportunity to sincerely thank all of the dedicated staff of the Department of Child and Family Services for the work they do in meeting the many challenges of our children and families, as we undertake this social recovery.

Madam Chairman, this ends my presentation for the budgetary allocation for Head 23, the Department of Child and Family Services.

HEAD 52—COMMUNITY AND CULTURAL AFFAIRS

Hon. Patricia J. Gordon-Pamplin: I will now move on to Head 52, which is the Department of Community and Cultural Affairs. This can be found, Madam Chairman, on pages B-248 through B-254 of the Estimates Book.

Madam Chairman, the mission statement of the Department of Community and Cultural Affairs is to educate the community and foster a greater sense of identity through an appreciation of Bermuda's culture and heritage.

And the objectives of the department, which are stated on page B-248, are to:

- provide grants that encourage the arts and heritage;
- promote an understanding of Bermuda's cultural identity through education, research, publications and enrichment programmes;
- stimulate the development of the arts; and
- educate the community through personal and professional courses that promotes life-long learning through the Community Education and Development Programme.

Page B-249 shows a budget allocation of \$3,081,000 for the Department of Community and Cultural Affairs for 2015/16. This represents an overall reduction of \$330,000 or 10 per cent when compared to the allocation for 2014/15.

I will now go through the individual Programmes under Head 52, as noted on page B-249 of the Estimates Book.

Cultural Affairs, [line item] 5202, [cost centre] 62000, Grants to Organisations. Madam Chairman, the total amount budgeted under this [cost centre] for 2015/16 is \$213,000. In an effort to reduce costs as per the medium term expenditure framework, there has been a reduction in grants by \$10,000 from the original budget allocation for 2014/15.

The department is responsible for promoting, preserving, and celebrating Bermuda's rich cultural heritage and the arts. It achieves this goal in part by partnering with private sector organisations through funding. Organisations that will receive financial support in the upcoming fiscal year are:

1. Bermuda Historical Society;
2. St. George's Historical Society;
3. St. George's Preservation Authority;
4. Bermuda Arts Council;
5. Bermuda National Gallery;
6. Bermuda Heritage Association;
7. Cultural Legacy Fund recipients.

[Cost centre] 62001, Administration: Madam Chairman, the objectives of this [cost centre] are to provide for the administration and operation of Community and Cultural Affairs units located on the 4th floor of the Dame Lois Browne-Evans Building, Culture and Folklife Programmes. This estimate sustains both units of operation, including salaries and wages, professional development, communications, programming, printing and office supplies. This [cost centre] also provides funding for some educational materials including posters, banners and leaflets. Funds associated with this [cost centre] also support the promotion of information via social media. The remainder of the budget provides for office supplies, photocopier maintenance, books and periodicals, subscriptions and telephone services.

The total amount budgeted for 2015/16 for this [cost centre] is \$746,000, as per page B-249. This amount reflects a decrease of \$239,000 compared to 2014/15. This major decrease is due to a reduction in educational programming and a reduction in the printing of educational documents.

[Cost centre] 62010, Cultural Festivals and Celebrations: Madam Chairman, the total amount budgeted for this unit is \$143,000. This amount is consistent with the 2014/15 budget allocation, reflecting an increase of \$8,000, or 6 per cent.

Madam Chairman, this [cost centre] covers the cost of promoting the culture and heritage of the island and its people through festivals and other programmes and events. This objective will be realised through a number of programmes and initiatives, including the Emancipation Commemoration and the Gombey Festival.

Madam Chairman, permit me to expand a bit on these two events: The Emancipation Commemoration Ceremony: One of the main ceremonies that the department organises annually is the Emancipation Commemoration. In 2014, the department continued to focus on the theme "The Trail of our People: the Social Dynamics of Self-reliance." Through this dramatic commemorative ceremony the department highlighted families of Hamilton and Southampton parishes who had made significant and lasting investments

in their respective communities and contributed to the greater good of the entire society.

Funds allotted to this [cost centre] will be used for a similar programme which will feature local heroes of the parishes of Smith's and Warwick who have made lasting and meaningful contributions to their communities. The theme for 2015 is "The Trail of Our People: Passing the Torch."

The Gombey Festival. Madam Chairman, the Gombey Festival is held annually to provide exposure to the folk art and traditions of an important Bermudian icon. The department liaised with the Department of Youth, Sport and Recreation for the use of the W.E.R. Joell Tennis Stadium, thereby saving on expenses in rental fees, the installation of bleachers and barricades, and the general clean-up at the conclusion of the festival. The 2015 Gombey Festival will again be held at the Tennis Stadium. This year's funding allocation will finance the cost of invited folk groups, advertising, tenting, financial awards to participating Gombey troupes, and the chosen honouree of the day.

[Cost centre] 62020, Heritage Celebrations: Madam Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$254,000 (as shown on page B-249). This reflects a decrease of \$95,000, or 27 per cent compared to the original budget for 2014/15.

Madam Chairman, this [cost centre] covers the cost of celebrations for both Heritage Month and the Bermuda Day Parade. It is designed in accordance with our mission statement "to promote a sense of community understanding and pride amongst the peoples of Bermuda." The theme for Heritage Month 2015 is: "Bermuda: An Atlantic Garden."

In order to ensure expenditure is contained within budget, the department will be implementing certain cost-cutting measures, such as, a reduction in the number of Parade Marshals employed to manage the movement of the parade. Where possible, adjustments will be made to security personnel, together with the number of boxes of dried flowers ordered for float-making. Dried flowers are provided to members of the public at no cost to encourage participation.

[Cost centre] 62030, Cultural Education Programme: Madam Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$105,000 (as per page B-249). This represents a decrease of \$12,000, or 10 per cent when compared to the original budget for 2014/15.

Madam Chairman, the Department of Community and Cultural Affairs is responsible for creating materials that contribute to the preservation of Bermuda's heritage and to the development of Bermuda's literary arts; 2014 saw the publication of *Take This Journey with Me: Bermuda Anthology of Memoir and Creative Nonfiction*, edited by former Writer-in-Residence and award-winning author Rachel Manley (daughter of former Jamaican Prime Minister Michael

Manley). The department also took another step into the digital age by publishing a companion e-book version, available on sites such as Amazon, Barnes and Noble, and Nook.

For the 2015/16 budget year, the department will focus on producing a *Bermuda Anthology of Science Fiction and Fantasy*. The editor of the anthology is former Grenadian New York Times bestselling author and writer-in-residence, Tobias S. Buckell.

Madam Chairman, as part of the department's efforts to preserve our culture by publishing books on aspects of our cultural heritage, the department will also plan to publish a book entitled *Dance in Bermuda* by Conchita Ming, OBE. The book catalogues the history of Bermuda's evolution in the field of dance, and will feature profiles of local dancers and dance schools.

In addition, work will also continue on the development of study guides to complement the Bermuda Folklife Documentary Series for use in the school system.

[Cost centre] 62050, National Heroes Day: Madam Chairman, funds associated with this [cost centre] will be used to honour and commemorate a National Hero through meaningful and significant activities that pay respect to that person or persons and inform the general public.

The total amount budgeted for 2015/16 is \$58,000 (as shown on page B-249). This is an increase of \$48,000 compared with the original budget for 2014/15 and has become necessary because the Government is hopeful that the Naming Committee will receive appropriate nominations on which they can deliberate, with the idea of selecting a new National Hero and to host an appropriate ceremony to honour the occasion. Nomination forms are already in circulation, and must be returned to the department of Community and Cultural Affairs located in the Dame Lois Browne-Evans building [4th Floor] by Friday March 13, 2015. That is this coming Friday, Madam Chairman, so let me underscore that if anybody has the intention of naming or having a nomination form completed, there is only a matter of a couple of days in which to do so.

[Cost centre] 62060, Promotion of the Arts: The total amount budgeted for this [cost centre] for 2015/16 is \$53,000. This shows an increase of \$8,000, or 18 per cent when compared with the original budget for 2014/15.

Activities that fall within this [cost centre] are: Premier's Concert: Madam Chairman, one means by which this department promotes the visual and performing arts is through the annual Premier's Concert. In November 2014, the department hosted 36 participants at the 30th Annual Premier's Concert at the Ruth Seaton James Centre for the Performing Arts. The audience viewed outstanding works by budding visual artist, Nalani Dowling. Information was also shared about some of the participants from the first Premier's

Concert who have gone on to make careers in the performing arts; a testament to the talent of our youth.

Madam Chairman, time does not permit me to name each participant individually, but I can tell you, that having attended that particular presentation of the Premier's Concert, it was absolutely heartening to see the talent of our young people and to see them display such talent in front of an audience with no degree of fear or trepidation or nervousness. It was truly a joy to watch these young people perform.

The budgeted estimates for this [cost centre], Madam Chairman, are also used: to stimulate and foster the development of the arts; and to organise and implement the Writer in Residence programme—a workshop that will include a public reading by the invited writer.

The Department of Community and Cultural Affairs has supported programming to develop our literary arts. With this aim in mind, the department hosts an annual Writer in Residence workshop focusing on a variety of genres. This year, the department hosted a three-week Writer in Residence programme focusing on the genre of science fiction and fantasy. We are very pleased that the distinguished and award-winning Grenadian writer, Tobias S. Buckell, author of *Hurricane Fever* and *Halo: The Cole Protocol* served as the instructor for this programme. Mr. Buckell worked with 12 of Bermuda's writers, as well as giving a talk to the students at Sandys Secondary Middle School.

This year, our writer in residence will be University of Toronto professor and poet, Dr. Christian Campbell. Dr. Campbell is originally from the Bahamas and is the author of an excellent collection of poetry entitled *Running the Dusk*. It is anticipated that Dr. Campbell will conduct a workshop on poetry during August 2015. And you might be aware, Madam Chairman, that poetry is one of my favourite pastimes, so maybe I might be able to be in attendance to be able to glean some of the tips that he might be able to pass on.

[Cost centre] 62070, Folklife Bermuda: Madam Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$160,000. This represents a decrease of \$19,000, or 11 per cent when compared with original budget for 2014/15.

Activities that fall within this [cost centre] are: Historical Heartbeats: Madam Chairman, the Historical Heartbeats Lecture Series, now entering its twelfth year, is a programme that highlights various aspects of Bermudian history and culture and aims for a monthly presentation that is both entertaining as well as educational. The new season featuring eight events and three film nights begins August 2015.

Bermuda Folklife Documentary Series: The Bermuda Folklife Documentary Series is a collection of full-length feature films highlighting the traditions and tradition-bearers of Bermuda. The department is looking to launch three new documentaries in the se-

ries during the 2015/16 budget year; a film focusing on boat building in Bermuda, with special emphasis on traditional small crafts, as well as a documentary on contemporary Bermuda artists.

Folklife Apprenticeship Programme: Madam Chairman, the Department of Community and Cultural Affairs is entering its seventh year of the Folklife Apprenticeship Programme, focusing on the transmission of knowledge and skills from one generation to the next. Six tradition-bearers, in various arts, will be selected for inclusion in the programme to work one-on-one with a single apprentice for an average of eighty hours. There will be an awards luncheon in August 2016 where tradition-bearers and apprentices who participated in the programme will share presentations about their experiences. A short film will be produced showing highlights of the apprenticeship experience.

Digital Archive: Madam Chairman, the Cultural Affairs Digital Archive continues to expand through the transcription and digital conversion of interviews collected through the Bermuda Documentary Series. Transcripts from 15 interviews, totalling close to 350 pages, were added to the collection this year, and more than half of the cassettes from the Smithsonian Folklife collection were digitised. It is anticipated that 2015/16 will focus on digitising the remainder of the cassettes from that collection.

Community Services, [line item] 5203, [cost centre] 62100, Bermuda Rendezvous Activities. Madam Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$175,000. This reflects a net decrease of 18 per cent, or \$39,000, when compared with original budget for 2014/15.

This [cost centre] provides opportunities for both visitors and locals to discover and enjoy various aspects of our Island's culture, arts and entertainment. This programme runs from November to March of each year and has become quite popular with both visitors and participating locals. Funds allocated in this [cost centre] are also used to pay vendors who host the listed talks, tours and demonstrations, as well as to cover the cost of advertising, rental fees for tents, sound systems and sites.

[Cost centre] 62130, Senior Citizen Projects: Madam Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$118,000. This represents a decrease of 22 per cent or \$33,000 when compared to the original budget for 2014/15. To ensure expenditure is contained within the budget allocated, the department will fund activities based on merit.

The department is responsible for organising a number of programmes and activities for our able-bodied seniors. One annual highlight is the Seniors Awards Ceremony during which nominated seniors are honoured for the significant contributions that they have made. The funds associated with this [cost centre] will also cover operating costs for the Seniors'

cruise held in August, and the Seniors seminars held monthly.

Community Education, [line item] 5204, [cost centre] 62140 Community Outreach. Madam Chairman, this [cost centre] covers the operation of the Summer Internship Programme, which provides work-shadow opportunities, practical experience, and service learning activities to Senior School Students ages 15 through 18, through a diverse range of coordinated partnerships with the public and private sector. The total amount budgeted for this [cost centre] for 2015/16 is \$40,000. Budget estimates for 2015/16 remain consistent with original budget estimates for 2014/15. Madam Chairman, I should have said that while this remains consistent, we are \$2,000 up from the prior year; we had \$38,000 the year before and \$40,000 for this ensuing year, so it is a \$2,000 increase. I just said it was consistent, I just wanted to highlight that there is a slight difference.

[Cost centre] 62150, Community Education Courses: Madam Chairman, this [cost centre] provides a diverse range of educational, social, recreational, cultural, personal and professional development courses to Bermudian residents. Courses and programme activities are designed to promote and foster a healthy quality of life and well-being of residents. The three demographic target groups are: youth ages 5 to 18, adults ages 19 to 64 and seniors 65 and up. (It frightens me to know into which category I now fit, Madam Chairman.) The total amount budgeted for this [cost centre] for 2015/16 is \$199,000. This reflects a decrease of 22 per cent or \$55,000 when compared to original estimates for 2014/15. As a result of reduced funding and to ensure expenditure is within budget in 2015/16, the department will seek more creative ways to advertise community education classes. This is required with an aim to reducing the number of brochures being printed. Also, an analysis will need to be conducted to identify those courses which may need to be discontinued and thereby reduce expenditure on the number of instructors being paid.

[Cost centre] 62160 Community Education Administration:

Madam Chair—

[Hon. Dennis P. Lister, Chairman]

Hon. Patricia J. Gordon-Pamplin: Mr. Chairman, you swapped out on me.

Mr. Chairman, [cost centre] 62160, Community Education Administration. The total amount budgeted for this [cost centre] for 2015/16 is \$817,000. This represents an increase of 15 per cent or \$106,000 when compared with original estimates for 2014/15. This increase is primarily due to the inclusion of a new post of Cultural Liaison and Development Officer, thereby increasing salaries. This post was transferred to the department from the Ministry of Tourism as a

direct result of the creation of the Bermuda Tourism Authority.

Mr. Chairman, funds allocated under this business unit cover the overall programme administration and operation for the Community Education and Development Programme. It covers the planning, co-ordination, implementation and delivery of a variety of over 200 educational, social, recreational, cultural, personal and professional development courses annually. Provision of these course offerings and activities benefit the social and economic development of Bermudian residents. In addition, this business unit covers the shared administration of activities and functions of the Bermuda Community Education Advisory Council in the delivery of activities, special events, projects and programmes that benefit individuals, families and community neighbourhoods.

Mr. Chairman, revenue for 2015/16 is budgeted at \$121,000, which represents a decrease of \$15,000 from the past year. This reduction is attributable to an anticipated decline in student registration (fees) for community education courses, and as such, the decrease is reflected in the budget.

Mr. Chairman, cost reductions and increases as per the subjective analysis on page B-250 have been explained throughout this presentation; however, as a point of note, material reductions of \$127,000 and \$185,000, as it relates to Advertising and Promotion, and Professional Services, respectively, are further explained:

Advertising and Promotion: There will be reductions in printing of brochures and reductions in advertising through print and voice media. As a result, greater emphasis will be placed on advertising via social media such as websites, Facebook and Twitter. Minimum disruptions are expected on Heritage Month events, Bermuda Day festivities, Uncover the Arts programme, and senior events.

Professional Services: Mr. Chairman, the department will place greater scrutiny on the use of professional services to ensure optimum value is achieved across all planned activities for 2015/16. Contracts are expected to be renegotiated, and discussions will take place with other departments to reduce cost and provide services in the most efficient way possible. In addition, reduction in community education courses will result in a reduction of hiring of instructors.

Mr. Chairman, I would like to take this opportunity again to sincerely thank all of the dedicated staff of the Department of Community and Cultural Affairs, led by its Director, Heather Whalen, for the work that they do in educating the community and fostering a greater sense of identify through an appreciation of Bermuda's culture and heritage.

Mr. Chairman, this ends my presentation of the 2015/16 budgetary allocation for Head 52, the Department of Community and Cultural Affairs; and hence, the end of my presentation for today on Heads

71, 20, 23 and 52. Mr. Chairman, I have very intentionally kept my Brief brief and focused wholly on the numbers and the differentials, because I truly and fervently believe that this is a ministry that can engender tremendous discussion because of its impacts on the community and its benefit to the community. With that, Mr. Chairman, I will take my seat and allow others to participate in the debate. Thank you.

The Chairman: Thank you, Minister, for your contribution this afternoon.

Is there any other Member who wishes to speak?

We recognise the Shadow Minister for Sport, the Honourable Michael Weeks. Shadow Minister, you have the floor.

Mr. Michael A. Weeks: Thank you, Mr. Chairman, and good afternoon to you.

Mr. Chairman, before I get started I want to first acknowledge the former Minister, the Honourable Wayne Scott, for all his efforts. I was his Shadow for two years. Some of our rapport was good. Some could have been a little better. But I wish him well.

Secondly, I want to thank the present Minister, Ms. Gordon-Pamplin, for allowing me an opportunity to respond to these important heads, because I certainly agree with her that this ministry here is very important, more important than some care to realise, since we are on the front line of our social development.

So, Mr. Chairman, located on page B-222, I will be discussing Head 71, Ministry of Community Culture and Sports Headquarters; Head 20, Youth, Sport and Recreation; Head 23, Child and Family Services; and Head 52, Community and Cultural Affairs.

Mr. Chairman, I seek again this year to highlight these particular heads because we in the Progressive Labour Party believe that we are that—a labour party, Mr. Chairman. And our roots are deeply embedded in the working-class community of Bermuda. So we have a responsibility, Mr. Chairman, to look out and work for the better development of our communities and for the enhancement of our culture. And that is of the utmost importance to our party.

Mr. Chairman, Community, Culture and Sports have an undeniable effect on education, social development and crime. So we must be careful when we decide to chop anywhere in this budget. So, Mr. Chairman, I will get right to the Budget Book. Let us begin by looking closely at the heads on page B-222.

Head 71, Mr. Chairman, Community, Culture and Sports Headquarters has been decreased this year by \$182,000. Head 20, the Department of Youth, Sport and Recreation, has been slashed by \$1,204,000. Head 23, Mr. Chairman, the Department of Child and Family Services, has been chopped by a whopping \$2,071,000. And Head 52, the Department

of Community and Cultural Affairs, has been cut by \$330,000.

Mr. Chairman, I have said already, and I will be saying it on more than one occasion while I am on my feet, that this Ministry is really on the front line for addressing the social needs of our community. At this point, Mr. Chairman, I would just like to quickly read the mission statement for Head 71, Ministry of Community, Culture and Sports: “To strengthen the social fabric of Bermuda through policies and programmes that support, empower and protect people and communities.”

Mr. Chairman, it is [during] times like a recession when the OBA should not be chopping the budgets of our social assistance programmes. These are the very times that our people really need our financial help. These cuts are truly an affront to the ordinary man and woman of our country, Mr. Chairman, no matter whether they are low income or the middle class. Our people, as we know, are really suffering.

So, Mr. Chairman, let us start with Head 71, on page B-223, which, as I said earlier, has a decrease of \$182,000. A closer look reveals that the Mirrors Programme has actually been reduced by \$229,000. And that is in the general summary, Mr. Chairman, on page B-223. On page B-224, I see that much of the decrease in the subjective analysis is directly related to the Mirrors Programme, which is also a decrease in the staffing. I think the Minister mentioned that.

But my first question to the Minister will be . . . I would like for the Minister to explain what she thinks the impact of these cuts are on this Mirrors Programme that not only deals with our children who are at risk, but is preventative, Mr. Chairman, in that it goes to the schools and helps to mentor our children. If I may read for some clarity, Mr. Chairman, part of the brochure of the Mirrors Programme.

The Chairman: Yes.

Mr. Michael A. Weeks: It states, and I quote, “Mirrors is consistent with the goal of the Government, and the benefits of the programme are improved relationships; it decreases anti-social behaviour, i.e., crime, drug use, risky sexual behaviours, abuses of all kinds; and it raises self-confidence, self-esteem and self-worth.”

So, having read that, I want to ask the Minister why [make] cuts to such an important programme [when] we all know what our social fabric is right now? And from reading about it, Mr. Chairman, I got the feeling . . . I just have to ask the Minister another question: Do these cuts suggest that the Mirrors Programme is actually being absorbed into the Ministry of Community, Culture and Sports Headquarters?

Mr. Chairman, I need to say at this time that I strongly support this programme. And I must say that I was one of the volunteers. And I took that class. I trained and participated briefly with a young man in

Victor Scott Primary School when I became certified. So I can attest, Mr. Chairman, that through the interaction with that young man and the Mirrors Programme . . . and that young man whom I am talking about was quiet, reserved and shy ended up becoming the Head Boy at Victor Scott and the champion boy in sports. I am just saying that to say that this programme, having first-hand knowledge myself, is a very important programme that we have to be very careful how we try to cut, streamline or realign this Mirrors Programme.

On B-224, Mr. Chairman, the subjective analysis. There is a 12 per cent, or \$83,000 decrease in Grants and Contributions. Most of the decrease, Mr. Chairman (on page C-19) is attributed to parish councils. At a time when we talk about getting our communities more involved in what is happening in our families and our youth and our workmen's and sporting clubs, I would like to suggest that we need to increase the accountability of these parish councils. We could use them and we should use them as a hub.

So, Minister, why can we not look into using these parish councils as a hub for a lot of the community activities like legal service, health care screening and the like, more now at a time when a lot of our young men, whether we agree or disagree, do not travel too far out of their own environment? We have ways that are already there—i.e., the parish councils—that we may need to take another look at and see how we could utilise them to help the social healing that we need.

Mr. Speaker—Mr. Chairman (I must be calling you Mr. Speaker for a reason) . . .

[Laughter and inaudible interjection]

Mr. Michael A. Weeks: Yes, yes, it is. You do not jump when I say it, so if I do now and then, just bring me back, Mr. Chairman.

[Inaudible interjection and laughter]

Mr. Michael A. Weeks: Yes, yes. Do not shout at me.

Head 52, Community and Culture: On page B-250 I see a decrease in Grants and Contributions by 4 per cent, or \$10,000. But, Mr. Chairman, Head 20, Youth, Sport and Recreation, has a decrease in Grants and Contributions of \$1,045,000, or 28 per cent, most of which is in line item 6876 *[sic]*, Contribution to Sports Development.

Mr. Chairman, let us turn to Head 20, Youth, Sport and Recreation, which starts on page B-235 to B-241. Youth, Sport and Recreation, Head 20, has been hit hard by these cuts, Mr. Chairman. The 2015/16 budget estimate of \$9,541,000 represents a substantive decrease of that \$1,204,000. Let us go to page B-238, Mr. Chairman, our employee numbers, an overall decrease of eight staff members. Let me catch up to the page . . . an overall decrease of eight

staff members, Mr. Chairman, six of which, I note, are in the after-school programme.

That brings another question for the Minister. I would like for the Minister to explain the impact of these cuts in the after-school programme. With the after-school staff being decreased by six, Mr. Chairman, are we saying that we are going to resort to a skeleton crew to watch and care for our children, while we, as hard-working parents, are working and just hoping that they are safe?

I stand here today, Mr. Chairman, to speak for that single parent, or even, for that matter, both parents, who cannot afford to get off work at 3:00 or 3:30 to collect their child. That is unlike when I was coming along, and many other people may attest to it, Mr. Chairman. I was one of those lucky ones when I came along. We had grandmother at home, who I and my cousins affectionately called Ma. Mr. Chairman, that that is a little nostalgia. But I note that nowadays this is really the case. This is really the case. So we need to put a face to some of these cuts, Mr. Chairman, so as not to inflict more harm and/or stress on our already-struggling families.

From doing a little research, I noticed that most after-school programmes that I know of are over-subscribed. So why the cuts?

Page B-238, line item 8315, Registration, states that there will be a decrease of registration of \$457,000. I ask how this is possible when, as mentioned, most after-school programmes are over-subscribed? And from what I am made to understand, they have a waiting list. So, can our Honourable Minister please explain the drastic drop in our registration on page B-238, revenue summary, [line item] 8315?

The after-school vouchers: Mr. Chairman, who qualifies for these vouchers? Is our Honourable Minister saying that parents are not registering or that parents are not being able to afford the registration fee? From what I see, these numbers are talking back at me, Mr. Chairman. They do not seem to be adding up. So we just need some answers. And I know that these cuts will hit this department hard and definitely have a negative impact on the services that the community—the community which is in much need of our services—has become reliant on.

But, Mr. Chairman, it appears quite obvious, in my humble opinion, that the OBA's mindset is to sacrifice the positive influence on our young people that these kinds of programmes provide. Let us look closer, Mr. Chairman, at Head 20 on page B-236, where the line items tell a painful story of an OBA Government that does not value the development of our young people. Let us closely examine. I will go by line item as I examine what the OBA thinks of programmes directed at our people. Let us look at the nine programmes that represent Youth, Sport and Recreation, Mr. Chairman. And I think you may agree with me how this department has been savagely

butchered by the extent that our children, for the most part, will be adversely affected.

On page B-236, Mr. Chairman, just where I still am, [line item] 2001, Administration and Sports, [cost centre] 30045, General Administration, has been increased by 2 per cent, totalling \$22,000. Now I may have missed it if the Minister said it, but I am going to ask the question: Is this \$22,000 a savings on furlough days or not? Cost centre . . . Is this—

[Inaudible interjection]

Mr. Michael A. Weeks: Yes, it is [cost centre] 30045. I see an increase, \$22,000. The question was whether or not there were our savings from furlough days.

[Inaudible interjections and crosstalk]

Mr. Michael A. Weeks: Well, let the Minister answer the question.

[Laughter and crosstalk]

Mr. Michael A. Weeks: Yes, thank you, sir.

Sports Development has one cost centre, 30055 (and thank you, colleague, for helping me out), Sports Programmes, which have been decimated by 36 per cent by the OBA and the Finance Minister, to the amount of \$900,000. And I think I did say the [cost centre] 30055. There is no mention of what this \$900,000 decrease is. So, can you please explain that, Honourable Minister?

Mr. Chairman, I think we understand the role that sports plays in our development. It teaches fair play, patience, cooperation and the like. At a time when our society is lacking, both young and old, Mr. Chairman, we know that some of our even older ones need to learn some of the lessons that sport has the potential of teaching. We understand and respect the immense role of sports development. But, Mr. Chairman, in my humble opinion, it seems that it has become painfully evident that the mindset of the OBA is such that it places far less value on the importance of sport in the development of character in our community.

Mr. Chairman, given the serious deterioration in our social fabric and the importance of sport, a Government that really wants to solve the problems of our country would ensure, in my opinion, that youth and sport was adequately funded and programmes and activities are enhanced to meet a growing need in our community. But, no, Mr. Chairman—not the OBA.

Mr. Chairman, in principle I and my party support the idea of the America's Cup. But let me be clear, Mr. Chairman. It is interesting how the OBA was able to find \$77 million for the America's Cup, but is cutting social programmes left and right—not to mention the cancellation of the Agriculture Exhibition, Mr. Chairman, a cultural staple for many years. I have

done some homework on that, and we have had the Agriculture Exhibition for almost 77 years straight. So, Mr. Chairman, what is the OBA doing in the name of cost-cutting? Even their own MP, Jeff Sousa, tried to keep the Agriculture Exhibition, because I think he knows the importance of it. But apparently, no one cares and no one is listening.

Mr. Chairman, still on page B-236, let us go to [line item] 2003, Sports Incentives and Awards. They have one [cost centre], that is, 30030, Athletic Awards, that has not been affected by the chopping block, which is good. Mr. Chairman, [line item] 2004, Sport Facilities Management—this most notable cost centre [30060], Sports Facilities, I see has been cut by \$100,000, and in this case a whopping 10 per cent. No explanation as to why the cut and which sports facilities will be affected. I find this concerning, Mr. Chairman, because I have said already on more than one occasion in this Honourable House how I, like some of my other colleagues, have been very much associated with a lot of our sports clubs around the Island over the years. But one of the common threads between most of the sports clubs, Mr. Chairman, is that the revenues, for the most part, are based on bar sales. And in order for us to move away from that, we need assistance, more assistance from our Government.

So if our Minister could address which clubs will be disadvantaged further by these cuts, we would be greatly appreciative. So, which, Madam Minister, are the clubs that will be adversely affected by these cuts to our sports facilities?

Let us take a look, Mr. Chairman, at our performance measures on page B-239. And I noticed that it refers to [cost centres] 30075 and 30080, but nothing on the \$100,000 decrease in Sports Facilities. So, if the Minister can kindly help us out, I would greatly appreciate it. Or, Mr. Chairman, in [cost centre] 30390, still on [line item] 2004, Sports Facilities management, I see where our Sports Community Fields have been cut by a whopping \$31,000, or 38 per cent. Again, Mr. Chairman, on our performance measures on page B-241, it does not say which fields. But another question that comes to mind, Mr. Chairman. Which fields are going to be affected by this lack of funding from the Youth, Sport and Recreation, and does that mean no grass is going to be cut, no fields are going to be marked out on game days, no trees trimmed, or no trash pickup?

These things, Mr. Chairman, I know intimately from being a part of a club. So it is important to know which clubs will be affected by this cut. Or is it now that the OBA are expecting the people in Youth, Sport and Recreation administration to accept these cuts, Mr. Chairman, to every department which affect our youth directly or indirectly, one way or another?

I would like to say, Mr. Chairman, that we on this side of the floor think not. I think we consider these cuts insensitive and out of step with a lot of the

real problems that are facing Bermuda. Truth be told, I think that this department has suffered massive cuts that are demoralising to the staff and the community workers, who are adversely impacted by the aforementioned cuts.

In [line item] 2005, Mr. Chairman, also on page B-236, Youth Development Administration has been cut by \$70,000. [Cost centre] 30350, Youth Grants, has a decrease of \$29,000, or 16 per cent. [Cost centre] 30360, Youth Services, has a decrease of \$81,000, and now it is actually down to zero dollars. Another question I have for the Minister is, Can the Minister explain which youth services were cut so drastically and which grants are being cut? And these are youth grants and our youth services.

As we look at the performance measures on page B-241, Mr. Chairman, I read in [cost centre] 30350, Youth Grants, it says that we provide grants to sports clubs specific to the creation or enhancement of youth programming, building good character. And again, I want to ask about, which clubs get these grants anyway, or what is left of it, so that we could help these clubs in the creation and enhancement of youth programming and building good character? So, if the Minister can shed some light on this, I would appreciate it.

Mr. Chairman, I see where the aim is to initiate the partnership of neighbouring sports clubs. And that is also on page B-241, performance measures. But back on page B-236, line item 2002, I mentioned earlier that we see a cut in funds to sports programmes. So, what partnerships that I read about in performance measures, Madam Minister, are we looking for? Because if we had made a drastic cut of 36 per cent in sports programmes, and then in performance measures, we are looking to foster partnerships, I would like to get further clarity on which ones.

Still on page B-236, Mr. Chairman, [line item] 2006, Staffing. I see funds are cut to community centres. And in performance measures on pages B-239 [and] B-240, I read, "Initiate neighbouring sport club for the enhancement of programming." But if we have cut so much from our sports programmes and our clubs, and we have cut from our community centres, what kind of partnership are we really looking to foster? And I speak personally that both entities are very much underfunded in what they are trying to do to assist our community.

So, in summary, on Head 20, I note that the net reduction under Head 20, Mr. Chairman, is \$1,204,000, which represents 11 per cent. But the cuts, Mr. Chairman, they reach into our neighbourhoods and our communities. And I think this has been devastatingly short-sighted by the OBA. And I contend that the across-the-board cuts in services to numerous community activities will definitely have an adverse effect. So my advice to the OBA would be this: In the best interests of the welfare of this country, re-

think these severe cuts and their long-term impact on our young people of Bermuda.

Mr. Chairman, if I may, I would like to remind the Minister of the PLP's Reply to the Throne Speech 2014, which read, Mr. Chairman, "Sport is seen by many as a more cost-effective approach to dealing with social problems than correcting the consequences of aggression, crime, violence and abuse through police, correctional or social services. Therefore, the PLP believes that we must invest in our Sporting and Workmen Clubs' infrastructure."

Before I move on from Head 20 I would like at this time to thank the staff of Youth, Sport and Recreation and commend them for doing such an outstanding job, and doing their utmost in reaching into and assisting many in our communities. So, Mr. Chairman, that completes for me Head 20, Youth, Sport and Recreation.

I turn my attention to Head 23, Child and Family Services, on page B-243, where I have to say that the OBA's lack of care continues to raise its ugly head toward our struggling families during these tough economic times. On page B-243, [line item] 2301, Mr. Chairman, Service to Children/Young Persons, [cost centre] 33010, Happy Valley Child Care Centre, the first question I want to ask when I see the cut in Happy Valley Child Care Centre . . . I see a decrease of \$204,000, or 21 per cent.

I turn to page B-245. I see that they also have a decrease in staff of 2 per cent. So my first question to the Minister as it relates to the Happy Valley Child Care Centre is, Madam Minister, if Happy Valley is to address high-risk children, how do we justify cutting food and clothing services?

[Crosstalk]

An Hon. Member: What line item was that?

Mr. Michael A. Weeks: [Cost centre] 33010, page B-243. [The monies are cut] by \$204,000.

An Hon. Member: You said staff. How do they get their food?

Mr. Michael A. Weeks: And they have also cut staff. But from reading and thinking and surmising, doing some homework I came up with a question, Mr. Minister. (You will get your turn.)

[Line item] 2302, Service to Individuals and Families has also come under the chopping block by our Finance Minister, a cut of \$675,000, or 11 per cent. Under this programme, Mr. Chairman, [line item] 2302, you would know as well as I that individuals and families depend on these services from our Government. And they are definitely faced with some dire issues.

[Cost centre] 33020, under [line item] 2302, Family Service has been drastically cut by \$173,000

this year, or 6 per cent. They were also cut last year by \$9,000. [Cost centre] 33030, Foster Care has been drastically cut by \$258,000, and also they were cut by \$9,000 last year. [Cost centre] 33200, Bermuda Youth Counselling Services has been cut by \$244,000, or 21 per cent. Do we somehow believe that the need for these services is lessening, Madam Minister? Across the board I hear that these cuts have a profound negative impact on our families and individuals, many of whom, as we know, are children, and they are definitely relying on assistance from our Government.

When we look at [line item] 2302, by the very nature of this description, Service to Individuals and Families, we find it puzzling and disconcerting to think that during these times the OBA, well aware of challenges that this country is facing socially, could not only overlook but, with the stroke of a pen, make life more difficult for those whom we know are in need.

Mr. Chairman, [cost centre] 33030, Foster Care, is a service that has many success stories in our country. I am not going to list them all, but I think we all know of some success stories that have come through the foster care programme. And they show much gratitude for the time that they have spent in foster care and in residential care. So, my concern at this time is that this decrease of \$258,000 in this budget places this particular programme, Foster Care, in jeopardy. And they have also endured cuts last year, Mr. Chairman.

With the climate as it is with the state of the economy, Mr. Chairman, with unemployment rising and putting strain on families, causing family breakup and the stress that that brings, services like foster care and family services are needed more now than ever before. So we have to be really careful about trying to meet somebody's mandate to go ahead and cut when Community, Culture and Sports is truly, in my opinion, on the front line of dealing with a lot of the social issues that we find ourselves in in this country, Mr. Chairman.

Mr. Chairman, [line item] 2303, Residential Treatment. Mr. Chairman, this represents six [cost centres]. And I took note that all six have been affected by the scalpel of the Finance Minister.

[Inaudible interjection]

Mr. Michael A. Weeks: The scalpel of the Finance Minister. Or Samurai sword is more like it.

Mr. Chairman, [cost centre] 33060, the Home Based Programme, an increase of \$18,000, or 1 per cent. But let us go to page B-245, Mr. Chairman. And I see where the Home Based Programme . . . (I lost my train of thought, Mr. Chairman.)

Let us go to [cost centre] 33070, Brangman Home, where we have got a long successful history, but must now operate with a 21 per cent decrease, or a \$238,000 cut. Mr. Chairman, I could speak firsthand on this. Due to the very nature of this facility,

even if there are no residents in this facility it is imperative that this facility, like the boys' facilities, [provides] 24-hour access. Not only are our young women and our young men placed there by the family court, there have been occasions when a lot of youngsters, young boys or girls, will be out on the town, underage, have family issues or whatever.

When the police pick them up, they have a choice. They either take these youngsters to co-ed . . . and a lot of times they are underage. So this is where residential care plays a major role in housing some at-risk or disaffected children.

This particular comment, Mr. Chairman, is not from research. It is from having worked there and lived it. And I know how important it is, especially on a Friday or a Saturday night when we get a lot of youngsters who are a little wayward and they need a place of respite for a day or two. We cannot put a dollar value on that. We cannot cut costs on that, because at any given time one of our young boys, in particular (but girls also) would need some respite care.

So, Mr. Chairman, moving on to [cost centre] 33080, still under [line item] 2303, Youth Development Centre. I see that they have been cut by \$98,000, or 39 per cent. Cost centre 33090, I see the Observatory Cottage has been cut by \$257,000, or a 22 per cent decrease, and three staff members (on page B-245). Mr. Chairman, I think I raised this last year, and I need to raise it again. That Observatory Cottage has been closed. And it has been derelict now for about 10 years. So, why is the Observatory Cottage in here? And some may ask how I know. I actually live there, Mr. Chairman, at the Observatory Cottage, as the live-in supervisor. So I know that the Observatory Cottage is closed and is now a derelict building.

Cost centre—

[Inaudible interjection]

Mr. Michael A. Weeks: And there has been a cut of \$257,000, yes. So—

[Inaudible interjection]

Mr. Michael A. Weeks: Well, it should be nothing. So my question is to you, yes.

Cost centre 33100, Psycho-educational Programme, I see has been cut by a whopping \$405,000, or 17 per cent. Let us go to page B-245, Mr. Chairman. Psycho-education Programme now has no staff members. But on page B-243, the Psycho-educational Programme has an allocated \$2 million. So my question to Madam Minister is, well, if there are no staff who exactly will be monitoring and spending these funds?

Mr. Chairman, residents with special needs used to be sent overseas to special facilities. So, what do we do with these special cases now? I would like for the Minister to shed some light, unless we are in-

timating that there are no more special cases. And especially with the state and the climate that we are living in, I know first-hand that many families, Mr. Chairman, and youngsters are in need of our assistance. And the Government, [providing] these kinds of services, Mr. Chairman, is the last hope for a lot of these families.

The Psycho-educational Programme, as much as people may have complained about the cost, what it costs to send somebody away . . . But until we get the proper services to deal with our young men and young women who are in need of specialised services, we have to make sure that the Psycho-educational Programme remains vibrant. At any given time, a worker in this department may have to take someone overseas for specialised care. No red tape, no bureaucracy—you have to get up and go. So, again, this particular service is very instrumental in helping those families who are not able to assist themselves in times of emergency.

Mr. Chairman, I [ask], does the OBA not understand that monies must be given at the front end or we will continue to see the rise in our youth unsettledness? And I will say it this time, Mr. Chairman. If the answers to any of these queries is that more children now are going home, then it stands to reason, in my humble opinion, that it should be an increase—not a decrease—in Home Based Programme funding, as I see on page B-243, [cost centre] 33060.

In summary, Mr. Chairman, the OBA found \$2,071,000 to cut from this head. Yes. But this \$2 million, Mr. Chairman, I need to remind the people . . . excuse me, I need to remind the Minister and the OBA that this \$2 million cut has a face and a name—Mr. and Mrs. Bermuda, who I know first-hand rely on residential care.

I could speak to those listening that when the Finance Minister saw their face when he was looking to cut funds then, guess what, Mr. Chairman? He cut the funds anyway. With Child and Family Services being cut by the OBA . . . this to me, Mr. Chairman, represents a callous and uncaring Government who saw fit to chop in this area at this time in this country when it is essential that our social fabric be repaired.

Any trained eye, Mr. Chairman, or untrained eye, can see (and, again, I reiterate that I worked there for 20 years) that we are setting these programmes up. And the people that they serve, we are setting them up for failure, Mr. Chairman. There are some services that can be streamlined and realigned and cut and the like. I have been down in those trenches.

I remember when there were never enough resources. Unfortunately, those meagre resources are now being cut. And I would like to submit that now, the OBA, in my opinion, appears to have its priorities backwards. And I know most of us have heard that saying by our parents and our grandparents, that an ounce of prevention is worth a pound of cure. Well, I

always thought that a lot of these programmes were that ounce of prevention. And in a lot of cases, they are a pound of cure.

Mr. Chairman, let me turn briefly to page C-37, and it is the overall breakdown of the percentage of the whole [budget] that each Ministry is getting. And I note that Community, Culture and Sports gets 7.3 per cent of the total [budget]. And National Security has a percentage of the pie of 12.4 per cent. But let me say before people think I am talking against anybody or any organisation, because I definitely commend the police. I commend the corrections, and I also commend the National Drug Control (or NDC, as a lot of us know it). But I note, Mr. Chairman, that these three combined budgets have more than the Community, Culture and Sports budget. Those three budgets combined are more than the whole of the Community, Culture and Sports budget.

So, having said that and made that . . . National Security, police, corrections and National Drug Control. Yes. So I would like to strongly suggest and encourage the Minister of Finance not to cut the funds from the front end, or we will find ourselves needing, as we see in this budget, more monies at the back end. We have 7.3 per cent of the total budget on the front end, and 12.5 per cent of the total budget on the back end. Something has got to be done, Mr. Speaker . . . Mr. Chairman.

If I keep calling you Mr. Speaker, then hit the gavel, please, Mr. Chairman.

[Inaudible interjection]

Mr. Michael A. Weeks: Yes. It looks comfortable there.

At this point, Mr. Chairman, despite the fact that their budgets have been cut by the OBA, I want to take time to thank the staff members, many of whom I know personally, in these various programmes. And on behalf of the PLP, I want to encourage them to continually try to provide the best service, in spite of having less and less resources.

Let us move on now, Mr. Chairman, to Head 52, Community and Cultural Affairs, page B-249. Mr. Chairman, can you tell me how much time I have got left?

The Chairman: There are 50 minutes remaining in the debate.

Mr. Michael A. Weeks: Okay. Head 52, Mr. Chairman, Community and Cultural Affairs, page B-249, with its three [line items]—5202, Cultural Affairs; 5203, Community Services; 5204, Community Education.

These programmes, Mr. Chairman, provide important cultural events and education throughout our community, for young and old. And at first glance, I would say that I was shocked—but then again, I should not have been—that the OBA again has seen

fit to cause undue harm by chopping a lot of these departments. But as we have witnessed previously, Mr. Chairman, Youth, Sport and Recreation, and Child and Family Services got the big chops.

So, overall, Mr. Chairman, I note a 10 per cent decrease, or \$330,000, in these departments. My first query pertains to [line item] 5202, [cost centre] 62020, Heritage Celebrations. I go there first, Mr. Chairman, because I think many know that my heart's desire is to have the Bermuda Day holiday addressed and make it more palatable, not only for the businesspeople of this country, but for everyday Mr. and Mrs. Bermuda. And I mention it now, Mr. Chairman, because I remember reading in the *Royal Gazette* a couple of weeks ago that an Honourable Junior Minister on the other side had accused me of politicising the changing of the Bermuda Day holiday.

Correct me if I am wrong, Mr. Chairman, but the Bermuda Day holiday was intended to be celebrated by all of us. So my intent to change it and have it changed for the betterment of not only those who participate, but we could use that [holiday] as some cultural tourism. The Bermuda Tourism Authority even could use that and get on board as an opportunity to get more business into our country. It has nothing to do with politics, Mr. Chairman. It is about creating jobs, opportunities and a better overall product when it comes to our celebrating of Bermuda Day. Mr. Chairman—

The Chairman: I would just remind you to move forward from that one, because it is still on the Order Paper. Okay?

Mr. Michael A. Weeks: Yes.

The Chairman: Yes.

Mr. Michael A. Weeks: Yes, Mr. Chairman. I am going.

[Cost centre] 62050, National Heroes Day. I see an increase of \$48,000, or a 480 per cent increase. That is excellent. I would like to make a note, Mr. Chairman, that I notice in the *RG* [*Royal Gazette*] over the last few weeks that they have got an application for the general public to make suggestions for names of individuals to be more National Heroes.

First, I want to thank my party, the former Government, the PLP, for recognising how important it is for us and future generations to know and acknowledge our national heroes. And while I am on this topic, Mr. Chairman, I would like to suggest, being this is the 50th anniversary of the BELCO riots, when we, or the Government, consider [our national heroes], that we acknowledge as heroes some of those people during the 1965 riots who became known as the BELCO Five. And because it is a budget debate, I will leave it there. And I would offer more information

to the Honourable Minister so that we could talk about it.

That BELCO Five, real quick, Mr. Speaker, was Brother Kenneth Paul, Brother Vivian Ming, Brother George Washington DeSilva, Brother Kervin Ratteray and Sister Dr. Barbara Ball. Only Dr. Barbara Ball served jail time. And some would say that that particular event changed the course of the way labour is looked at in Bermuda. So when we are looking at national heroes, we have to look at some people who laid their lives down at that time, because, remember, we were living in a segregated environment more so then, than now.

Dr. Ball, for one, she had the gumption to cross the line in that segregated environment to come and stand on the side of right. So, if we are looking for national heroes, I have got a few.

[Inaudible interjection]

Mr. Michael A. Weeks: Yes, yes. I will follow up.

[Inaudible interjection]

Mr. Michael A. Weeks: And Friday, Mr. Minister. I have until Friday.

Some Hon. Members: That would be no.

Mr. Michael A. Weeks: Now, for [line item] 5203, Community Services, [cost centre] 62130, Senior Citizens Projects, I see a decrease, Mr. Chairman, of \$33,000, or 22 per cent. Every time we look I feel sorry for my senior citizens. I see the health benefits cut, a lot of other resources cut, and now these projects that a lot of these senior citizens can go and have a reprieve for some of that stress [they have] is now being cut. We have got to ease up on our seniors.

[Line item] 5204, Community Education, [cost centre] 62150, a decrease of \$55,000, or 22 per cent. At a time when we always hear the call that our people who are unemployed need to retrain and retool, with this cut in the Community Education costs, I have to ask the Minister, who is going to be affected by this? Let us look to page B-249, still on page B-249, [cost centre] 62160. I see an increase in administration dollars. But when I look at performance measures on page B-254, it shows a decrease, Mr. Chairman.

I close to give others time to contribute, Mr. Chairman. Before I take my seat, I would like to thank the staff of Community and Cultural Affairs for all the stellar work that they have done and they continue to do. Thank you, Mr. Chairman.

The Chairman: Thank you, Mr. Weeks.

Just for the attention of Members, we have 42 minutes left in this debate.

I recognise . . . actually, I am going to recognise the . . . I will recognise the Shadow Minister of—

Mr. Walton Brown: Constituency 17.

The Chairman: —Immigration, Mr. Walton Brown. He is going to—

Mr. Walton Brown: Thank you, Mr. Chairman.

The Chairman: Thank you.

Mr. Walton Brown: I will be brief, Mr. Chairman.

Mr. Chairman, I would like to start with the mission statement for Head 52, Community and Cultural Affairs, *to educate the community and foster a greater sense of identity* . . . Do we have a sense of identity, Mr. Chairman? Do we have a sense within Government of what is Bermuda's identity? I do not know that we do. I would like to see something along those lines. I know that issues like culture tend not to get prominence in many governments. But your sense of culture and identity is what helps pull a country together. It is what helps to give people a collective vision of how we should either be interacting or where we should go, what we should be doing.

I fear that after some 400 years of existence we do not yet have a collective sense of identity. So I put that out as a challenge for the Ministry as something to work on, because we certainly need it. If we had a sense of identity, a collective sense of identity, we might not be arguing about who should be national heroes. By the way, I hope we are not going to pick our national heroes by way of popularity, by many people filling out a ballot or whatever. There is that silly American [TV] programme (what is it called?) where you vote on—

An Hon. Member: *American Idol*.

Mr. Walton Brown: Right. I have never watched it, but I know about the process. So the best singer is picked by how many votes they get rather than assessing the quality of it. I am hoping that we are going to do a qualitative assessment of what truly is a national hero, and that could help address our issue of identity as well, Mr. Chairman.

You know, most countries look at those people who fight against oppression to find a sense of liberation as heroes. But we have a highly contested representation of one of our cultural icons, from my view, right on the Cabinet grounds, with Sally Bassett. Some people see her as a villain. How on earth anyone could see her as a villain is beyond me.

[Inaudible interjection]

Mr. Walton Brown: I am sorry. Somebody wanted to ask what line item.

[Inaudible interjection]

Mr. Walton Brown: The Minister understands it. I would have thought the former Minister would understand. If we are talking about culture and identity it is obvious. We have a representation of someone who fought against oppression in this country who has for some reason divided this country. That speaks to a lack of a sense of identity. So we need to come to that part.

Progressive governments would give grants to those who produce culture to be able to create things. You cannot say what they are going to produce, but they are writers. There are dancers. They are people who paint. All kinds of artists. And we need to do more of that. And I know that we will be facing challenging times. But if we have a Ministry of Culture, then we should look at what the priorities should be in terms of stimulating a sense of culture and identity. So that is my remark on that aspect.

I have to say I am very appreciative of the work that the Ministry of Culture does, because I know they have a limited budget. But the work needs to go on. And I would just like to see a shifting of the funds toward a greater promotion of the arts.

About two weeks ago we had a very impressive display of individual initiative down in St. George's with the Queen of the Art Walk down in St. George's. I am not sure if the Ministry funded it or not. I will happily be informed if you did, but I know Amy Zanders should be congratulated because she organised that in an effort to stimulate a sense of culture and collectivity.

Mr. Speaker, I want to move on to another item in this budget. That relates to . . .

[Inaudible interjection]

Mr. Walton Brown: The Minister knows. It is the National Sports Centre.

[Inaudible interjection]

Mr. Walton Brown: Yes. Thank you. Whatever it is, it is the National Sports Centre. And you all know what I am talking about.

The National Sports Centre is becoming more and more impressive as an institution—impressive. We have the Aquatic Centre there, at some point, mired in a bit of controversy. We have some things going on that I do not fully understand. I do not fully understand why you had a Bermudian who managed it for many, many years, only to be replaced by someone from outside. I do not know why that is still going on. I do not understand why we had a consultant come in to assess what the new corporate structure should be for the administration of that institution and ends up getting the job.

Consultants are not involved in job creation for themselves; I have an issue with that. I do not

know all of the details, but I throw out questions because it does not strike me as being completely sensible.

Before I get to the Aquatic Centre in particular, Mr. Chairman, I just want to make a brief remark about a sporting organisation that receives a grant. I believe this year it is \$80,000, the Bermuda Amateur Swimming Association (BASA). The national coach is Benjamin Smith, who really is our most accomplished national coach. If you look at the number of medals that he has won for Bermuda, with the students under his leadership, it truly is impressive. But he is not very well known in the country for these accomplishments. So I think he needs to be recognised. He needs to be celebrated. And if we are looking at priorities, then maybe they can get a bit more money as well.

Mr. Chairman, the Aquatic Centre, as I said, was built at great expense [to the] public purse.

An Hon. Member: Extraordinary.

Mr. Walton Brown: And I see the former Minister wants to insert [the word] “extraordinary.” We can accept that.

Bermuda College, under my tenure as Chairman, actually considered allowing an organisation to build an Olympic-sized pool because we were concerned that the pool at the Aquatic Centre was not to FINA [Fédération Internationale De Natation] standards. We had very long discussions about that. And then we brought in the Board of Trustees from the National Sports Centre, and they persuaded us that that pool would, in fact, be built to FINA standards, so much so, Mr. Chairman, that the times that the swimmers score in that pool can be used for international competitions.

I know the Honourable Minister, maybe a week or so ago . . . and the Minister can correct me if I am mistaken, but I am sure I heard the Minister say that the pool does not meet FINA standards. It would be a travesty if that was, in fact, the case, because we would have spent millions of dollars and we would continue to spend thousands of dollars a month on electricity costs to heat the pool, and yet it does not even meet international standards.

Mr. Speaker . . . Mr. Chairman (I am trying to elevate you), I was convinced back in 2011 that the pool was being built to FINA standards because I trusted the information given to me by the board. I also know that our swimmers have now qualified to participate in the Commonwealth Games and in the Youth Olympics scheduled for China based on times that were scored (or whatever you call it; what is the terminology, *scored?*), times that were recorded at the pool. So that clearly has met FINA standards. So I would like to give the Minister an opportunity to either retract that statement or to amend it, because it seems very clear that that pool was built under a great level of scrutiny, great expense—

An Hon. Member: Extraordinary.

Mr. Walton Brown: —and also to FINA standards, Mr. Chairman. Because otherwise . . .

[Inaudible interjections]

Mr. Walton Brown: Mr. Chairman, I am trying not to hog up too much time. But let me just respond to the former Minister's comments.

The former Minister has just said that that pool cannot be used for FINA events.

[Inaudible interjection]

Mr. Walton Brown: Fifty metre.

[Inaudible interjection]

Mr. Walton Brown: Right. So there is a world of difference between being able to compete in the 50-metre event and being able to compete in a whole slew of FINA events, including diving. So, I think we need to just appreciate that, Mr. Chairman. It is FINA certified. The times that are recorded there can be used for FINA events. So I am looking for the Minister to provide a level of clarification and, if she feels necessary, a retraction. Thank you, Mr. Chairman.

The Speaker: Thank you, Shadow Minister Brown.

Would any other Members like to speak?

I have caught the eye of the former Minister, Minister Scott. You have the floor.

Hon. R. Wayne Scott: Thank you, Mr. Chairman. And I would be remiss if I did not get up and speak for a bit. And I will be brief because I certainly want the Minister to be able to answer some of these questions. And I do appreciate my former Shadow mentioning me earlier on. Certainly, we did have a good working relationship.

But when I was listening to the Reply to the Budget Brief, it was almost like *déjà vu*, because the language—you know, *callous*, *uncaring* and, you know, *slash-and-burn*—if you will, was just very consistent. And I was actually going back and looking for my last year's notes, because it was just the same thing. And I think that—

[Inaudible interjection]

Hon. R. Wayne Scott: And the Shadow Minister is saying, *Things haven't changed*. And he is absolutely correct, because last year one of the things that we explained, and I have pointed out even during my budget brief, is spending more dollars does not have a direct correlation to better quality service. And one of the things that we were actually working to do within

the Ministry of Community, Culture and Sport is to do things more efficiently.

I go to page C-37, because, as the Shadow Minister pointed out, Community, Culture and Sport has 7.3 per cent of our overall budget. And, you know, we talk about that we have to do more things for our people. And as the Shadow Minister would know, I fully support that concept. But when we are looking at those percentages, on page C-37, Interest and Sinking Fund is 14.8 per cent. So, we actually start to see why we have found it necessary to really work to be more efficient.

One of the things that I know the Minister has worked hard to do, because I have some inside knowledge, is to find that delicate balance of how to still provide a quality level of service while doing it more efficiently, because it is extraordinarily important to provide services to our citizens. But I am going to go to Head 52, Mr. Chairman.

And, Mr. Chairman, how much time do we have left?

The Chairman: You have got 29 minutes.

Hon. R. Wayne Scott: Okay. So I will try to be about five minutes, thereabouts.

When you look at Community and Cultural Affairs, the words that were used were like *slash and burn* and, you know, *How could we do this to our community events*, with a decrease in the overall bottom line is about 10 per cent, or \$330,000. But when you look at the administration and overhead costs, that is almost \$250,000. So you see that the vast majority of that has been in overhead. And when you look at the line item that was mentioned with Heritage Celebration, which was reduced by \$95,000, actually if you look against the revised numbers which will represent the efficiency of doing these programmes last year, it has actually increased by about \$40,000.

So, in actuality, when you look at this and you take a step back and you look at it for what we are actually putting towards these programmes, there is not a significant decrease at all. As a matter of fact, in some of these programmes, which are extraordinarily important, as the Shadow Minister spoke about, there are actually increased numbers based on revised or actual spend.

So, I commend the Minister in ensuring that we can still have these quality programmes while also being responsible with the public purse.

Another thing that is very dear to my heart, as we go to Head 23, is Child and Family Services. We do have to ensure that we take care of our families, because we sort it out now, or we sort it out later. And yes, the overall budget for this head has decreased by approximately \$2 million. But when you look at a lot of the overhead costs that have been reduced, when you look at the hiring freezes and the unfunded positions that have been taken out of the budget, which were

budgeted for but unfilled, those have actually been removed from the budget. So again, when you really start to look at the programmes that we are doing you can see that we are still providing the service that is so necessary to our residents.

There is a significant adjustment, if you will, to the line item for psycho-education. And that is something that, as I explained last year when this was my Ministry, there has been a concerted effort to do more effective psycho-education work here in Bermuda instead of sending children off-Island. Of course, it still necessitates that that happens in certain cases. But we are doing more right here with our own trained professional Bermudians who are able to provide those services.

So, again I commend the Minister for ensuring that we are still able to provide an excellent level of service, but doing it [in a way] which is more efficient.

And if I may just take two minutes and explain the pool, because this has come up multiple times. And I know where the Minister was going with this with regard to FINA. There is a FINA certification, and then there is the ability to do FINA-certified events. We spent an extraordinary amount on the pool, which is a beautiful facility. Well, let us just say that if we had the opportunity to do it all over again we would still have a very beautiful facility that I think would give us the ability to even do more, and would have cost a fraction of that amount.

So, yes, you can actually . . . The pool is FINA certified. You can actually do FINA-certified time. And what the Minister said, if I remember correctly, is that you cannot . . . when she said you could not do FINA events, you could not hold an Olympic-type event here in Bermuda. And that is absolutely correct because those events and world championship events and such require a 50-metre pool. We can actually . . . So we have a FINA-certified facility that we can do—

[Inaudible interjection]

Hon. R. Wayne Scott: It is FINA certified.

However, you can do FINA 25-metre events, because certified events require you to have a warm-up pool and a cool-down pool. And what we actually have is a 50-metre pool that also has a dive platform, which means that most 50-metre pools will have 5 or 6 feet in depth, but what we have is a 50-metre pool that is 16 feet deep with a dive platform. If you just think about the type of electricity, the type of infrastructure that is required to—

Mr. Walton Brown: Point of clarification.

The Chairman: We have a clarification. Shadow Minister Brown?

POINT OF CLARIFICATION

Mr. Walton Brown: Well, just in the interest of time, I do not need to be schooled on those details. I understand that. My point is that the pool is FINA certified. That is my only point.

Hon. R. Wayne Scott: Yes. Let me—

The Chairman: Thank you.

Former Minister, will you continue?

Hon. R. Wayne Scott: Point taken. So let me just put it this way: We have the ability, if you wanted to, to send an individual up there to clock a time on their own, to try to meet a qualification, but we do not have the ability to do an official 50-metre event. Therefore, with the extraordinary cost for a 50-metre pool we do not have the ability to have 50-metre events. So again, I believe that is what the Minister was talking about with regard to . . . And I go back to spending more money does not directly equate to having better service. And that is a perfect example.

So I think that if you look overall at what the Minister has done, she has done a very good job ensuring that we still can provide the services that we need in a Ministry that is primarily responsible for the social fabric of this country, but doing it in a fiscally responsible manner. And for that, I think the Minister and the Permanent Secretary and staff of the department should be commended. And with that, Mr. Chairman, I will end my brief remarks. Thank you.

The Chairman: Thank you, former Minister Scott.

Are there any other Members? And I recognise the Shadow Minister for Education, Ms. Lovitta Foggo, from constituency [3].

Ms. Lovitta F. Foggo: Thank you, Mr. Chairman. I think it is imperative that I speak, rather briefly, on this particular ministry, because of the directed influence that it has with education.

So, having said that, let me just look at the Head 20, which is Youth, Sport and Recreation, and say, in terms of the overall cuts which I see, such as in Sport Development, such as in the Sports Facilities, in Youth Development, I do have to query whether or not it is recognised what the impact may be. And I have to wonder whether or not something was done, some sort of feasibility study, in terms of assessing what type of impact this may have on youth development, with specific respect to sports.

We all know that sports is another vehicle with which children are able to recognise and realise those aims and goals. And so, I think that we should be cautious when we decide to look at such programmes, particularly during this economic time, and cut in the very areas which may help individuals to be able to move on and realise some of the aims and goals that they do have. And I think that no one is saying, Mr. Chairman, that more money equates to better produc-

tivity in whichever way that productivity is being measured. What we are looking at is making certain that, with this revised budget, that the overall impact is indeed not negative.

I do not think anybody who sits in this Honourable House would want that to happen. That is regardless of whichever side we sit on. I think we all sit here with the same desire. And that is to provide a quality product for our people in whichever area that is. And so I felt duty-bound to just quickly point that out.

Mr. Chairman, I sat on the Child and Family Services Board and learned very much first-hand information about how our families are affected in this community, whether that be through whatever social ills are out there, poverty and the like. And I can say that the two do seem to go hand in hand. So I do have some concerns when I see, when you are looking at [line] item 2302 and [line] item 2303 and all of the divisions that come under both of those areas, when you are looking at almost a \$2 million cut. And I know first-hand that we were always looking for more families to help us with ensuring that our young people who, for whatever reason, were not able to, I guess, reside with their parents, to provide the necessary and requisite care to ensure, I guess, a well-rounded young individual and to ensure that they had all of their basic needs met.

Certainly, we were always hard-pressed to find families and financing to put in place so that we did have sufficient families, because there are a vast number of young people, unfortunately, who rely on those services. We live in a society where families are plagued by drugs. We have a high incidence of illness, families with terminal illnesses, and the children of such families often find themselves being under the care of Child and Family Services. And I think, as a community, we are duty-bound to make certain that we have sufficient funding in place.

We cannot cut our young people short. And in reality, I know that there is no desire, again, to in any way impact negatively in these areas. But living in this society within which we live, we know from a dollar-and-cents point of view what this does cost, what the costs are. And we know that it is very difficult with limited finances to be able to provide the necessary services.

Again, the question that I do ask is, What measures are being implemented so that, regardless of the reduced budgets that we are looking at, our children will not be impacted negatively? It is imperative that, at the family level, we get it right. And so, I would hope that when the Minister does respond, she is able to highlight for me (I do not know if I missed anything) some measures that are going to be implemented to ensure that our young ones are not being affected, both when you look at the sports programmes and when you look at Child and Family Services.

I just want to iterate what my Honourable Member from constituency 17 did highlight for us all here in terms of community and culture. As a people, we need to know who we are, where we come from and the like. And we are much better served as people when we have our history, I guess, well steeped within us. And so, all measures that are undertaken under that community that is going to help advance that for us as a people are welcomed. Thank you.

The Chairman: Thank you, Shadow Minister of Education, Ms. Foggo, from constituency 3.

Would any other Members wish to speak before I recognise the Minister?

Minister, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Chairman.

Mr. Chairman, let me first of all thank Honourable Members for their contribution to the debate. Notwithstanding that there were some attitudes and approaches with which I just do not agree, and I am going to say that from the perspective that I do not believe anybody in this Honourable House can, hand on heart, say that we in the OBA do not care. Because I think that that message is the wrong message. Because it is not true. And let me just say that, because programmes have been cut is not indicative of a lack of caring.

It is a lack of money, yes. And what it does is highlight the consequences of the reckless spending that has become the hallmark that we . . . and we have now had to face a deficit where we are trying to do more, to make sure that we are able to provide services to our community with, under very, very straitened circumstances. And I think that rather than sit across the aisle and criticise, Honourable Members should be trying to figure out how we can work together to ensure that we do get the best for our people. And I really take very strong exception to that insinuation that this side does not care. When you spend like drunken sailors there is no money left, then this is what we are faced with.

But let me just answer some questions. Firstly, I will start at the end with the cultural issue, because you know, the Honourable Member from [constituency] 17 asked about who we are as a people. You know, one of the things that occurred in the 2012 Throne Speech, and is now being carried out, was the commitment to have a National Cultural Policy. That policy is being implemented and developed as we speak. There was initially a draft that was done in-house by members of the Cultural Department. And they had exhausted their thoughts and ideas, and pulled together the framework for a draft. Subsequent to that, they went out as recently as last week Thursday and held public meetings to start the external . . . Well, apart from them doing their own bits within the

division, they then had an inter-ministry communication and input and think tank.

They then went out last Thursday and started the external process, with almost 30 people in attendance, in tranches, you know, in tables where they were able to interact and put together their thoughts and processes. That was Thursday. On this past Tuesday the second of those events happened. And the next thing that that department will do is to effectively follow up with a town hall-type meeting so that we can get the best of the best minds, thoughts and ideas in developing that type of cultural framework within which we can start to put to bed some of the challenges and concerns as to who we are as a people.

You know, some of us know very well who we are, and some still have a little way to go. So, I believe this framework will be able to create that situation.

Let me say also that, with respect to the Art Walk that the Honourable Member inquired about, yes, the Ministry did in fact support this. It was part of the cultural legacy fund, and the person who was responsible for that actually received a grant of \$10,000 in order to be able to do that. So the Ministry is quite adept at ensuring that things cultural are being looked at, notwithstanding that historically they seemed to get . . . You know, it seems to be the tail end of the funding. But you know, I for one take the entire ministry very seriously in terms of what we can do.

I wanted to also clarify the comment that I made, but I believe the Honourable former Minister of this department made it very clear, and I hope it is clear, that it was certainly not my intent to say that people could not get into our 50-metre pool and qualify with 50-metre time. What we are saying is that if we are going to host a FINA-sanctioned international event without a warm-up pool and without a cool-down pool, we could not do it. And I did make mention, if you go back and look at the Hansard, which effectively said that we could not host an Olympic-type event, not saying that we ever would be able to.

So, I said that and hoped that it would be taken in context. So I certainly did not mean to mislead. But if my comment fell short, then I do apologise for that. But I think that the explanation has been made relatively clear.

Let me speak also to some of the comments, some of the questions that were asked with respect to . . . (And I am going to jump all over the place because, you know, I have limited time and it is going to be a little bit difficult to be as methodical as I would like.)

There was a question about, you know, are the needs with respect to the Happy Valley programme lessening, and how do we justify cutting food and clothing services? And the response to that is that there are times when parents will have to pitch in and assist with the care of their children. The Government historically has been able to provide more services,

and they would like to [continue]. Nobody wants to cut services. But when you do not have the money, we have to start really tightening our belts and look for efficiencies. So that is one way that things are going to be done. Are the needs lessening? No, they are not. But when you implement better strategies . . . I think the Honourable Member indicated that spending more money does not necessarily equate to better outcomes.

Let me also say that we have seen across the ministry the unfilled positions which were [previously] budgeted have now been frozen. So that money has been cut out of the budget. So, notwithstanding that the cuts look to be reasonably draconian, they are not necessarily indicative of anything that is causing our children to have less care and programmes than existed before, because the positions were not filled anyway. They were paid for in the budget. They were provided for. You know, there was budget money assigned to it, but the positions were not filled. Now we have taken the positions out; and hence you are seeing the negative impact.

Observatory Cottage. Observatory Cottage is still on the books. It has been closed for the last 10 years. But it was the programme that was deemed to be the Observatory Cottage Programme. And that is why we still have money in the budget relating to it. The services of Observatory Cottage are still being provided. There was a fire that actually destroyed the building, but the programme is being delivered from a different location on Aeolia Drive over in that same general . . .

[Inaudible interjection]

Hon. Patricia J. Gordon-Pamplin: But the programme is still the same programme. The Observatory programme is what it has been identified as. So we have not cut the programme, and the programme still exists. It is just being operated out of a different address.

Who will be monitoring and spending the funds on the psycho-education? (Because you asked about the staff reduction there.) The Director of Child and Family Services is solely responsible. He is the accounting officer responsible for everything that happens and all the money that is spent within that department. I have no doubt that he will do it extremely judiciously.

With respect to the psycho-education programme, yes, we did have some cuts. But what we are looking at is we are building and forging a new relationship where the benefit of that relationship—and I can discuss it with you a lot more in-depth offline, because I do not have the time. But the benefit of that will allow our children who have those special needs of psycho-education to be able to have the benefit of the services without us expending the

amount of money that we have had to expend historically.

We have a similar situation when it came to the Mirrors Programme. The Mirrors Programme, yes, we have cut staff. But I do not want for Members opposite to think for one second that all we did over here is a slash-and-burn exercise. What we did was to ensure that each of the departments examined very carefully what it was that they provided. And if they said to us, *We cannot provide this with any less than what we have*, then, clearly, we would have to do a re-evaluation. But what has happened is that they have convinced us that, with the cuts that they have to work under, that they are able to work within those confines. One of the specific things being the Mirrors Programme.

Mirrors will now be relying on more volunteerism and more graduates to assist in that process. So, to say that there has money been cut, yes, there has been. But the impact of the Mirrors Programme has been so profound within the community that the people who have benefited from Mirrors are now in a position, as alumni of the programme, to be able to give back. And some of those services that they are providing on a voluntary basis have eased up the cost of providing that Mirrors Programme on an ongoing basis.

These are the things that we have to look to. You know, in Youth and Sport, we know that . . . (I am trying to rush through) we know the benefit of sport. Certainly, I as a former athlete (I say “former”; I still try and work at it, however, but as an athlete) certainly recognise the importance and what sport does in our community. So do not for one second think that we are going to cut out a programme and see our children left wanting.

The Honourable Member asked a question concerning the sports clubs and what is going to take cuts. The ministry does not support the clubs, per se. The ministry is assisting in helping to put together some of the programmes. But again, you can get the results without spending all the extra money. What you need is a proper liaison with the clubs, with the executives, with the programme directors to know that the money that is available to be spent is going to be well spent. So it is not necessary that we have to put a whole lot of extra money in it.

So, you know, if I get no message across to-night other than to say that I do not like this negative connotation that continuously, persistently and incessantly comes from the other side that we do not care . . . because, if you stop to consider the limited funds that we have and all that we are going to be able to provide, the only way we can provide these services to our people is to be able to be entrepreneurial with the process. We have to figure out, how can we deliver this for the best possible price? And we can cut some of the fat out, if I can call it that, by taking out from the budget unfilled positions that have previously

been funded. Yes, you are going to see a down-tick as a result of it, because that was part of the arrangement coming from the Finance Ministry.

The Finance Minister has been more than accommodating in terms of how we are able to pull together the money that we have in order to be able to make it stretch. And you can be assured, Honourable Members, of the commitment that we have on this side to absolutely ensure that our programmes are not left wanting for lack of money, that we are going to ensure that we have the best possible utilisation of the funds that we do have to provide the services that our people need.

There were some comments with respect to parish councils. I certainly take the comment on parish councils, because there are some very active and effective parish councils, and we can utilise some of those facilities. When it comes to the after-school care programme, no, Honourable Shadow Minister for Education, our children are not going to be left wanting. As a parent, the first thing you do is to make sure that not only your children are okay . . . It is okay to say, *I'm okay, Jack. Pull up the ladder*. But what we do on this side is to make sure everybody's child is okay. And if a programme or a situation is not good enough for my child, I do not want it for your child. And that is the manner . . . that is the way we adopt our approach towards our financing, recognising that we work with limited [resources] and work under serious constraints. But we are left with the money that we are left with.

I think I have probably, unless . . . the change to Bermuda Day. Obviously, the Honourable Chairman has indicated that that matter is still on the Order Paper, so that is something that will be discussed.

National Heroes Day, there is a naming committee, so it is not going to be a popularity contest in terms of, *How many votes did you get? And therefore, are you the National Hero?* That is not the way it is going to be working. There is a naming committee. The naming committee has been selected. It is a cross section of the community. However, we have chosen not to make that naming committee membership public at this point because I believe that there is a possibility that, with those names being made public, we do not want any undue pressure to be put on them.

The Chairman: Minister, there is a minute left to the debate.

Hon. Patricia J. Gordon-Pamplin: One minute? Okay.

The Chairman: One minute.

Hon. Patricia J. Gordon-Pamplin: We do not want them . . . They will be named later, but we do not want anybody putting any undue pressure to think that

somebody has got to be able to tell them who they think ought to be it. Get the nomination forms in. They are due by the 13th, this week, which is Friday.

I believe that is about as much time as I have. I am certainly more than willing to continue the dialogue with Members opposite. If there is anything that I can provide, if you would like to ask it in an official capacity by way of Parliamentary Questions, I am happy to receive them and to respond to them. I do not for one second want Members opposite to start thinking that we do not care. Because I will not accept that. That is not good enough. And, the Honourable Member who just piped up, who very rarely has anything of value to say, will comment—

Some Hon. Members: Boo! Ooh! Ooh!

Hon. Patricia J. Gordon-Pamplin: —will constantly make those comments; will constantly make those comments. And those are the ones that I am not accepting.

[Gavel]

The Chairman: Minister, would you like to move your heads?

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Chairman.

Mr. Chairman, I would like to move Heads 71, 20, 23 and Head 52.

I need your guidance, Mr. Chairman.

The Chairman: Go ahead, Minister.

Hon. Patricia J. Gordon-Pamplin: Because we are not going to debate Heads 18 and 19, which are Libraries and Archives. And I am not sure whether I move them at this point or whether I wait until after I do 55 and 56, because they are all in the same kind of section.

The Chairman: Just move them all now.

Hon. Patricia J. Gordon-Pamplin: Okay. All right.

Then I would like to move all of the heads that I mentioned, 71, 20, 23 and 52, as well as 18 and 19, Libraries and Archives. Thank you.

The Chairman: Thank you, Minister.

[Gavel]

[Motion carried: *The Ministry of Community, Cultural Development & Sport, Heads 71, 20, 23, 52, 18 and 19 were approved and stand part of the Estimates of Revenue and Expenditure 2015/16.*]

The Chairman: That concludes the debate for today. Minister of Finance?

Hon. E. T. (Bob) Richards: Mr. Chairman, I move that we now rise and report progress until the next meeting, which will be on Friday.

The Chairman: Friday the 13th?

Hon. E. T. (Bob) Richards: Yes, Friday the 13th.

The Chairman: Yes. Thank you.

It has been moved that we will rise now and report progress and re-sit again on Friday, the 13th of this week.

[Motion carried: The Committee of Supply rose, reported progress and sought leave to sit again.]

House resumed at 8:52 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Speaker: All right, Members. We have completed in the Committee of Supply today, Heads 95, 39, 46, 67, 89, 71, 20, 23 and 52.

So we will now move on to the rest of the Orders of the Day. I am told that Order No. 2 is carried over. And the next matter is Order No. 3, which is the consideration of the Government Fees Amendment (No. 2) Regulations 2015, in the name of the Minister of Finance.

Hon. R. Wayne Scott: Mr. Speaker?

The Speaker: Yes, Honourable Member.

Hon. R. Wayne Scott: We have actually agreed to do Order No. 8, the Education Amendment Act, first.

The Speaker: Who has agreed?

Hon. R. Wayne Scott: That Minister has requested, and we have complied. You should have been notified of that.

The Speaker: So you have worked it out? All right.

If there are no objections to that . . . are there any objections to that, to our changing the order so that we do the Education Amendment Act first?

No objections. So then, we will do first Order No. 8, which is the Second Reading of the Education Amendment Act 2015, and that is in the name of the Minister of Education, the Honourable Member from

constituency 27, Warwick North Central. The Honourable Wayne Scott, you have the floor.

BILL

SECOND READING

EDUCATION AMENDMENT ACT 2015

Hon. R. Wayne Scott: Thank you, Mr. Speaker.

And I move that the Bill entitled the Education Amendment Act 2015 now be read the second time and committed.

The Speaker: All right. Thank you.

Are there any objections to that?

Then please carry on, Minister.

Hon. R. Wayne Scott: Thank you, Mr. Speaker, and I apologise. I am losing my voice a little bit here.

Mr. Speaker and Honourable Members of this House, improvement and transformation of the public education system is the foundational and fundamental aim of the Ministry of Education. It is our firm belief that parental involvement in the education of our children and augmented by support efforts of the community is essential to meet this aim. Therefore, I am pleased today to present this Bill entitled the Education Amendment Act 2015 into the legislature.

We know from conventional wisdom, experience and research that parental involvement is a key success factor for educational attainment and quality outcomes for children and young adults. Effective and improving education systems around the world take a comprehensive approach to parental and community involvement. In these jurisdictions, parental involvement is facilitated and promoted through multiple pathways for parental involvement. The proposed amendments are indeed a comprehensive approach, as they provide a legislative framework for parental involvement across Bermuda's public education system.

The proposals clearly lay out roles and opportunities for parents, schools and the Ministry and Department of Education in the governance, administration and, most importantly, the improvement of student achievement, the improvement of schools, and the improvement of the public education system. They were designed to meet the needs of students and parents and reflect what is required for the Ministry and Department of Education to effectively meet the aforementioned aims and objectives.

The proposals also address the issues raised by parents and the 2012 ruling of the Honourable Chief Justice. Mr. Speaker, to give a brief history, in 2012, the Chief Justice of the Supreme Court of Bermuda, the Honourable Mr. Justice Ian Kawaley, squashed a decision made by the Department of Education to transfer principals between schools, citing

the need to consult PTAs prior to final decisions being made on the matters at hand. The Supreme Court decision has had wide-ranging implications for students, parents, principals, teachers, and the Ministry and Department of Education.

The key issues raised by the ruling were significantly broader than consultation on the transfer of principals. They spoke to the failure of the Ministry and Department of Education to adequately resolve and address the issue of parental involvement for Bermuda's public education system. This failure does not mean that good intentions did not exist or that attempts had not been made, but that those attempts were inconsistent and un-sustained over time. Educators and school staff work on a daily basis to engage parents in their children's educations, but the public education system must do more.

We must provide more in-depth, diverse and systematic opportunities for parents to be adequately involved in their children's education. These amendments seek to further recognise the inherent rights of parents as stakeholders to be involved in their children's education and in the improvement of the public education system. This is the intent and effect of the Education Amendment Act 2015.

It is more than a simple set of amendments, but it is a legislative framework for parental and community involvement. It is a response to the questions and issues raised by the 2012 Supreme Court decision, but also those raised by countless parents, community members and educators. It recognises parents' inherent right to be involved in their children's education, and it recognises the importance and value of community and educators to the improvement of schools. The legislative framework for parental and community involvement should also be recognised as an ongoing process that will improve and evolve over time.

Mr. Speaker, I would now like to further explain how these proposals came to be in their current form. In the fall of 2013, the former Minister and Senator, Nalton Brangman, JP, launched an important parent and community consultation exercise, which presented options for change and sought the input of parents and the community in the way forward. That particular consultation exercise was significant. It looked to address the issues at hand, but as it also served as a learning opportunity for the Ministry and Department of Education on how to better consult and communicate with parents, it was also an evolving process with the Ministry responding to issues and concerns and adapting those within the consultation process.

Parent input was considered and agreed upon, which fundamentally altered the consultation process. The Ministry was responsive and agreed to return to parents and the community prior to a final decision being made. It should be said that there was no parent or community consensus on the best option for

change, but a common thread amongst those who provided feedback was that parents should be treated as partners and stakeholders in the education of their children and in the improvement of the public education system.

The input of parents and community members was duly considered and used to develop amended proposals. In order to fulfil the commitment made to return to parents and the public before a final decision had been made on changes to the Education Act 1996, the previous Minister, the Honourable Dr. Grant Gibbons, JP, MP, launched a consultation and revised proposal and met directly with PTAs. Minister Gibbons listened to the interests and aspirations of those parents, who expressed significant un-readiness about the proposals at hand, and again to be responsive, committed to further outreach and engagement.

This process began during the summer of 2014 and continued into the 2014/15 school year. The additional effort to reach out to representative stakeholders added richer layers to the previous consultation processes and provided valuable feedback which led to a deeper understanding of parental concerns, views, interests and wishes. Once crystallised, that feedback was embedded within the proposed legislative framework.

Mr. Speaker, it must be said that boards of governors for maintained schools was a common theme during these consultations. A number of recommendations were made by parents and community members and the BPTSA (Bermuda Parent Teacher Student Association), including the appointment of boards, as per the Education Act 1996; the appointment of boards within a mandated constitution and a mandated function; the appointment of optional boards; the establishment of optional school councils; and that PTAs should be treated as boards.

It should also be said that the consultation and outreach also revealed a number of common and historical themes such as the lack of internal and external high-quality and timely communication by the Ministry and department; a lack of opportunity for parental involvement in decision-making via engagement and collaboration; a lack of transparency—examples stated rationales for key decisions that affected children's education; a lack of pervasive parent understanding of educational programmes and initiatives, at individual schools and systematically; a lack of accountability for poor-performing staff; and general lack of trust based on parent and staff experiences as per the previous points.

The submissions and feedbacks reflected concerns, views, interests and wishes of parents and community members and were a significant contribution to these proposals. The recommendations around boards of governors and school councils for maintained schools and the wishes and emergent themes from the consultation and outreach were carefully considered.

Mr. Speaker, as part of the policy development process, the Ministry and department examined which functions related to the governance, administration and improvement of the public education system should be carried out by the Ministry and Department of Education and maintained schools. We also looked at which functions should be carried out by parents of children attending those schools. The processes required the consideration of all consultation submissions, as well as information gleaned during further outreach with parents, community members and educators.

I should also add that the lens through which this question was considered was student achievement, student improvement and system improvement. We have and continue to prioritise achievement and improvement as part of our fundamental aims, goals and objectives. And as I already stated, parental involvement makes a significant difference in these areas.

As the Minister of Education, I have opted to use public policy as a foundation to address the historical and systematic issues regarding the lack of meaningful opportunities for parental involvement. However, I am keenly aware that, in addition to changes in legislation and policy, broader shifts in attitude, philosophy, approach and practice are required. These proposals not only provide for parental involvement, but place an obligation on the Ministry and department to engage parents and the community.

Further, I have chosen the legislative route for two specific reasons: to ensure certainty in having a clear requirement of what the parental involvement framework looks like; and so that the proposals represent not only my wishes as the Minister of Education, but have the support and consent of the legislature. Therefore, I propose three pillars to make up the legislative framework for parental involvement:

- the introduction of parent councils to replace mandatory boards of governors for maintained schools. Parent councils will provide for representation and participation for parents at maintained school sites;
- representation and participation for all parents of the public school system through the establishment of a Parental Involvement Committee; and
- the development of a parent and community involvement strategy.

I would like to highlight a few additional points about each of these pillars.

Parent councils. Further details on parent councils will be provided through the introduction of rules in the next parliamentary term. However, it is proposed that parents at maintained primary and middle schools be involved and engaged in their children's education and the improvement of their children's schools. Parent councils are an opportunity for

parents to be involved in the school improvement process, the school's budget and to facilitate better two-way communication between the school and the Commissioner of Education.

Parental Involvement Committee. Consultation highlighted a passion and desire for parents to have better access on a pro-active basis to the Commissioner of Education as a means of parental involvement and to understand and influence what is happening in the schools and the larger public education system. Therefore, a Parental Involvement Committee is proposed to be made up of parents and members of the community. It will represent the needs and interests of parents regarding parental and community involvement for the purposes of students, schools and system improvement.

The Bill proposes that the Minister appoint its members. But an adaptation of the Human Rights Act 1981 would see those persons appointed following recommendations made to the Minister after an interview and selection process. This allows parents and members of the community who are eager to make a contribution to be considered on the merit of their interests and abilities.

Parent and community involvement strategy. Finally, it is proposed that a strategy for parental and community involvement be developed by the Commissioner of Education. This specific proposal provides for the development and communication of meaningful practices for involvement and engagement within schools, at home and throughout the entire public education system. It is intended that this strategy be developed following the inclusion, participation and consultation with parent councils, the Parental Involvement Committee, and interested parents and community members. It is also intended that this strategy include non-legislative changes in policy and practice that will assist parents, community members, educators and support staff for schools.

Mr. Speaker, these proposals are a leap forward for parental and community involvement for Bermuda's public education system. This legislative framework will elevate and deepen the meaningful work of parents, community members and educators to raise achievement for all of our students, improve schools and transform the public education system.

Before closing, I would like to thank parents, community members and educators for their contributions to these proposals. Significant time, effort and ideas were provided by our stakeholders for the development of this legislation, and the Ministry and Department of Education and schools are better because of it. And parents, our children and our education system will be its prime beneficiary. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Minister.

The Chair will now recognise the Opposition Whip and Shadow Minister of Education, from St. Da-

vid's, constituency 3. MP Lovitta Foggo, you have the floor.

Ms. Lovitta F. Foggo: Thank you, Mr. Speaker. I definitely am happy to contribute to this Education Amendment Act.

First, let me just recognise the Permanent Secretary and the Policy Analyst for Education, Mrs. Valerie Robinson-James, and Mrs. [Kimberley] McKeown. And I would also like to recognise principals who are sitting in the Gallery: Mrs. Richardson, Mr. O'Brien Osborne, and Ms. Swan. I am glad they are here to at least take part, even though indirectly in this debate.

First let me say this. I do not think anyone would argue against having the involvement of parents in their children's education. We certainly on this side believe that, if you will, ensuring a better education for our children is a problem or an issue which needs a systemic approach. And we believe that the involvement of parents is key. I can say that, while the Honourable Member who sits in constituency 22, I believe, the Minister Gibbons, was the Minister of Education, I did get to provide feedback in terms of how I envision councils working to the betterment of education. And I think I provided quite in-depth feedback, criticism, critique, many comments. Because I saw both the advantages and the disadvantages that may ensue.

Certainly, we will want to do things in a manner that will lead to an advantageous outcome. And so, in speaking on the issue of councils, it is crucial—we believe that it is definitely crucial in terms of how we have parents involved. Because we do value the input of parents. We do value the involvement of parents. However, if we are going to compare the involvement of a parent versus the educator, who has the prime responsibility of ensuring student success, we certainly would not want to marry two entities in such a way which might, one, either be adversarial, or two, counterproductive to whatever situations we are trying to bring about. And that, as the Minister highlighted, would be one improved result with our student bodies. And so, when looking at the setup of how these councils are to, I guess, govern, if you will, it did bring some questions to mind in terms of some of the issues that they may have some say over.

We believe that, ultimately, though they can try and give information, give ideas, even give advice, none of those issues should usurp the authority of the principal and/or the person, the teacher who has the responsibility of educating our children. Such input from the council should have the effect that it will help both the principal and the team enhance the quality of service that they provide.

So we have to question whether or not putting it in the hands of a council to make recommendations regarding school achievement, especially if those who sit on that council do not understand from an intrinsic point of view the daily operations of a school . . . They

do not understand the culture of the teaching environment. And though they may make recommendations which may seem, on their face, to be sound and seem to have an effect which will be beneficial, from a practical point of view, when implementing such ideas, for instance, or management in a classroom or school environment, the outcomes may prove to be quite different. And I dare say those who work intimately in this environment as practitioners on whatever level have a much better appreciation.

I think it is crucial that in passing on authority to a council the Minister makes certain that it is done in such a manner that does not create a situation where one entity feels, especially the council, it has control over the other. I do recognise that there is a disclaimer there that points out the fact that the parent council is not a government authority, I think . . . yes. So, you know, in doing that it sort of highlights for those who understand it the role of that particular entity. However, that may not prove to be clear when a council is operating if that council believes, when passing on recommendations, that advice and the like, those recommendations should be accepted. And you do not want a situation where, if you have a principal who has the authority over the school, who believes that such ideas that may be passed on are counterproductive, where you again have a situation that, down the road, they can become adversarial.

I know that is not the aim of the Ministry or the Minister. I know they are trying to make certain that they are implementing best practices. They have tried, in setting up this council, to make sure that it was aligned, for instance, with the Hopkins Report and wanted some of the best practices that they highlighted to be implemented within our public school system. But we know as people, sometimes such things do not pan out that way.

I am really concerned, Mr. Speaker, when I read the section which says that the council, if authority is given to it by the Minister, can make representation to the Commissioner of Education on the desired qualities and competencies of any principal who may be appointed to a school. I say this because I would wonder what authority those who make up a council would have. What expertise, what authority they would have to be able to make that type of judgment?

You know, I envision a situation where, let us say, you have someone who is going to be hired as the Attorney General for the country. And they have to sit before an interviewing committee, amongst people who, one is a teacher, let us say one is secretary, maybe another lawyer, and the like. But in general, a committee that, as a group, does not have the intimate understanding of the type of skills which are necessary for such a person to assume a particular post like that.

It definitely raises concern for me if we have a council not really appreciating, understanding the type of skills that are needed in order to be able to run a

school, making decisions based maybe more on, *I like that principal. I don't like that principal. That principal doesn't like my child*, and the like. And we do know with the court case that the Minister alluded to, somewhere in the mix of that particular situation you did have parents who were opposed to the movement of principals, deputy principals, and teachers because of [their own] preferences.

That is understandable, because I am a mother, Mr. Speaker. I had daughters in the government school system. And I am also a teacher. And I can tell you that there were teachers who had jurisdiction over my daughters, and some I liked and some I did not. Some I thought were better, some not so great. But in situations like that . . . and as a parent, I spoke up when I thought it was necessary. But in looking at all of that, that still did not give me the authority to dictate where that teacher should go or where that principal should go. I did have the authority to speak on my concerns. But I do not think the authority should rest in the hands of a council, who as a group may not have the necessary experience to make such judgments. I think we have to be very careful in the way in which we install councils.

So I guess, indirectly what I am saying is that we have to be very selective with the individuals we put on this board to ensure that they do come with at least the type of background that we are looking for. We know that they will get it right when we are talking about concern for the children, because they are there representing their children, if you will. So it is not so much that we are questioning it from that angle. We are questioning it from the angle where, if they do not have the requisite expertise to make informed decisions . . . and we always want our people to be making informed decisions, not decisions willy-nilly. And I do not say that to demean in any way the way in which this council will operate.

So, Mr. Speaker, let me also say this. When I was looking at this legislation and listening to the Minister, I did have a concern because, as I said, I do know under the former Minister that my counsel was sought, and I really appreciated that. And I appreciated being able to give my views on how I thought a council could work. And if you were to speak to the Policy Analyst and the Permanent Secretary, they would tell you that we had . . . I think I was there for at least an hour and a half or so. I do not know if others stayed that long, but I know that I did, because education is very near and dear to my heart. And we have to always be operating in a way to ensure that we go from strength to strength as far as our public school system is concerned.

But, Mr. Speaker, when I look at the council and I compare it with the role of the Parental Involvement Committee which is going to be set up to, I guess, address the views of parents in the community, and I have to wonder if in any way we are not . . . if it is almost redundant, if you will. And I do not know if

the Parental Involvement Committee will have any say on who actually ends up being on the councils at the respective schools. But I am looking at this and wondering, again, will we start having committees which will end up actually doing the jobs? And so you have all of this overlap or [duplication]. So I have to look at that.

What is being highlighted in this legislation in terms of what they are doing, I can say that it is parent-centred and that is good. I do not see, in this particular role of the Parental Involvement Committee, where it will have any direct interference with classroom management and the like. And again, when I look at the council specifically, because they are set up to be local . . . they will operate with each school. Taking on the first part of the name will be the school's name. So looking at that and looking at what some of their duties may become, I just have to ask the Minister to pause to make certain that very strict guidelines are put in place for the operation of the council so that the council, [doing] their job actually complement the job of the principal and the staff within each respective school.

Mr. Speaker, again, looking at this, I look at the overall role of the Board of Education and what the duties are under this board. Again, I see where there may be issues, where conflict could come about. And I raise this not to be adversarial. I am not preaching doom and gloom. I am raising this point because if we are going to do something that is going to enhance the involvement of parents—which I definitely am for, getting parents involved on every level, I would never say no to that—we need to make certain that we are doing it in such a way that will not create any negative issues.

I look at this, and I see that the basic role of the Board of Education is to appoint directors and principals, for instance. But yet, at the micro level, if you will, the councils have some say with a principal who will be appointed to govern a school. And if those two entities are at odds, I have to wonder what happens then? I would have thought that the Board of Education is the so-called supreme board for all of the schools in Bermuda. And if they say that a person has all of the requisite characteristics needed to be hired as a principal, then I have to wonder how a council can come along and perhaps make a recommendation that could prove contrary to what the board is saying. So I feel duty-bound to point that out when the responsibility does fall under the Board of Education.

Also, even though it says that the council can make recommendations to the principal within a school in terms of the budget for that school, again, that responsibility falls under the umbrella of the Board of Education. And if the Board of Education says that a budget which has been put together for a particular school or for all schools meets the mark, then if a council is looking at the school budget and for

some reason finds concern about it, again, I see conflict arising.

I urge the Minister to make certain that in establishing the councils it is done in a way that one body does not feel that they have (unless it is the parental body, such as the Board of Education) control over the other body, or have the authority to say no to the other body, especially if the parental body (being the Board of Education) in the hiring process has ascertained that those whom they have put in place to serve as principals meet all the necessary requirements.

So, Mr. Speaker, having looked at that it makes me think of this. In the intelligence-gathering that I did regarding the Education Amendment Act, and with direct respect to going out and speaking with some of the individuals I know who work within our local public schools, I was told, Minister, that there was no consultation with some of the schools. So when I heard the Minister say that he spoke with the various schools, I suppose it raised flags for me when the direct evidence that I gathered speaks contrary to that.

Now Minister, that does not mean that you spoke to no one. But I am just saying that a great [number] of schools say, no, that they in no way had had any sort of meetings with you regarding the implementation of councils.

If, indeed, that is the case, I would say that one would think, because we are talking about key stakeholders and key players in this arena, that you would go out and speak to everyone. And I would hate to think that to satisfy, I guess, in a more public way the community by putting something in place to appease, for instance, a certain group of people, would not have been the premise upon which indeed you chose to go ahead and move forward with the implementation of councils at our maintained schools.

Mr. Speaker, I would hope that what I am looking at here is based on comprehensive consultation with everyone. Because, again, Mr. Speaker, no one wants to in any way make parents think that they do not have a say in their child's education. Because they do. No one wants to disenfranchise the parent in the education process. Because I believe that ends up leading to negative outcomes.

We all want to ensure that we have parents involved in the education process for our students on every level, with their academics, with the social aspect and the like. But, Mr. Speaker, we want to make certain that in implementing councils, it is not deemed, nor does it in actuality become a situation where you are usurping the authority of the principal. Because we want to make certain that, as we go about ensuring the daily operations of the educational system and the specific schools, we want to make sure that those who have the expertise to educate our children can do so unencumbered.

Mr. Speaker, I would like to say this. In principle, we support parental involvement. I remember this commercial. It was about 20 years ago. It used to be featured on the TV all the time. And the commercial was of a mother with her child. And it said on the commercial, *Show me a parent who cares, and I will show you a child who learns*. I believe that, Mr. Speaker, because for all of the years that I . . . Well, for you, I did. For all of the years that I taught, every parent who came . . . They may not have had a child who was a rocket scientist, who was the "A achiever," but every parent who took a keen interest in their child's education, that child in the classroom was a child who, on whatever level, was able to perform. Because they knew behind them stood someone who was going to make certain that they would be successful in whatever way.

So, you know, if it was a C student, I saw that C student incrementally improve. If it was an A student, I saw that A student incrementally improve. And I never saw that particular child in a quandary regarding whether or not those who have governance over them cared. So I believe a parent who cares definitely has positive outcomes in terms of their child's education.

So, Mr. Speaker, with the councils, which I can see can be beneficial, I have to say only if . . . not the Minister *may*. I think the Minister has to be very strict in how these councils run so that the council knows that they cannot reach over above the teacher or the principal and try and interfere with the management of the school. That council needs to know that they are there as a complement to that school, to help the principal and her team reach the desired outcomes, which we all know, in this Honourable House, mean improved performance for all of the students within their respective schools.

So on that note, Mr. Speaker, I will take my seat.

The Speaker: All right. Thank you.

Would any other Honourable Member care to speak?

Then the Chair will recognise the Honourable Member from Pembroke Central, constituency 17, the Shadow Minister of Immigration and External Affairs. MP Walton Brown, you have the floor.

Mr. Walton Brown: Thank you, Mr. Speaker.

Mr. Speaker, this Bill, I understand the intent. I would classify it as something which is a noble objective, that in light of the ruling by Chief Justice Kowaly, there is a need to ensure that there is a formal framework for parental involvement. So I understand the rationale for it.

[Mrs. Suzann Roberts-Holshouser, Deputy Speaker, in the Chair]

Mr. Walton Brown: I understand what is meant to be accomplished, Madam Deputy Speaker. It is, however, unfortunate that we have had to come to this, because if you read the Bill, and I have read it (and I will need the copy of it) . . . if you read the Bill, Madam Deputy Speaker, what is outlined in the Bill is really what has, not fully, but to a large extent, to be the responsibility of PTAs to be involved in the schools, to be involved in the work that is undertaken, to assess issues that pertain to the delivery of education and how to improve it to ensure students can increase their performance.

In a sense, it is unfortunate that we are here today, because we are now going to have a legislative framework to accomplish what in the past, to a large extent, has been accomplished by a voluntary activity, normal conduct of parents who cared about the education of their children. So it is unfortunate. I understand the sentiment. I understand the rationale for it. But look where we are today, where we have to create another piece of legislation. And we are legislators, so obviously that is what we do. But not everything is best settled by legislation.

My Honourable Leader, the Honourable Member from constituency 26, the Honourable Leader of the Opposition, Marc Bean, asks, *Will it be effective?* Well, that is precisely the question. If you cannot get parents to be involved on a voluntary basis for the improvement of the conditions for their children, does the challenge change because we now have a legislative framework?

I do not think the council members are going to get paid \$20,000 a year as the BTA board members get paid. And if there is a financial incentive, and that provides the primary rationale for involvement, then we are in a crazy situation.

[Inaudible interjection]

Mr. Walton Brown: They are not getting paid.

So you cannot legislate sentiment. You cannot legislate commitment. So we are going to create this infrastructure and we may well end up with a similar situation. The issue to be solved is not one that can be solved by legislation. We have to find a way to create an environment, to the extent that the powers that be can, where there is greater parental involvement. But the real burden of responsibility lies with parents. And that really is not a primary focus that we should have. It should be natural for parents to want to be involved in the education of their children. It should be natural and obvious.

Like I said, I understand the sentiment. It is a noble objective. It is unfortunate that we are here today to do this. We are spending time and resources to consider this. I hope that it leads to a modicum of improvement. I am not convinced that it will lead to improvement. I think one of the critical factors in in-

creased student performance is always the teachers and principals.

I would rather have seen something coming before this House that talked more about principal autonomy, because we know from the research, we know from empirical reality, that good principals have better schools. We know from all available research that when you give principals more control over that which they manage they will do a better job. And those who cannot do it, then the Minister and the board and the commissioner will need to make tough decisions.

But that is where you are going to get real student improvement, by having principals with greater autonomy to run their schools, to have objective measures of performance that provide the basis for assessment and whatever changes are to be necessary. This legislation will create a number of councils which will have no power. They will have no power. Unless I am mistaken, they will have no power. They will have the ability to recommend, to assess and persuade—exactly what PTAs have done for decades.

And so, as my honourable colleague from constituency 3, the Shadow Minister for Education, said, we stand here. We will not oppose this piece of legislation. But I think we have to understand it for what it is—an unfortunate state intervention to accomplish what, in the normal course of events and with committed parents, we would have no legislation to ensure that parents get involved in helping to shape the schools that their students attend, their children attend in order to have better results.

Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

Are there any other Honourable Members who care to speak to this Bill?

There does not seem to be any other Member to speak. So we will revert back to the Honourable Minister. Minister from constituency 27, Warwick North Central, Minister Scott.

Hon. R. Wayne Scott: Thank you, Mr. Speaker.

And I think just to pick up where the previous Member left off, it is unfortunate sometimes that we have to come here to address issues that should be natural or should take place. But let me just point out the difference between a parent council and a Parental Involvement Committee. And in some cases, if a PTA wants to become the parental council, they can.

There is a fundamental difference, as the Shadow pointed out, between let us get advice, let us get input, let us get a support system for the school. But it is our principals who have the responsibility and remit to run their schools. And we need to ensure that that is the case. And of course, the Ministry has its responsibilities and such, and we need to ensure that where help is available and input is there, great.

But let us be clear of who runs the schools and where those decisions need to be made, because we have some extraordinarily talented principals who have been in the education system for years, and we need to utilise our resources.

With regard to this parental involvement committee, which is a system-wide group, if you will, as the Member who just took his seat mentioned, parents should be involved with their children's education. The Shadow Minister spoke of that commercial years ago. Show me a child whose parent is involved and who cares, and you basically see a successful child. And what we want to do is have the community, and especially once you have the strategy that is put forward for this, and one of their remits will be to come up with that strategy, is that the community should be involved with getting the community involved in the children.

Our educators have a very challenging and difficult time in a challenging environment, ensuring that our children are educated. And let us get the community involved with getting community and parental involvement for our children, which in an ideal world would be something that automatically happened. And it did in years gone by, and it still does happen to some extent—but, unfortunately, not across the board. And that is just indicative of the Bermuda that we live in today, and I would further say the world that we live in today. Because this is not a problem unique to Bermuda.

So, I appreciate the support coming from the other end. I am on the same page with you in what we are trying to accomplish here. So with that said,—

[Inaudible interjections]

Hon. R. Wayne Scott: Mr. Speaker, I move that the Bill be committed.

The Speaker: Thank you, Minister.

The Minister has moved that the Bill be committed.

Are there any objections to that?

There are none. The Chair will ask that the Deputy Speaker take the Chair [of Committee].

House in Committee at 9:48 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

EDUCATION AMENDMENT ACT 2015

The Chairman: Honourable Members, we are now in Committee of the whole House for further consideration of the Bill entitled [Education Amendment Act 2015](#). I call on the Minister in charge to proceed.

Minister, you have the floor.

Hon. R. Wayne Scott: Thank you, Madam Chairman.

And if I may, let me just outline real quickly for the benefit of the House how I am going to proceed here. This, of course, has seven clauses. There are two amendments, an amendment to clause 3 and an amendment to clause 7.

[Inaudible interjection]

Hon. R. Wayne Scott: Yes. I am going to move clauses 1 and 2. Then I will move the clause and continue on. And everyone should have a copy of the clauses.

Ms. Lovitta F. Foggo: Point of clarification, Minister.

The Chairman: The Chair recognises the Member from constituency 3.

POINT OF CLARIFICATION

Ms. Lovitta F. Foggo: Thank you, Madam Chairman.

When you made that statement, are you making an amendment to your amendments on the floor? Or are you just talking about the amendments that you are bringing to the House?

The Chairman: It would be the—

Hon. R. Wayne Scott: Yes. There are two amendments to these seven amendments, to clauses 3 and 7.

[Inaudible interjection]

Hon. R. Wayne Scott: Yes. So what I am going to do, Madam Chairman, is, I am going to move clauses 1 and 2.

The Chairman: That is fine.

Hon. R. Wayne Scott: And clause 1 is the name of the Act. Of course, this is self-explanatory. The Bill shall be cited as the Education Amendment Act 2015.

Clause 2 inserts a new definition in section 2(1) [of the principal Act], the Interpretation. And it inserts definitions for “parent council” and “parental involvement committee.”

The Chairman: Thank you.

Are there any Members who would like to speak to clauses 1 to 2?

Thank you. There are no Members who would like to speak to clauses 1 and 2.

Minister, you have the floor.

Hon. R. Wayne Scott: Yes, Madam Chairman, and I would like to amend clause 3.

The Chairman: Does everyone have the amendment—

Hon. R. Wayne Scott: Actually, I would like to move clauses 1 and 2.

The Chairman: Yes. It has been moved that clauses 1 and 2 be approved as printed.

Are there any objections to that motion?

No objections; agreed to.

[Gavel]

[Motion carried: Clauses 1 and 2 passed]

The Chairman: Minister, before you proceed, I want to make sure that everyone has in their possession . . . Thank you.

Minister, please proceed.

Hon. R. Wayne Scott: Yes, thank you.

I would like to move clause 3 as amended.

The Chairman: Please proceed.

AMENDMENT TO CLAUSE 3

Hon. R. Wayne Scott: Clause 3 amends section 18(1) of the principal act to provide for “board of governors” only with respect to maintained schools that provide senior school education. Additionally, sections 2(1) and 18, in the heading, 19(1), 20(1) and 21 of the principal Act are amended to clarify application to a “maintained” senior school only.

The Chairman: Thank you.

Are there any Members who would like to speak to the amendment to clause 3?

There are no Members who would like to speak to the amendments.

Minister?

Hon. R. Wayne Scott: Thank you.

I would like to move clause 3.

The Chairman: It is moved that clause 3 be approved as amended.

Are there any objections to that motion?

No objections; agreed to.

Minister, please proceed.

[Gavel]

[Motion carried: Clause 3 passed as amended]

Hon. R. Wayne Scott: Thank you, and I would like to move clauses 4, 5 and 6.

The Chairman: Please proceed.

Hon. R. Wayne Scott: Clause 4 inserts a new definition, a new division AA comprising sections 21A, 21B and 21C. These sections make provision for the establishment of Parent Councils for maintained schools that do not provide senior school or preschool educations (for example: primary, middle and special schools), and for the Minister to make rules and issue guidelines with respect to, amongst other things, the functions and constitutions of a parent council and the duties of the Commissioner of Education with respect to parent councils. They also indicate the purpose of a parent council.

Clause 5 inserts new sections following section 25H and 25I. Section 25H provides for the Commissioner of Education to develop a parental and community involvement strategy in order to improve the involvement of parents in the education of their children and to engage the community with schools.

Section 25I provides for the appointment of a Parental Involvement Committee and a selection and appointment committee to assist the Minister in appointing persons to the Parental Involvement Committee.

Clause 6 makes consequential amendments to Schedule 2 to clarify that the constitution of the board of governors applies to a maintained school which provides senior school education.

The Chairman: Thank you.

Are there any Members who would like to speak to clauses 4, 5 and 6?

There are no Members who would like to speak to clauses 4, 5 and 6.

Minister?

Hon. R. Wayne Scott: Thank you.

I would like to move clauses 4, 5 and 6.

The Chairman: It has been moved that clauses 4, 5 and 6 be approved as printed.

Are there any objections to that motion?

No objections; agreed to.

Minister, please proceed.

[Motion carried: Clauses 4 through 6 passed]

Hon. R. Wayne Scott: Thank you, Madam Chairman.

And I would like to move clause 7 as amended.

The Chairman: Thank you. Please proceed.

AMENDMENT TO CLAUSE 7

Hon. R. Wayne Scott: And clause 7 provides for the following commencement and transitional provisions: Sections 3 and 6 of the Act come into operation on

assent, clarifies that sections 3 and 6 of the principal Act shall have no continuing application in relation to a maintained primary or middle school, and that functions previously carried out by a Board of Governors in relation to a maintained primary or middle school shall be carried out by the Commissioner of Education.

The Chairman: Thank you.

Are there any Members who would like to speak to clause 7, the amended?

Thank you. The Chair recognises the Member from constituency 17, Pembroke Central. Mr. C. Walton D. Brown, you have the floor.

Mr. Walton Brown: Thank you, Madam Chairman.

Just for the sake of clarification, what would be the rationale for having different sections of an Act come into being at different times? And since this amendment is just coming before us, is there any possibility that having different sections of this Act coming through this Act at different times can be inherently problematic? Because there may be some contradictory elements. And we have just received this amendment. And I do not know whether the implications have been fully examined. So I would like to hear the Minister speak to that, Madam Chairman.

The Chairman: Thank you, Member.

We will just wait for the Minister.

[Pause]

Mr. Walton Brown: Madam Chairman, if I may?

The Chairman: Yes. The Chair recognises the Member from constituency 17.

Mr. Walton Brown: If the Minister is uncertain, he may wish to pause while we carefully examine all of the implications, because—

The Chairman: Thank you, Member. He is just consulting. So, hopefully, he will come back and we will find out the answer to your question.

Mr. Walton Brown: Thank you, Madam Chairman.

The Chairman: Thank you. The Chair recognises the Minister.

Hon. R. Wayne Scott: Yes. Again, I just wanted to be certain. Again, we just want to ensure that certain clauses come into the Act immediately, of course. And we are going to be putting rules in effect in the next parliamentary session. Effectively, if we actually decide to put all of these in place immediately, we can. But we are going to put clauses 3 and 6 of the Act immediately and the other portion of the Act we will

actually publish the commencement date which we anticipate to be very soon.

The Chairman: Thank you.

Are there any Members who would like to speak to clause 7, the amended?

The Chair recognises the Member from constituency 17.

Mr. Walton Brown: Thank you, Madam Chairman.

Can the Honourable Minister assure this House that he has absolute confidence that having a tiered set of dates for commencement would lead to no challenges whatsoever with the legislation?

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. R. Wayne Scott: Yes, we are certain. The original clause before we amended basically just put the whole Act into operation upon notice in the *Gazette*. And we still plan on doing that with the remaining pieces. We just want this to be immediately in effect just for ease of use.

The Chairman: Thank you.

Are there any Members who would like to speak to the amended clause 7?

There are no other Members.
Minister, please proceed.

Hon. R. Wayne Scott: Thank you.

I would like to move clause 7, as amended.

The Chairman: Thank you.

It has been moved that clause 7, as amended, be approved with the amendment.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

[Motion carried: Clause 7 passed as amended]

Hon. R. Wayne Scott: Thank you.

I would like to move the Preamble.

The Chairman: It has been moved that the Preamble be approved, with amendments.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

Hon. R. Wayne Scott: Thank you.

I move that the Bill be reported to the House as amended.

The Chairman: It has been moved that the Bill be reported to the House as amended.

Are there any objections to that motion?

No objections; agreed to.

[Gavel]

[Motion carried: The Education Amendment Act 2015 was considered by a Committee of the whole House and passed with amendments to clauses 3 and 7.]

House resumed at 9:59 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

EDUCATION AMENDMENT ACT 2015

The Speaker: Honourable Members, the Second Reading of the Education Amendment Act 2015 has been approved with amendments.

Any objections to that?

There are none. So the Second Reading [and Committee stage] have been approved.

We now move on to the next Order of the Day which is to be debated, and that is Order No. 3, consideration of Government Fees Amendment (No. 2) Regulations 2015, in the name of the Minister of Finance.

Minister?

DRAFT REGULATIONS

GOVERNMENT FEES AMENDMENT (NO. 2) REGULATIONS 2015

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

Mr. Speaker, with the Governor's recommendation and in accordance with section 36(3) of the Bermuda Constitution, I move that consideration be given to draft regulations entitled Government Fees Amendment (No. 2) Regulations 2015, proposed to be made by the Minister of Finance under provision of section 2 of the Government Fees Act 1965.

The Speaker: Are there any objections to that?

All right. Carry on, please, Minister.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

I move that the regulations entitled the Government Fees Amendment (No. 2) Regulations 2015 be now read a second time.

Mr. Speaker, by way of standing policy Government reviews the fees on a regular basis to ensure that there is a reasonable cost recovery for the provision of the various services offered by a range of government departments. Accordingly, a biennial review of government fees is conducted, with the last review

being in 2014. On occasion there is a need to amend fees based on justifying situations in between the review period.

The fee increases in this case are as follows:

Mr. Speaker, eight of the thirteen heads being amended or revoked come under the auspices of the Ministry of Health, Seniors and Environment—namely, Heads 3, 19, 39, 43, 44, 48, 52 and 53. For these heads the fees for services to registered health care professionals and health care establishments do not align with current costs.

The Ministry began adjusting the fees incrementally in 2014 for reasons of cost recovery, alignment with international fees and harmonisation of incidental services for administrative simplicity. For a health professional, the fees are being increased stepwise over a six-year period. For health care establishments the fees were increased in one step. Where a new fee is added, the power to change this existed in the principal Act. But the fee was omitted in the Government Fees Regulations. In some cases, the fee described was amended to align with the principal Act. So this is a housekeeping measure.

For health care establishments—namely, hospitals, pharmacies, diagnostic imaging facilities and clinical laboratories—the key value is increased up to tenfold to reflect the complexity of the assessment of fitness of the buildings, equipment, management, practitioners, et cetera, which may involve a range of entities such as police, health and safety, planning and other inspectors.

Mr. Speaker, under limited circumstances the Immigration Board or the Minister of Home Affairs may waive the requirement to advertise the position where a short-term or standard work permit is being applied for by an employer. It is proposed to set a new fee of \$500.00 whenever an application for a waiver of advertising is applied for. This new fee is being provided for under Head 6, Bermuda Immigration and Protection Act 1956.

The Ministry of Public Works is seeking to introduce new fees under Head 16, the Condominium Act 1986. Mr. Speaker, while the Condominium Act has been in force since 1986, there have been no fees charged for applying to incorporate a condominium or applying to amend the registration of condominium developments. As Honourable Members can appreciate, there is a considerable amount of time spent reviewing applications to incorporate, as well as applications for amendments to the registration. Therefore, it is proposed to establish various fees in relation to these functions provided by the Ministry of Works.

Mr. Speaker, the Ministry of Public Works also proposes to amend various fees under Head 20, the Department of Works and Engineering Act 1984, which was renamed the Public Lands Act 1984. To provide some relief for construction and landscaping companies the Ministry intends to adjust fees for the disposal of wastage at Marsh Folly and the airport to

the fee level in 2013 of \$25.00 per load. Also, a new fee will be provided for in the regulations for disposal of septage at Tynes Bay septage plant of \$15.00 per ton. The Ministry of Public Works has operated the Tynes Bay septage receiving facility since 1987, and this new fee will enable the Ministry to continue improvements to the facility.

Mr. Speaker, it is proposed to increase the government authorisation fee to provide services under integrated communications operating licences (so-called ICOLs) under Head 24 of the Government Fee Regulations 1976, from the current level of 2.05 per cent of the relevant turnover to 2.25 per cent of the relevant turnover for the Financial Year 2015/16. Mr. Speaker, last year the total ICOL fee paid by the ICOL holders was 3.8 per cent of [relevant] turnover. The regulated authority retained 1.75 per cent and transferred the remaining 2.05 per cent to the Government.

Mr. Speaker, ICOL fees are set for this current fiscal year at 3.75 per cent of the relevant turnover. The regulatory authority will retain 1.5 per cent to cover their 2015/16 budget and will transfer the remaining 2.25 per cent to the Government. Accordingly, for Fiscal Year 2015/16 the ICOL fee paid by the ICOL holder will be reduced by 0.05 per cent. However, the revenue passed back to Government will be increased to 0.2 per cent.

Finally, Mr. Speaker, the Bermuda Post Office (the BPO) plans to amend their annual licence requirements for private mail handlers and couriers under Head 49, the Post Office Act 1900. Under BPO's current annual licensing provisions one-man sole proprietors pay the same annual licence fee of \$2,087.40 per annum (they pay the same fee as the larger courier firms such as FedEx and DHL). This fixed rate is not only disadvantageous to sole proprietors and small entrepreneurs, but it also has resulted in missed revenue opportunities for the Bermuda Government. Accordingly, the BPO will be amending private mail handlers' and courier fees as indicated in these regulations.

Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Minister.

The Chair will now recognise the Honourable Member from constituency 18, Pembroke West Central, the Shadow Minister of Finance.

MP David Burt, you have the floor.

Mr. E. David Burt: Thank you, Mr. Speaker.

Mr. Speaker, it would appear as though the Minister of Finance becoming a grandfather has made him a lot kinder in the heart already, because he shared all his briefs in advance. It looks like he wants to get home early. So, it is a good thing.

The Speaker: It is amazing what children will do for you.

[Laughter]

Mr. E. David Burt: Absolutely, Mr. Speaker. Indeed.

The Speaker: You should know.

Mr. E. David Burt: That I do, Mr. Speaker.

The Speaker: I do not know. Am I reading it yet?

[Laughter]

Mr. E. David Burt: But what I will say, Mr. Speaker, is that I thank the Minister for sharing his brief in advance. There is little that can be quarrelled with inside of this Government Fees Amendment Regulations. There is this one question that we do have, and it was posed to the technical officers earlier, so I am sure they have provided the answer to the Minister.

In his brief he speaks about the various fees that will be amended under Head 20 to provide some relief for construction and landscaping companies. The Ministry intends to adjust fees for the disposal of waste at Marsh Folly and to the airport to a level fee of \$25.00 per load.

I guess the question I am asking is, How is that actually providing relief? Because I understand that this was done on a per-ton basis. And if the Minister has any answers as to what the average rate was previously and what actual level of relief it is going to provide to the construction and the landscape industry . . . But apart from that, Mr. Speaker, we have no objections to these regulations.

The Speaker: All right. Thank you, MP Burt.

Does any other Member care to speak?

The Chair will recognise the Minister for Works, from constituency 12, Devonshire South Central. Minister Craig Cannonier, you have the floor.

Hon. L. Craig Cannonier: Thank you, Mr. Speaker.

I do want to address the Shadow Finance Minister's question concerning the fees for the dumping by trucks of waste when it comes to shrubbery and the like, of the \$25.00 per load. And then, of course, in 2013, what I would like to say is that at 2013 there was a \$25.00 per load fee that was put in place. And the intent was every other year it would increase. But what happened was they attempted, in 2014/15, to come up with a different fee system which really did not make any sense at all. The truckers, after just two months, started to complain about this, that something was not right with the fee structure that they had put into place, which was \$80.00 per ton.

So, it was then very quickly, abruptly put aside to figure out what, in effect, should we be doing. So we decided to look at how we really should be . . . and do some more study on how we should be putting this fee structure.

So when it came before me, I said, *Well, let's not increase it, because we haven't gotten it right in the first place.* And that is why we have the reasoning, well, let us not increase the fee and put any burden on the truckers that were bringing this wastage to us. Let us take a look at it, put it back to 2013 and get it right from there. And so, therein lies the challenge.

I did not want to increase it unfairly until we got the science down as to exactly where it needs to be. Let us revert back to the old fee, which in 2013 was at \$25. And this year we will look exactly at what is going on. And if there is a need to increase it, then we will proceed with increasing the fee.

The Speaker: All right. Thank you, Honourable Minister.

The Chair will now recognise the Honourable Member from constituency 35, Sandys North Central, the Shadow Minister of Public Works, MP Lister.

Hon. Dennis P. Lister: Thank you, Mr. Speaker.

Mr. Speaker, the issue that brings me to my feet is basically the wording of "relief" in that the 2012/13 fee of \$25.00 per load was in place. And then the new Government created a new structure. And it seems that that structure has failed. So we are now reverting back to what was already in place. So it is not really a relief; it is going back to fixing a problem that was created by their new structure.

To fix that problem we are leaving it at the \$25.00 per load. So it should not be termed as a "relief." It should be termed as saying what they tried did not work. So, being it did not work, let us go back to what was working. I think that would be a better approach than to say the relief.

The Speaker: Thank you.

[Inaudible interjection]

The Speaker: Oh, no. You have had your say.

Would any other Honourable Member care to speak?

There are no other Members, so we will revert back to the Minister. Minister of Finance, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

We understand the semantics, and we will just leave it at that.

I would now like to move that the Government Fees Amendment (No. 2) Regulations 2015 be now approved.

The Speaker: All right. Thank you, Minister.

It has been moved that the Government Fees Amendment (No. 2) Regulations 2015 be approved.

Are there any objections to that?

There are none.

Minister?

Hon. E. T. (Bob) Richards: I do not have the wording in front of me, Mr. Speaker. But I think we have to send a message to His Excellency the Governor in that respect.

The Speaker: To the Governor. Yes, absolutely. Right. Thank you.

A message will be sent.

[Motion carried: The Government Fees Amendment (No. 2) Regulations 2015 was considered by the House and approved.]

The Speaker: Thank you, Minister.

All other Orders are carried over . . . Oh, sorry, sorry.

[Pause]

The Speaker: The Customs Tariff Amendment Act 2015, in the name of the Minister of Finance.

Minister Bob Richards, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

I am as anxious, if not more anxious, to finish up this evening than you, as anxious as you.

[Laughter]

Hon. E. T. (Bob) Richards: So I think I will try to move this along as fast as humanly possible.

Mr. Speaker and Honourable Members, I now request to give consideration to the Bill entitled the Customs Tariff Amendment Act [2015]. I would like this to be read a second time, please, Mr. Speaker.

The Speaker: Are there any objections to that? Minister, please carry on.

BILL

SECOND READING

CUSTOMS TARIFF AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: Mr. Speaker, the Bill proposes to amend the Customs Tariff Act 1970 (which will hereinafter be referred to as the principal Act) with a basket of measures designed to raise revenue for the government; reform, validate or repeal selected duty reliefs; and thirdly, to enhance customs control of imported goods.

These measures affect the principal Act and the Fifth and Sixth Schedules thereto, and also insert a new Seventh Schedule obtaining reliefs for miscellaneous goods in the principal Act. The Bill also seeks

to amend the Consular Relations Act 1971, correcting references to outdated tariff codes.

Mr. Speaker, I will now comment in further detail on the measures of the Bill beginning with those measures of the Bill that are directed at raising revenue. Mr. Speaker, in the Budget Statement in support of the Estimates of Revenue and Expenditure for the forthcoming fiscal year, I promised that the duty on fuel would be raised by 0.05 cents per litre in April 2015 to achieve additional customs revenues of about \$9.6 million. Accordingly, the Bill increases the duty rate applicable to gasoline, kerosene and diesel by 0.05 cents per litre.

This change affects heading 27.10 of the First Schedule of the principal Act. For the sake of clarity, I would mention that this measure does not affect existing *ad valorem* duty rates for heavy atmospheric gas oils, lubricating oils, grease, asphalt, petroleum gases or any petroleum oils containing bio-diesel. Mr. Speaker, the Bill also increases by 0.05 cents per litre concessionary duty rates for diesel and fuel oils for BELCO, the Bermuda Hospitals Board and hotels. This change affects CPC's 4701 through 4705 of the Fifth Schedule of the principal Act. It is expected that the impact of this change on the customer will be substantially mitigated by the current low fuel prices.

Mr. Speaker, I now turn to the measures of the Bill that will affect duty relief. In order to further encourage and support local food production, it is proposed to introduce a zero rate of duty for mushroom spawn, strawberry plants and trees of kinds that bear edible fruits and nuts. This is consistent with the zero rate of duty that has traditionally applied to other generative materials such as seed potatoes and seed for sowing.

Mr. Speaker, on its website, the World Bank has stated the world needs to produce at least 50 per cent more food to feed 9 billion people on Planet Earth by 2050. But climate change could cut crop yields by more than 25 per cent. The land biodiversity, oceans, forests and other forms of natural capital are being depleted at unprecedented rates. Already, high food prices are the new normal. Of course, high food prices have always been normal in Bermuda. Bermudians have witnessed their Island's natural capital depleted by property development, and Honourable Members will be well acquainted with our high food prices.

Because Bermuda is a very small, over-developed and densely populated archipelago, islanders are compelled to depend heavily on imported foodstuffs. It is therefore all the more important to reduce the cost and increase the volume of local food production as a hedge against increased food prices and possible global food shortages.

Mr. Speaker, as a further incentive to local commercial food production, the Bill proposes to subsume all existing commercial food production relief in one harmonised end-use relief. Currently, there are a

number of separate reliefs for goods for local food production. These include relief for the poultry industry, the dairy industry, commercial fishing, commercial aquaculture and commercial farming.

The new duty relief for goods for local food production will extend to all goods imported for use in connection with the local commercial production of animal or vegetable products for human consumption. As a safeguard against abuse, the goods must first be approved by the Director of Environmental Protection before being declared to Customs.

Mr. Speaker, the Bill proposes to reform the duty reliefs for plastic and paper articles for the conveyance of packing of local products or manufacturers. For the sake of certainty of interpretation of these duty reliefs, their respective scopes are to be recast as references to the relevant headings in the First Schedule of the principal Act. Also, the terms "animal" and "vegetable products," "manufacture" and "production" are defined, for the sake of clarity. For the avoidance of doubt, I should mention that the duty rate for such paper and plastic articles is to remain unchanged, at zero and 15 per cent, respectively. These changes affect CPC [Customs Procedure Code] 4151 and 4153 of the Fifth Schedule of the principal Act.

Mr. Speaker, the Bill proposes to update CPC 4127 of the Fifth Schedule of the principal Act to reflect the merging of the UN Special Fund with the extended programme of technical assistance, to create the United Nations Development Programme, known as UNDP. In addition, duty relief of poppies, under CPC 4201, is to be amended to include a reference to the Royal British Legion, as this organisation is now principally responsible for the importation of poppies for distribution in Bermuda. The scope of CPC 4119, vessels, articles and parts, is also to be amended to include duty relief for vessels leased by the Bermuda Government.

Mr. Speaker, the Bill seeks to preserve duty relief for commercial fishermen and commercial tour boat operators, and improve administration of duty relief by inserting appropriate end-use reliefs in the Fifth Schedule of the principal Act. Currently, duty relief on fuel is provided for these two categories of commercial vessel operators by Order made under the Customs Duty (Special Remission) Act 1951, and has been administered by way of a drawback scheme based on fuel purchased at the pump. This drawback scheme has proved problematic and cumbersome. The new end-use relief will allow the relief to be granted upon expounding of the fuel and, in future, will be administered directly by Customs Department.

Mr. Speaker, doubts have arisen as to the validity of certain private enhancements purporting to provide relief from customs duty for goods of the Bermuda Biological Station, the Bermuda Maritime Museum (now the National Museum), the Bermuda Fine Art Trust and the Bermuda Underwater Exploration Institute. Consequently, the Bill seeks to deem any

relief from customs duty granted by the Collector of Customs to those institutions pursuant to the relevant private enactments to have been validly granted.

The Bill further proposes to replace the purported duty relief in the relevant private enactments with a new end-use relief for goods for museums and a new end-use relief for goods for ocean scientific research, environmental protection or education.

Mr. Speaker, the opportunity is also being taken to subsume all existing end-use reliefs for artwork and museums into the new end-use relief for museums. Currently, there are five separate end-use reliefs for artwork and museums. These include relief for the Bermuda National Trust, artwork for public exhibition, the Bermuda Zoological Society, the St. George's Foundation and the Bermuda Society of Arts.

Mr. Speaker, the new end-use relief for goods for museums will extend to goods imported for use only for the purposes of public exhibition or display by any approved organisation; restoration of buildings on premises leased, owned or held in trust by an approved organisation; development, enhancement or conservation of any public exhibition or display promoted by an approved organisation; the feeding of animals forming part of any public exhibition or display promoted by an approved organisation.

Approved organisations are to be designated by the Minister of Finance by notice in the *Gazette*. At the outset, approved organisations will be the Bermuda Fine Art Trust, Bermuda National Trust, Bermuda Society of Arts, the Bermuda Underwater Exploration Institute, the Bermuda Zoological Society, the Government of Bermuda, the Masterworks Foundation, the National Museum of Bermuda and the St. George's Foundation.

Mr. Speaker, the new end-use duty relief for goods or ocean scientific research, environmental protection or education will extend to all goods imported and used by an approved organisation for the purposes of ocean scientific research and environmental protection or education. Approved organisations are to be designated by the Minister of Finance by notice in the *Gazette*. At the outset, the approved organisations will be the Bermuda Institute of Ocean Sciences (or BIOS), the Bermuda Underwater Exploration Institute.

Mr. Speaker, the Bill proposes to insert a new Seventh Schedule in the principal Act containing miscellaneous duty relief for goods brought back to Bermuda. Honourable Members may be aware that duty relief for goods brought back to Bermuda is currently embedded in the Revenue Act 1898, in section 79 of this Act. This is merely an historical anomaly. The Revenue Act relief pre-dates the original enactment of the principal Act. It is proposed to bring this relief home to the principal Act in a new Seventh Schedule in the form of four new miscellaneous reliefs covering the produce or manufacturers of Bermuda, duty-paid goods, goods repaired under warranty and goods re-

placed under warranty. This change is revenue-neutral.

Mr. Speaker, I now progress to those measures of the Bill that enhance customs control of imported goods. The Bill proposes to amend the general provision of the Sixth Schedule to the principal Act to authorise the Collector of Customs to impose additional conditions on temporary imports. This measure will allow the Collector to impose conditions that would enable her to trace the relevant goods and to carry out any checks which she considers necessary to ensure that the goods are actually re-exported before the end of the period of temporary importation relief, or that the goods are otherwise disposed of in a manner authorised by the Collector.

Such conditions are expected to be particularly helpful in monitoring the disposition of the large quantities of goods that are likely to be temporarily imported in connected with large-scale events like the upcoming America's Cup.

The Bill seeks to introduce a surcharge of 2 per cent on the duty imposed on goods entered pursuant to section 18 of the Revenue Act 1898. Honourable Members may be aware that under section 18 of the Revenue Act the Collector of Customs has authority to release a shipment of imported goods before proper entry and payment of duty in circumstances where the importer thereof does not have sufficient information as to what is in the shipment. Importers availing themselves of this facility must, within 30 days, make proper entry of their shipment and pay the outstanding duty. The new surcharge will help offset the cost of administration of this facility. And it is expected to discourage inappropriate applications and encourage the proper entry of goods at the time of importation.

Finally, Mr. Speaker, the Bill does a bit of housekeeping. The Bill seeks to remove certain spent provisions; to correct outdated references in the principal Act; and to make various consequential amendments, repeals and revocations. All of these changes are revenue-neutral.

Mr. Speaker, I now ask that the Bill be committed.

The Speaker: Thank you, Minister.

Would any other Honourable Member care to speak?

The Chair will recognise the Leader of the Opposition, from constituency 26. MP Marc Bean, you have the floor.

Hon. Marc A. R. Bean: Good evening, Mr. Speaker.

The Speaker: Good evening.

Hon. Marc A. R. Bean: Mr. Speaker, I am sure my Deputy and Shadow Minister of Finance will go into depth on this legislation. I rise just to state that, gen-

erally speaking, we are in favour of the proposed Bill, with the exception of the increases in fuel.

Now, we understand that the Minister indicated that this increase of 0.05 cents per litre will provide \$9.6 million additional revenue to the Consolidated Fund. But, Mr. Speaker, I am sure that that \$9.6 million of actual revenue would certainly also increase the burden on every one of us in this country. One thing is for sure. High oil prices affect all of us. And so I think that most of us, if not all of us in the country, were very excited to see the drop in oil prices on the world markets. And we were hoping at some point that that drop in oil price will be passed on to the end users, or consumers, of the various services and products that depend on oil.

So it is interesting to see that that 0.05 cents per litre . . . it sounds on the surface as a gentle increase. But if you look at the memorandum, Mr. Speaker, it actually indicates that that 0.05 cents a litre increase represents a 53 per cent increase on BELCO bills, electricity, and hotels, and—correct me if I am wrong—the electricity in general. And also, it represents a 22 per cent increase for hospital costs.

Transport costs, electricity costs and health care costs are costs that we all have to bear. And so, again, it is actually increasing the burden. And we understand the rationale, the actual \$9.6 million. But it speaks to this trend that we have seen over this budget debate where the One Bermuda Alliance is not hesitant on raising taxes that affect all of us and, in a lot of ways, would continue to put downward pressure on consumption patterns in this Island and demand in the Island. And so, that is a concern.

But otherwise, every other component that we find in this legislation we generally can agree on, with the exception of that increase in fuel price.

The Speaker: Thank you, Honourable Member.

Would any other Honourable Member care to speak?

Yes, the Chair will recognise the Minister for Economic Development, from Paget East, constituency 22. Dr. Grant Gibbons, you have the floor.

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker.

Ever so briefly, I just thought the Honourable Member who just took his seat made sort of a number of pronouncements about the impact of the 0.05 cents per litre increase on fuel and electricity. I just wanted to, for those who are listening, put that in perspective.

It is true that the increase in duty on fuel will have an impact. But fortunately, the Honourable Finance Minister's timing is impeccable here, because when you actually look at what it means for an average customer—and for BELCO, an average customer is someone who uses about 650 kilowatts per month—the highest rate that BELCO had was about 0.45 cents, 0.449 cents. And that has now dropped

from 0.45 cents per kilowatt hour down to about 0.37 to 0.38 cents per kilowatt hour. That is about a seven-cent difference between 0.45 [cents] and 0.37 to 0.38 [cents].

When you look at a 650-kilowatt average customer, what that means is the price has actually dropped from . . . that is a \$46.00 to \$38.00 drop when you look at that seven cents. And what that means, if you factor in the cost of the increase in fuel, which is about seven dollars, is that the average customer is still probably close to \$39.00 a head as a consequence of that drop in fuel price. So the difference between 0.40 to 0.45 cents per kilowatt hour—and word is right now about 0.37 [cents] to 0.38 [cents]—is about seven cents. The difference, the increase in the price because of the fuel thing is a little over one cent per kilowatt hour. So the same thing, you can work it out, you are still quite a bit ahead. And that is the consequence of the timing and the precipitous drop in the electricity rates.

The sense I got from the utility is that electricity rates, as a consequence of the drop in fuel rates, will probably continue to go down to some degree. So even with this increase, the customer is still way ahead because of the drop in fuel prices. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Minister.

The Chair will now recognise the Honourable Member from constituency 18, Pembroke West Central, the Shadow Minister of Finance. MP David Burt, you have the floor.

Mr. E. David Burt: Thank you very much, Mr. Speaker.

Mr. Speaker, again I appreciate the Minister providing his brief ahead of time so I was able to review. And that will, hopefully, save us some time this evening.

The first thing I would like to say is, as echoing our Leader, insofar as the support for the measures that were outlined inside of the Customs Tariff Amendment Bill, we are in general support, with the exception of this increase in taxes on everything.

The challenge, the one thing I do want to say is that I am especially appreciative of the concessions or reductions that have been put in place to attempt to stimulate and assist domestic food production, because, of course, Mr. Speaker, if you would recall, it is something that we spoke about in our party's *Vision 2025* Reply to the Budget, and it is something that we certainly welcome because we believe that it is very important that we increase or do whatever we can to support domestic food production, because, of course, that is something that will benefit the country in the long run.

But going to this tax on fuel. And of course, the Honourable Member who just took his seat, the Honourable Minister for Economic Development, who

also speaks for energy . . . it is interesting that he talks about the fact that gas prices have gone down, and therefore people's energy bills have gone down. That is a good thing. That is something that helps the economy. So, why are we trying to reverse some of those gains by increasing taxes on those very items? A tax is a tax is a tax. And following the Minister's logic, if gas prices have gone down by 0.7 cents per kilowatt hour, why did we raise the fuel tax up 0.7 cents per kilowatt hour seeing that, hey, people will not feel it anyhow? Why not?

Because the fact is, Mr. Speaker, that people will feel it. It will be felt. Any move in taxes, no matter how small, is felt. And when we are talking about a tax on fuel, that is a tax on everybody, Mr. Speaker. And I hope that the listening public understands that. Because it not only raises the price at the pump, it raises the price at the supermarket. It raises the price for BELCO. It raises the price for all goods and all services. It is an across-the-board raise.

So, in one hand, you are being given something, insofar as lower fuel costs, which will, of course, give much added benefits to our struggling economy—something that should be welcomed, something that should be applauded. But at the same time, we are using the other hand to take some of it away. Take it away. It is poor economic policy, and it will hurt the people who can afford it the least. It will hurt them the most. That is a fact, Mr. Speaker. When you raise taxes on energy, that is the result.

It is not good economic policy, and on this side of the aisle we do not support it. Because at a time when some families are actually seeing that savings that the Minister of Finance spoke about, when some businesses are actually seeing that reduction and a little bit of breathing room that they may get in their energy bills, something that is welcome, especially when we are seeing taxes go up across the board in other places, you know, people are going to be taking home less money for their pay cheques.

Payroll tax is going up. The Minister of Economic Development is talking about, *Oh, well, people are going to have extra money in their pockets for their BELCO bill*. But that is going to be wiped out because payroll taxes are going up, Mr. Speaker. How is that going to affect them?

We have to understand it all balances out. And the end result is the number of tax increases in this budget will hurt the small person and the person who can least afford it the most. It is bad economic policy, and it is one of those things that are put in place that make it more difficult for our economy to recover from the recession.

Now, the other argument is the wonderful false argument that is used by, I would say (I am wondering where I can find this word) liberal governments, maybe tax-and-spend governments, excuses that things that are done for taxes. Because, Mr. Speaker, the thing that we are hearing is, *Well, if we*

put in place these taxes, we are putting them in place because people can afford it because gas prices are going down. Mr. Speaker, what happens when gas prices go up? Is the Government going to reduce this tax back to the level? No! It is a permanent tax. That is what is going to happen.

I can assure you that the Minister of Finance is not going to take the tax back, because he himself says that he needs the revenue. So that is it. So it is a red herring. It is a false argument. Call it for what it is—a tax on everyone, a tax that will hurt the little man, a tax on business, a tax on transportation, a tax on fuel, a tax across the board which will be felt, Mr. Speaker.

We do not support that tax increase. We welcome the other changes. But we would hope that the Minister would reconsider. We understand that he may not, but it is important that the people know that this tax will hurt everybody in the economy and make it more difficult for us to recover economically. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Honourable Member Burt.

Are there any other Honourable Members who would care to speak?

There are none. Minister . . . there is one.

The Chair will recognise the Honourable Deputy Speaker, from constituency 4. MP Roberts-Holshouser, you have the floor.

Mrs. Suzann Roberts-Holshouser: Thank you.

I just did not want it to slip in and slip out, because unfortunately, that is what has happened with many of our war veterans. And I wanted to recognise the importance of one of the changes that we have had, by adding in "or the Royal British Legion."

Mr. Speaker, this is an organisation that has historically represented perhaps some of our war veterans who have not always been recognised as individuals who went and fought for not only Bermuda, but around the world.

So, Mr. Speaker, I know the individual Carol Everson has worked tirelessly to ensure that all our war veterans are recognised and get the funding that is much needed by certain of our elite members. And I believe that all members who represented the war and fought in the war, no matter under what capacity, need to be recognised and need to be saluted.

So, while it is a very thin line, by recognising, Mr. Speaker, as we do on page 9 today under the heading "End-use conditions" at the end by inserting "or the Royal British Legion," I salute the Government of Bermuda by encouraging and recognising this as another entity and allowing them to bring in their poppies, which are different than the poppies that have been historically recognised in Bermuda under the Bermuda War Veterans Association. This is another poppy, which I got a little bit of a history last year. But,

Mr. Speaker, when I saw this line, I could not help but want to stand to my feet. Thank you very much, Mr. Speaker.

The Speaker: All right. Thank you very much, Honourable Deputy Speaker.

Would any other Members care to speak?

I recognise now the Minister for Finance. Minister Bob Richards, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

You know, I understand the Honourable Opposition Members' point. But this is a tax on everybody. This is clearly recognised. But, you know, we are committed to having a balanced approach to the Government's financial situation, and these are one of the measures that we have to take on our road to breaking the back of the deficit.

So it has to be done. And I think that this is . . . the fall in global energy prices is an opportunity for us to get some more revenue with minimal impact on the consuming public, because insofar as electricity is concerned, it is clear that the fuel adjustment charge for BELCO has not run its course yet. The decline in that fuel adjustment charge has not run its course yet. Because they charge you according to the inventories that are already here. They have to use up that expensive inventory before they bring in less expensive inventory. So, consumers will not see a whole lot of difference in their BELCO bills, going forward.

Insofar as price at the pump, well, prices at the pump have already come down by, I think, about 0.40 cents a litre at gas stations. And again, nobody wants to see them go back up. But, as I say, we have a mandate to fix the finances of the Government, and this is part of it. Nobody likes to raise taxes, not even me. So, we want to do that.

I wanted to just sort of respond to the Honourable Leader of the Opposition. He said that we did not hesitate to increase taxes. Well, in fact, I did hesitate, Mr. Speaker. I hesitated. I have already hesitated twice in two budgets. You know, we need this money two years ago. And it was not an opportunity to do this. So I have hesitated. But this is the time that it has to be done.

So with that, Mr. Speaker, I would like to move that the Bill be committed.

The Speaker: Thank you.

It has been moved that the Bill be committed.
Any objections?

I would like to ask the Deputy Speaker to please take the Chair [of Committee].

House in Committee at 10:46 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

CUSTOMS TARIFF AMENDMENT ACT 2015

The Chairman: Honourable Members, we are now in Committee of the whole House for further consideration of the Bill entitled [Customs Tariff Amendment Act 2015](#). I call on the Member in charge to proceed. Minister, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

Madam Chairman, I am wondering if I should move all the clauses here.

The Chairman: Yes.

Hon. E. T. (Bob) Richards: Yes, okay.

The Chairman: You do have some revisions?

Hon. E. T. (Bob) Richards: Yes. We have some revisions as well.

The Chairman: Can you confirm that everyone is in receipt of the revisions?

Hon. E. T. (Bob) Richards: Yes.

The Chairman: Everyone is in receipt of the revisions. So if you would like, we will just proceed.

Hon. E. T. (Bob) Richards: Okay. Thank you.
I would like to move clauses 1 through 15.

The Chairman: Yes.

Hon. E. T. (Bob) Richards: Again, Madam Chairman, this Bill seeks to amend the Customs Tariff Act 1970 to impose a surcharge on certain goods; to amend the First, Fifth and Sixth Schedules; to insert a new Seventh Schedule; and to make consequential amendments. This Bill also seeks to validate customs duty relief granted under certain private enactments and to repeal those enactments, as the relief will be granted under the Fifth Schedule of the principal Act.

Clause 1 is self-explanatory.

Clause 2 amends section 5 of the principal Act. Clause 2(1) inserts new section 5(3) to give effect to the new Seventh Schedule in the principal Act inserted by clause 11. Clause 2(2) makes amendments in consequence of the new Seventh Schedule.

Now, Madam Chairman, in clause 3 I have got the original amendments, plus I have got an extra one to add on to that. So, clause 3 amends section 11 of the principal Act. Clause 3(1) inserts new section 11(5A) which imposes a surcharge of 2 per cent duty on goods entered pursuant to section 18 of the Revenue Act 1898, packages with unknown contents.

Clause 3(2) makes consequential amendments to the definitions of “discharge” and “duty suspension arrangements” in section 11(6).

AMENDMENT TO CLAUSE 3

Hon. E. T. (Bob) Richards: Also, Madam Chairman, we want to, in clause 3(1) in the new section 11(5A), delete “and 3.” Because that is the additional amendment we have to clause 3.

Clause 4 amends the First Schedule of the principal Act. Paragraph (a) decreases to zero the rate of import duty applicable to trees, shrubs, bushes, which bear edible fruit or nuts. Paragraph (b) inserts two new tariff codes for mushroom spawn and strawberry plants, both of which a zero duty rate applies.

Clause 5 amends the First Schedule of the principal Act. Paragraph (a) increases by 0.05 cents per litre the rate of imported duty applicable to gasoline, kerosene and diesel.

Clause 6 amends the Fifth Schedule to the principal Act. Paragraph (a) increases the concessionary rate on petroleum oils for the Bermuda Hospitals Board from 0.23 cents per litre to 0.28 cents per litre. Paragraph (b) increases the concessionary rate on petroleum oils for hotels and BELCO from 09.5 cents per litre to 14.5 cents per litre.

Clause 7 amends the Fifth Schedule of the principal Act. Clause 7(1) inserts new CPC 4216 (goods for museums) and CPC 4217 (goods for ocean scientific research, environmental protection or education). Clause 7(2) provides for the consequential repeal of the following CPCs:

- CPC 4132—Bermuda National Trust;
- CPC 4136—Artwork for public exhibition;
- CPC 4139—Bermuda Zoological Society;
- CPC 4184—St. George’s Foundation; and
- CPC 4199—Bermuda Society of the Arts.

Clause 8 amends the Fifth Schedule of the principal Act. Clause 8(1) inserts new CPC 4215 (goods for commercial food production). Clause 8(2) provides for the consequential repeal of the following CPCs:

- CPC 4101—equipment used in the poultry industry;
- CPC 4102—machinery used in the dairy industry;
- CPC 4103—commercial fishing equipment and bait;
- CPC 4104—aquaculture equipment;
- CPC 4146—extracts, essences or concentrates; and
- CPC 4174—farm commodities.

Clause 8(3) replaces CPC 4151 (plastic articles for the conveyance or packaging of local products or manufacturers) and CPC 4153 (paper packing con-

tainers for the conveyance or packing of local products or manufacturers).

Clause 9 amends the Fifth Schedule to the principal Act. Clause 9(1) replaces CPC 4127 (goods for the UN Development Programme and Commonwealth Fund for Technical Cooperation Project). Clause 9(2) replaces CPC 4119 (vessels: articles and parts). Clause 9(3) inserts CPC 4218 (fuels for commercial fishing vessels) CPC 4219 (fuel for commercial tour boats). Clause 9(4) amends CPC 4201 (commemorative poppies). Clause 9(5) provides for the repeal of the following CPCs, which are spent. And that is:

- CPC 4121—radios;
- CPC 4133—information material;
- CPC 4137—material used in construction of the National Sports Centre;
- CPC 4138—telecommunications equipment for amateur radio operators;
- CPC 4162—films; and
- CPC 4171—Bermuda Homes for People, Ltd.

Clause 10 amends paragraph 1 of the Sixth Schedule to the principal Act, authorisation of temporary imported relief, by inserting a new subsection (4), which provides for conditions to be imposed.

Clause 11 inserts a new Seventh Schedule (reliefs for miscellaneous goods) containing the following new CPCs for goods brought back to Bermuda in certain circumstances:

- CPC 4323—produce or manufactures of Bermuda;
- CPC 4324—duty paid goods; and
- CPC 4325—warranty repairs.

New CPC 4326 provides relief for warranty replacements.

AMENDMENT TO CLAUSE 11

Hon. E. T. (Bob) Richards: Also, Madam Chairman, in clause 11 there is a further amendment, which is the part that has been circulated to Members.

In clause 11, in the Table of Miscellaneous Reliefs, in the new Seventh Schedule, in CPC 4324, under the heading “End-Use Conditions / Restrictions”, delete paragraph (3); and under the heading “Specific Controls / Diversions”, insert “Notwithstanding any of the foregoing provisions of this CPC, where any repairs or improvements have been made to the goods, the usual import duty on the cost of such repairs or improvements must be paid.”

So those are the changes we are making for clause 11.

Clause 12 amends the Consular Relations Act 1971, correcting references to outdated tariff codes.

Clause 13 provides for various consequential amendments, repeals and revocations. Clause 13(1) revokes certain remission orders, which are superseded by amendments to the Fifth Schedule to the

principal Act in clause 9. Clause 13(2) amends the Third Schedule of the Municipalities Act 1923, in consequence of the insertion of new CPCs 4216 and 4217 into the Fifth Schedule to the principal Act by clause 7. Clause 13(3) repeals section 79 of the Revenue Act, which is goods brought back to Bermuda, in consequence of the insertion of the new Seventh Schedule to the principal Act by clause 11.

AMENDMENT TO CLAUSE 13

Hon. E. T. (Bob) Richards: Also, Madam Chairman, there is a further addition to clause 13, which has been circulated to Honourable Members. It says, "In clause 13, delete subsection 2(a)(ii) and substitute "(ii) delete 'and 4204' and substitute ", 4204, 4216 and 4217."

The Chairman: Thank you.

Hon. E. T. (Bob) Richards: There is one more, Madam Chairman. There are two more, sorry. There are [clauses] 14 and 15. We are almost there.

Clause 14. Doubts have arisen as to the validity of certain private enactments purporting to provide relief from customs duty to the Bermuda Biological Station [for Research], the Bermuda Maritime Museum (now the National Maritime Museum), the Bermuda Fine Art Trust and the Bermuda Underwater Exploration Institute. Consequently, [clause 14](1) deems any relief from customs duty granted by the Collector of Customs to those institutions pursuant to the enactments listed in [clause 14](2) to have been validly granted. [Clause 14](3) repeals the enactments, as the duty relief will instead be provided under new CPCs 4216 and 4217 in the Fifth Schedule to the principal Act, inserted by clause 7.

Finally, clause 15 provides for commencement on April 1st, 2015.

The Chairman: Thank you, Minister.

Are there any Members who would like to speak to clauses 1 through 15?

Thank you. The Chair recognises the Member from constituency 15, Pembroke East. Shadow Minister of Public Safety, Mr. Walter H. Roban, you have the floor.

Mr. Walter H. Roban: Thank you, Madam Chairman.

I have a question for the Minister in relation to clause 7 on page 3, under the description in relation to goods for museums. I note in the section "end-use conditions," there is a mention of approved organisations.

From that standpoint, how does an organisation . . . Is there a specific application process, or does the Minister just, by discretion, designate an organisation as an approved organisation?

The Chairman: Thank you, Member.
Minister?

Hon. E. T. (Bob) Richards: I am not certain of the answer to that question. Certainly, there are the ones that are established here, Honourable Member, which are well-established organisations like the National Trust, et cetera. Let me see if I can get an answer to that right now.

[Pause]

The Chairman: The Chair does recognise another Member, but do you want the Minister to be listening to your question?

Mr. E. David Burt: Yes.

The Chairman: Fine. The Chair recognises the Member from constituency 18, Pembroke West Central. Mr. E. David G. Burt, you have the floor.

Mr. E. David Burt: Thank you very much, Madam Chairman.

Madam Chairman, as stated in the general debate, we do not have any objections to this Bill. However, we would like to register our objection for the record to clause 5 and clause 6, which increase taxes on everybody.

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: To the Honourable Member who asked the question how you get on this list, you can apply and you apply to the Ministry of Finance to get on that list.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 15?

The Chair recognises the Member from constituency number 15.

Mr. Walter H. Roban: Thank you.

I thank the Minister for that answer, because I note that one particular museum that I am aware of, the Bermudian Heritage Association, is not on that list, and it is a recognised museum. So I was just wondering how that process . . . or even the African Diaspora Heritage Trail, which does carry out some activities that would be historical in reference and may want to perhaps host an exhibit of some nature in the future and should be able to benefit from such clauses. So I wanted, just for public information, to note how one would get on that list. So, thank you very much, Madam Chair.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 15?

The Chair recognises the Member from constituency number 18.

Mr. E. David Burt: Thank you very much, Madam Chair.

Just on one further item when it comes to clause 6. Clause 6(b) states that the fuel tax, the tax on the concessionary rate for BELCO and for hotels is going to go up, as the Honourable Leader of the Opposition said, up by 52 per cent, from 9.5 cents per litre to 14.5 cents per litre.

The question that I have is, was there any consideration given to possibly excluding hotels from this, because, of course, hotels are in a difficult position. They have just seen some of their tax concessions go back. We all know our hotels are struggling. We all know it is the lowest air arrivals in 48 years. I have said it many times. Was there any thought as to possibly excluding hotels so as not to give them the double whammy insofar as the tax they pay at the concessionary rate in addition to the money from BELCO?

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: I think that we decided to . . . Certainly, consideration was given to it. But the final decision is, as you see it, to spread it across as broad a spectrum as we could.

[Inaudible interjection]

Hon. E. T. (Bob) Richards: Yes, that is right.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 15?

The Chair recognises the Member from constituency number 15.

Mr. Walter H. Roban: Thank you, Madam Chair.

Just a question to the Minister on clause 8, which makes reference to goods for commercial food production. I, like some other Members, have some interest in local farming. And I am happy to see anything that assists with the promotion of local produce and makes it cheaper or less expensive to produce local produce, or assist farmers in ways that they can do things that will ultimately be cheaper for the end consumer.

Is this change made with a hope of assisting some of our local farms like [Westover] Bascome's farm, which has the only abattoir in the Island and a few . . . I think, only they and Wadson's Farm might do some sort of slaughtering of some specialist nature. Is this the type of clause that should help them, or even

perhaps help anybody who might be interested in getting into hydroponics, perhaps, even if it is assisting with some commercial development?

Madam Chair, I am just querying if that is some of the rationale around the changes that have been made under clause 8, from the Minister. Thank you.

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: Yes, Honourable Member, I believe so. I believe it covers those types of activities that you mentioned.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 15?

There are no other Members.
Minister?

Hon. E. T. (Bob) Richards: Thank you, Madam Chair.

I would like to move all clauses, which in this case are clauses 1 through 14, as amended.

The Chairman: And clause . . . You actually want to do clauses 1 through 15. That would include the commencement date.

Hon. E. T. (Bob) Richards: Yes. Clauses 1 through 15, as amended, yes.

The Chairman: Are there any objections? It has been moved that clauses 1 through 15, with revisions, be approved.

Are there any objections to that motion?
No objections; agreed to.

[Motion carried: clauses 1 through 15 passed as amended]

Hon. E. T. (Bob) Richards: Madam Chair, I move the Preamble.

The Chairman: It has been moved that the Preamble be approved.

Are there any objections to that motion?
No objections; agreed to.

Hon. E. T. (Bob) Richards: Madam Chair, I move that the Bill be reported to the House, as amended.

The Chairman: It has been moved that the Bill be reported to the House as amended.

Any objections to that motion?
There are no objections; agreed to.

Hon. E. T. (Bob) Richards: Thank you, Madam Chair.

[Motion carried: The Customs Tariff Amendment Act 2015 was considered by a Committee of the whole House, and passed as amended in clauses 3, 11 and 13.]

House resumed at 10:06 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

CUSTOMS TARIFF AMENDMENT ACT 2015

The Speaker: Honourable Members, the Customs Tariff Amendment Act 2015 has been approved, with the amendments.

That concludes the Orders that we will complete today, and all other Orders are carried over.

So I will ask, first, the Education Minister. Minister Richards, yes.

SUSPENSION OF STANDING ORDER 21

Mr. Sylvan D. Richards, Jr.: Thank you, Mr. Speaker.

I move that Standing Order 21 be suspended to enable me to move that the Bill entitled the Education Amendment Act 2015 now be read the third time by its title only.

The Speaker: Any objections?
Carry on, Minister.

[Motion carried: Standing Order 21 suspended.]

THIRD READING

EDUCATION AMENDMENT ACT 2015

Mr. Sylvan D. Richards, Jr.: Mr. Speaker, I move that the Bill entitled Education Amendment Act 2015 do now pass.

The Speaker: Thank you, Minister.
Are there any objections to that?
There are none. So the Act is passed.

[Motion carried: The Education Amendment Act 2015 was read a third time and passed.]

The Speaker: The Chair recognises now the Minister for Finance.

SUSPENSION OF STANDING ORDER 21

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

Mr. Speaker, I move that [Standing Order] 21 be suspended to enable me to move that the Honourable House approve the third reading of the Bill Customs Tariff Amendment Act 2015, by its title only.

The Speaker: Are there any objections to that?
There are none. Minister, carry on.

[Motion carried: Standing Order 21 suspended.]

THIRD READING

CUSTOMS TARIFF AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: I move that the Bill do now pass.

The Speaker: Any objections to that?
The Bill is now passed.

[Motion carried: The Customs Tariff Amendment Act 2015 was read a third time and passed.]

The Speaker: The Chair will now recognise the Honourable Premier.

ADJOURNMENT

Hon. Michael H. Dunkley: Thank you, Mr. Speaker.
I move that we now adjourn until Friday, March 13th.

The Speaker: Thank you, Honourable Premier.
The Chair will now recognise the Honourable Member from constituency number 18, Pembroke West Central, MP David Burt.

Mr. E. David Burt: Good evening, Mr. Speaker.

The Speaker: Good evening.

HOTEL PROJECT IN ST. GEORGE'S DELAYED

Mr. E. David Burt: Mr. Speaker, I would just like to speak briefly to discuss, I guess a matter of concern to myself, that earlier today we heard the Honourable Minister of Tourism and Transport basically tell this Honourable House that a project he previously indicated Cabinet was comfortable with the funding arrangements of, which is the hotel in St. George's . . . now we hear that the Honourable Minister is going around with cap in hand to banks helping to drum up financing for this hotel.

Now, I do not understand, Mr. Speaker. Because, if the Cabinet was comfortable that the money would be in place, why is the Government now part of the fundraising team trying to drum up support, or loans, or money for this hotel? It would seem as though there was an error in judgment made, if Cabi-

net was comfortable with the funding arrangements at that point in time, Mr. Speaker.

It is a very disturbing thing. And I hope that the Minister will take some time . . . maybe on Friday he would like to come with a Ministerial Statement to clarify. In my view, Mr. Speaker, we should not be hearing about delays in hotel projects in responses to Parliamentary Questions. Those things should come from an open and transparent Government ahead of time. So that is what I would suggest, Mr. Speaker.

[Inaudible interjection]

Mr. E. David Burt: Absolutely.

Now, Mr. Speaker, I was in St. George's yesterday, as the Honourable Member from constituency 1 knows. I had to make it to St. George's two times yesterday—all the way to constituency 1 twice—to read to some wonderful schoolchildren and also to attend an economic town hall [meeting]. And the Honourable Member from constituency 1 reminded me that I was granted safe passage into his constituency, and for that I am very appreciative.

[Laughter]

Mr. E. David Burt: However, Mr. Speaker, in that same safe passage at a town hall meeting last night, we heard about the desperation that exists insofar as getting a hotel built in St. George's.

Now, Mr. Speaker, we all know that the Progressive Labour Party was not successful in getting a hotel built in St. George's. But that does not mean that we are any less committed to wanting to make sure that it happens. But there is a challenge when the Cabinet says the funding is in place, and then, all of a sudden, we find out that the Cabinet is now raising money for the developer. It does not make sense, Mr. Speaker. It does not add up. And it seems a little bit weird.

There are a few things that kind of bother me there. Because when we go back to the Budget Statement, Mr. Speaker, we heard the Honourable Minister of Finance say (and I quote), “. . . the principal method of stimulus would have to be inward direct investment from abroad.” And then he listed the projects which would form the inward direct investment, and one of these was the project in St. George's.

So if we are now going and drumming up money from local banks looking for investment in this project, it would stand to represent that this is not direct investment from abroad. Would it not, Mr. Speaker? It would seem as though the plan of the Finance Minister is falling short. And it would seem that the developer who is supposed to be providing this financing from abroad, is not.

That, Mr. Speaker, seems to be a challenge, because we know that our banks, our local banks especially, have been hit hard for their investments in

local tourism projects. We know that. I mean, the list is long. You know, we go over to Tucker's Point. We can go to Newstead. We can go to a lot of projects where the banks have been hit hard because of the loans for tourism projects.

So, once again, we know that they do not have a lot of appetite for tourism investment, and they are certainly not going to have a lot of appetite if Government policy does not seem to be promoting the turnaround that tourism needs. As we have said many times, Mr. Speaker, lowest air arrivals in 48 years. Air visitors stay in hotels. If the number of visitors who are coming to the Island to stay in a hotel is falling, it does not give a bank confidence that they should make a loan, and that that loan will be repaid. Tourism promotion spending is at the lowest level now in 35 years. These are not things that would inspire the confidence in the local banks.

But we thought, Mr. Speaker, we were led to believe that the funding was in place, that it was there, that it would happen. I remember the banging of the desk when the Ministerial Statement was read that construction would be starting, and all that other wonderful stuff. Now, Mr. Speaker, we find out [that] construction is delayed, [there is] uncertainty, and the Minister is going around, cap in hand, to banks trying to drum up money. Mr. Speaker, it does not add up. It does not work.

So I would hope that the Honourable Minister would provide some clarity to this House. I see him taking notes, so maybe we will get it. And I would hope that the representatives from constituency 1 and constituency 2 are as concerned as I am, Mr. Speaker, because this is not a good situation. This is not a situation which spells success. And the reason why I say that, Mr. Speaker, is because the Honourable Minister of Finance said that the budget cuts and the tax increases will not harm the economy so much because we have all this inward direct investment coming along.

Well, where is it, Mr. Speaker?

That is the challenge. When the little pieces start falling apart, it presents a challenge and it is something that we have to confront. Because the last thing we want, Mr. Speaker, is for our economy to get weaker.

The final thing that I would like to ask, and I hope the Minister of Tourism would clarify . . . Is the Cabinet going around meeting with banks for every single development? Or is it just one development that gets that preferential treatment?

Is this something that developers should expect, that the Government is going to attempt to start drumming up support with local banks for loans? Because it does not seem like a good thing. One would think that a developer with a sound business plan would not need the Government to cheerlead for them.

But the other challenge that I have, Mr. Speaker, the first thing is that if we do it for one then we might have to do it for all. The second thing is that I think it exposes the Government to a place where they do not want to be, Mr. Speaker. And that is, what is to stop the bank from asking for the G-word, the guarantee for hotel development?

Mr. Speaker, we have seen it in one case, and we know the Minister of Finance has said that, *No, it is not going to happen for other things*. But what happens when you are in that meeting and you are looking for that investment and you want to make sure this thing happens, and then, all of a sudden, the Bank of Butterfield says, *You know what? We have been burnt from loans from here to there. But here is the thing. You want to give us the \$30 million guarantee, we'll make a \$30 million loan*. That is the challenge, Mr. Speaker.

So I would hope that the Minister, who is furiously writing notes, would be able to take some time to respond to those questions. And I would hope that he would actually give commitment to make sure that we keep informed about this development project. Because I do not believe the right way to learn about what the progress should be in responses to Parliamentary Questions. One would think that a Government that has campaigned and promised openness and transparency would be open and transparent at all points in time.

Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable and Learned Member, the Minister of Tourism and Transport, from constituency number 31.

Minister Crockwell, you have the floor.

Hon. Shawn G. Crockwell: Yes, thank you, Mr. Speaker.

Mr. Speaker, I certainly take issue with the last statement of the Honourable Member from constituency 18, in that what I stated today during the Question Period was in response to a supplementary. When the Government is ready to present a progress report to this Honourable House, we will do so. And I have been doing that all along the way with this particular project.

Mr. Speaker, the Cabinet, this Government, has always been confident with the financial structure of this project. We were always confident from day one. As I said this morning, the developer has always been committed to putting in more than 50 per cent equity in this project. They had a plan that we were comfortable with in terms of the debt financing of it. The developer would like to have a local bank as part of, even if it is a consortium, that debt lending. In their experiences, Mr. Speaker, they have found that, particularly in Aruba, when you have a local bank in-

involved, that generates and engenders confidence in the project.

The meeting that Members of Cabinet had with various banks was to discuss our general relationship with the banks, but we did articulate and highlight various projects that are important to this Government. And it was not just isolated to the St. George's project.

I have also explained, Mr. Speaker, that the delay was principally because the developer changed the brand that they had selected when they came to the table. That was between the developer and their brand at the time. I certainly was not privy to all the reasons why they changed. The good news was that they went from one five-star brand to another five-star brand. We were happy about that.

And, Mr. Speaker, we have been in in-depth discussions, negotiations. It is a complex development. Some of the issues the Honourable Member from constituency 18 raised are valid issues. Bermuda has not been a desirable place to develop, for various reasons. So we have had to work through concession agreements and the like to make this palatable and to make it a successful proposition for the developer, going forward.

But the progress has been positive. And I am still very confident. They were recently here a few weeks ago. Meetings went very well, and we are very confident that development will start this year. The Honourable Member and the Opposition know that these particular situations are difficult. But this has been a positive and a progressive process. They are committed to it. The Government is committed to it. And I understand the Opposition's need to consistently raise these concerns and questions. But this is going to be a project that will happen, Mr. Speaker. So I remain confident in that.

I think the way that the Honourable Member categorised this particular meeting with the banks is going too far. No one was going cap-in-hand. Meetings had taken place between the developers and local banks on their own. We met with them. We had conversations with them about our relationship, about what is important. But the banks have a job to do. The banks will do their own due diligence, and the banks would make decisions based on the economics of the proposal.

So we are confident, and nothing has undermined that confidence today. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will recognise the Honourable Premier.

Hon. Michael H. Dunkley: Thank you, Mr. Speaker.

Mr. Speaker, a couple of things I think it is important to add tonight. First, in regard to the comments raised by the Honourable Member from constituency 18, my honourable colleague, Minister

Crockwell from constituency 31, I think answered him very well.

I think it is important that I say two things in relation to that matter. The first thing is, as my honourable colleague said, the way the Honourable Member from constituency 18 framed the meeting . . . I take a look at it in a different way. No one was going to that meeting with cap-in-hand trying to ask them to raise any money, or for Government to make any commitments. I had my good friend right here, the Honourable Member from constituency 11, there with Minister Crockwell as well.

It was more like a stick-in-hand. A stick to tell our good friends at the bank that we need them to come to the table and support what is trying to take place in Bermuda. They play a very important part in the fabric of what we need to get money to flow in this country. And they have the opportunity to help out. So it was a good opportunity for us to share the concerns that we have going forward, and to continue the dialogue.

The most critical thing, Mr. Speaker, and I think you would probably agree with it, is that as we try to turn around the economy . . . You know, the Honourable Member from constituency 18 had it correct. The appetite for tourism investment in Bermuda has struggled. They know that better than most people. They were the Government there. They tried to make that happen, to turn that around. We as a Government have to show everyone throughout the community that we are willing to communicate, we are willing to build relationships and we are willing to listen and try to work through the challenges that we have.

That is why we had to reach out to all the banks and tell them they have to get into the game. They have to help stimulate our economy. And I thought it was a productive meeting all around. And I thought we came to a good agreement on the way we need to go forward.

The most important thing I think the banks will take away from that meeting is that this Government is committed to work to turn this economy around. And I think they had some comfort in the fact that we are investing in tourism. We do see the way forward in tourism, and we do see it as critical for what we have to do. Now, there will be challenges ahead. I think we all fully expect that there will be challenges ahead. But we will work through those challenges.

So the meeting, in itself, was not generally just about one hotel project. It was much more than that. And this Government will continue to meet with all our partners throughout the community to talk through the challenges that we have, to work through those challenges, to get over those humps to find a way forward, because we cannot be isolated from one sector or the other. We have to work with everybody to make it happen.

While there might have been a short delay in that project moving forward, it is a big project. In the

magnitude of what is expected to be done, there are a lot of things that the developers want to try to put in place. And I think the people of St. George's will be comforted going forward to know how we will deal with the development down there. I am still very confident and comfortable with the way we have to go, and I have to thank the Honourable Minister of Tourism for the work that he has put in it to work with all parties involved to make sure we can get from step one to step two and all the way through. And we are making progress. The progress is not as fast as many people would like, but we will stick to it and we will make sure that we get it to the point where we need to be.

That is just one project. That is just one project. And I hear the Honourable Member on the other side say, *We have a long way to go*. We realise that we have a way to go. But we are not going to stop. We are not going to rest, and we are not going to make excuses. My colleagues are working hard to make it happen.

BUS ACCIDENT ON EAST BROADWAY

Hon. Michael H. Dunkley: Now, Mr. Speaker, the last thing I would like to say tonight is, I think all colleagues are aware that around lunchtime today there was a terrible accident down off Spurling Hill on East Broadway. And I want to take this opportunity to wish the best of wishes to the driver of the bus and all the passengers on the bus, which I understand are young people in the community.

I want to wish them well because from what I understand . . . and I am not here to draw any conclusions on the accident, to point any fingers or to lay any blame or anything. But I think it is important that we as leaders in this community offer our support for those people involved in the accident, because it must have been a very traumatic experience for them with what took place.

If anybody has had the opportunity to see the pictures, I am sure that some of our young people are having a hard time sleeping tonight because of what took place. So I wanted to reach out and wish them all the very best.

I also want to take this opportunity, Mr. Speaker, to thank the bystanders, the passers-by in the area, who jumped to assist very quickly to help out in any way they could. Whether it was passers-by, whether it was pedestrians, whether it was businesses in the area—they jumped in, calmed individuals who were involved in that, helped out until our emergency services got there.

I think the emergency services did a great job in trying to work through what was a significant challenge there to a very large piece of equipment. So all of them should be thanked for their care and their concern and their attention to people who were struggling and needed our help, especially our young people. Their quick action is certainly laudable, and it

shows that the community will rally at the drop of a hat.

The last thing I would like to say in regard to that, Mr. Speaker, I would like to send a thank-you to the rush-hour traffic, who were inconvenienced tonight and certainly traffic generally who were inconvenienced from lunchtime this morning and right the way through tonight. I appreciate their understanding during this matter. It is a main artery in Bermuda, and to have an accident happen in that position, it certainly puts a damper on the free travel of people back and forth.

So I thank all motorists for their understanding as the emergency department worked through, doing everything they could not only to clear the scene, to get those who needed attention, that attention, but also to investigate the accident.

So I thank everybody for their understanding in this matter. And I am glad that what was a very, very difficult situation for some people did not turn out to be much worse than it could have been, but for the grace of God. We are thankful. And I would like to pass on, on behalf of all the colleagues in the House, the care and concern for those involved.

Thank you, Mr. Speaker.

The Speaker: Thank you, Premier.

The House is now adjourned till Friday, March the 13th.

[At 11:27 pm, the House stood adjourned until 10:00 am, Friday, 13 March 2015.]

