



GOVERNMENT OF BERMUDA  
Ministry of Finance

# BUDGET STATEMENT

IN SUPPORT OF THE ESTIMATES  
OF REVENUE AND EXPENDITURE

**2020/2021**

Presented by  
The Hon. Curtis L. Dickinson, JP, MP  
Minister of Finance

Friday, 21 February 2020





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THE HON. CURTIS L. DICKINSON, JP, MP,  
MINISTER OF FINANCE  
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## INTRODUCTION

Mr. Speaker and members of this Honourable House, we are a mere seven weeks into this third decade of the 21st Century and governments around the world are engaged in a delicate act to balance the realities of this technology-driven modern era and the twin demographic forces of ageing populations and declining birth rates. Bermuda is no different.

The demand for seamless, contactless interfaces between people and their banks, their food suppliers and the traditional service industries in everyday life has seen retailers from 5th Avenue to UK High Streets close their doors and yield to the demand for less human service and greater speed of delivery. Bermuda is no different.

Mr. Speaker, larger, faster aircraft and larger, more luxurious cruise ships have shortened the distance between busy city streets and the sandy, sun-drenched paradises that vacations are made of. Fierce competition rages between destinations from the Maldives to Barbados to secure the luxury tourism market share and the result is an unending race to remain relevant, providing value for money for a traveller who can genuinely claim the world as their oyster. Bermuda is no different.

Young people – men and women of working age – question the fundamentals of economies that seem geared to income inequalities of the past and remain dominated by vested interests determined to preserve their market share at the expense of the very people from whom they profit. Disappointment with the status quo is such that these people, on whom economies rely to drive activity and growth, determine that their fortunes lie somewhere other than their homeland. Bermuda is no different.

Mr. Speaker, senior citizens from Las Vegas to London voice their frustration at the paradox of living longer but being unable to afford the quality of life that increased longevity should bring. Pensions, in far too many instances, strain under the weight of the demands of the ageing population and the reduced number of people paying into them because of slow job growth. Healthcare reform descends into a debate spent fending off falsehoods and scaremongering, so precious time is wasted instead of achieving the reduced costs to end-users and patients so desperately needed. Bermuda is no different.

Mr. Speaker, in the year 2000, only two years after an historic general election victory, the late C. Eugene Cox presented a Budget Statement to this Honourable House a mere seven weeks into the new millennium. He forecast the change that would be ushered in with these words:

*“The new economy is radically different. Services, information, skills and to some extent small enterprises will be its cornerstone. It will be difficult to touch, weigh or measure with a yardstick most of its output, and its most valuable assets will be knowledge and creativity.”*

Mr. Speaker, presenting this Statement in support of the Estimates of Revenue and Expenditure for the year 2020/21 demands of this Government that we continue the work required to perfect the accurate forecast of Mr. Cox. This economy is radically different, and we must nurture in our people the knowledge and creativity required for them to drive it and drive its success.

## **THE CURRENT STATE OF THE ECONOMY**

Mr. Speaker, I will now focus on the domestic economy. In 2019, we have seen real signs that the Bermuda economy is improving. Many of the major economic indicators such as employment, cruise visitors, visitor spending, and construction activity increased in 2019, indicating a strengthening of the Bermuda economy.

### **Employment**

Mr. Speaker, employment and unemployment are the driving forces behind economic growth and stagnation. Over the last few years, employment numbers have been positive, and the pace of job growth has been steady, but moderate.

I am pleased to report that preliminary data from the 2019 Employment Survey indicates that the total number of jobs in Bermuda grew by 441 from 33,862 in 2018 to 34,303 in 2019, a 1.3% increase. This was the fourth consecutive increase and the strongest since 2006. Importantly, the number of jobs held by Bermudians increased, reversing the decline observed in 2018.

Mr. Speaker, the report also shows that there was growth in the following sectors: hotels; public administration; construction; real estate; business services; education, health and social work; transport and communications; wholesale trade and motor vehicles; other community, social and personal; and, most importantly, international business. These were offset by declines in retail trade repair services, financial intermediation, restaurants, cafes and bars, among others.

In the first three quarters of 2019, employment income increased by \$75.5 million to \$2.72 billion, an increase of 2.9%. This level of compensation represents one of the highest on record.

### **Pockets of Growth**

Based on figures released by the Department of Statistics, Real Gross Domestic Product (GDP), the primary indicator for economic growth, increased by an average of 3.5% in the first two quarters of 2019. However, while we are seeing economic growth, this increase is not broad-based, signalling that there is more to be done to ensure that economic prosperity reaches all segments of Bermuda's society.

Imports increased by 8.2% over the first three quarters of the year to register at \$864.3 million. This was driven by an increase in imports of machinery, due in large part to BELCO's new power station construction project.

Mr. Speaker, the estimated value of construction work put in place increased from \$162.2 million in 2018 to \$183.3 million over the first three quarters of 2019, an increase of 13.0%. The majority of the increase can be attributed to an increase in the levels of work performed on docks, bridges, the airport project, and tourism-related construction.

Mr. Speaker, headline inflation continues to remain low in Bermuda, as reflected in the 2019 Consumer Price Index, which indicates an average inflation rate of 1.0%. This rate is below the UK (2.6%), Canada (1.9%) and the US (1.8%).

Mr. Speaker, low inflation is beneficial for the economy, as it encourages consumers to purchase goods and services and also supports productive planning and investment.

Bermuda's Balance of Payments continues to record relatively large current account surpluses, which are an important strength in the Bermuda economy. Bermuda's total current account surplus over the first three quarters of 2019 was recorded at \$635.0 million. This figure is 16.4% less than the \$760.0 million recorded over the first three quarters of 2018. The decrease in the current account surplus was due mainly to changes in the primary income account, which saw a decrease of \$81 million driven by a decline in investment income.

## **State of Tourism**

Mr. Speaker, recently released tourism figures reveal a growing reliance on cruise visitors to shore up declining air arrivals. While the expanded cruise season adopted by the Bermuda Tourism Authority (BTA) provides some economic benefits to specific sectors, decreased air capacity contributed to a more challenging landscape for Bermuda's tourism industry in 2019. Total visitor numbers of 770,683 were recorded in 2018. In 2019, that number grew by 4.9% to finish at 808,242. Air arrivals in 2019 decreased by 4.4%, while the number of cruise passengers increased by 10.6%. Total visitor spending in 2019 rose by \$13.2 million or 2.6%, settling at \$518.5 million.

## **State of International Business**

Mr. Speaker, in 2019 the international business sector provided 3,995 jobs in the economy, reflecting a growth of 0.3% year over year, or an increase of ten jobs. During 2019, 846 new international companies and partnerships were registered in Bermuda, representing a decrease of 164 registrations when compared with 2018. This decrease was mainly attributed to new economic substance requirements imposed by the European Union.

Mr. Speaker, over the first nine months of 2019, the foreign exchange earnings of the international companies increased by \$59.0 million to \$1.53 billion, representing growth of 4.0%.

As of 31 December 2019, Bermuda maintained its position as the premier jurisdiction for captives, with a total of 715 captives writing gross premiums of approximately \$40 billion. There were 22 new captives registered in 2019 compared with 19 in 2018. The BMA also registered a total of 69 new insurance entities in 2019, including 58 new (re)insurers and 11 intermediaries.

The international insurance sector continues to show sound financial strength and a firm market position.

### **State of Local Small and Medium-sized Businesses**

Mr. Speaker, small and medium-sized businesses are an important part of the Bermuda economy and they employ just over 6,300 persons, the majority of which are Bermudian.

Based on statistics from the Office of the Tax Commissioner, the remuneration paid, and head count of small businesses has grown in 2019. This growth can largely be attributed to the payroll tax concessions provided by the Government in 2018 for new small business entrepreneurs. The Bermuda Economic Development Corporation (BEDC) has advised that between 1 April and 31 December 2019, 18 new businesses have been approved, creating 27 new jobs. This is a good example of how tax policy can be used to create jobs.

In the medium-sized business sector, job growth and compensation have remained relatively unchanged year over year. The Government will again use tax policy to promote job creation in this sector of the economy by creating new payroll tax bands between the annual payroll tax thresholds of \$200,000 and \$500,000. As the new rates will be below the current rate of 7% for this sector, it is anticipated that this relief should allow them to expand their employee base.

### **Retail Sales**

Mr. Speaker, total retail sales for the first 11 months of 2019 decreased by 2.4% to register at \$1.02 billion.

Many of the difficulties being faced by local retail stores are not unique to Bermuda as many brick-and-mortar stores have found it difficult to compete with mostly web-based businesses like Amazon. Retailers that are adapting best to this environment are those providing an enhanced customer experience, often utilising technology in their service delivery.

Mr. Speaker, the Government is very much aware of this pressure on certain segments of the retail sector and over the years has provided the following relief:



- Elimination of the employer portion of payroll tax during the months of January, February and March;
- Customs duty relief measures on capital goods for the renovation and refurbishment of retail shops;
- Targeted payroll tax relief to retailers whose annual payrolls are greater than \$1 million.

The Government will continue to find ways to assist this important sector of the economy.

## **Personal Consumption**

Mr. Speaker, another important measure that offers an understanding of the strength of consumer spending and is often overlooked is personal consumption. Personal consumption expenditure is a measure of national consumer spending. It tells you how much money residents spend on goods and services. It is an important measure of private consumption expenditure on services, which are not covered in the more popular retail sales data that the Government releases on a monthly basis.

The most recent estimates by the Department of Statistics for household personal consumption are for the first two quarters of 2019. I can report that during that time period, total household personal consumption was \$1.71 billion, reflecting an increase of 0.7% over 2018.

## **GDP Estimate 2019**

Mr. Speaker, considering all economic indicators and the information presented, the Ministry of Finance estimates that Bermuda's GDP has increased by 1.0 - 2.0% in 2019 following growth of 0.1% in 2018.

## **WHAT HAVE WE DONE SINCE 2017?**

Mr. Speaker, since our election in July of 2017, the Progressive Labour Party Government has taken steps to fulfil our election promise to transform the Bermuda economy into one that is more fair and ready for the future.

Last year during the Budget Statement, I reviewed the Government's economic plan. However, for the benefit of Bermuda, it is important that I reiterate that plan for the people of Bermuda:

- 1) Build on what we currently do well in financial services and tourism;
- 2) Diversify our economy so that we can attract companies in new industries to our shores;
- 3) Reduce the cost of living and the cost of doing business in Bermuda;
- 4) Make our government more efficient; and
- 5) Reduce regulations and red tape to stimulate investment while promoting competition in the Bermuda economy.

Over the last 32 months we have made progress on all five measures.

In building on what we do well in financial services, despite challenges from US tax reform and a wave of mergers and consolidations in our insurance sector, there are almost 100 more international business and business services jobs in Bermuda than there were two years ago. This can be attributed to continued growth in the long-term insurance sector and international law firms being permitted to operate in Bermuda.

In tourism, we have seen additional investment in Bermuda tourism's product, with investments now confirmed for the redevelopment of the Fairmont Southampton Hotel and the upgrade and re-opening of the St. George's Club. Mr. Speaker, there were 355 more tourism jobs in Bermuda as at the end of 2019 than there were in 2017.

On the economic diversification front, the Government is making sure that we attract new types of companies to Bermuda. Our investment into FinTech has seen 50 new jobs created in the FinTech industry locally, with many Bermudians being trained to assume roles as this industry continues to grow.

Mr. Speaker, we have made progress in reducing the cost of living and the cost of doing business in Bermuda. Since 2017, we have reduced payroll taxes for working Bermudians to their lowest level in 23 years, and there are more reductions to come. We have not increased payroll taxes on employers, and we have given targeted reductions to struggling sectors such as retail. We have also seen energy costs go down for the first time in a generation, while the rate of inflation is running at a 56-year low.

Mr. Speaker, efficiency within the operations of government has also been achieved. It is important that the public is aware of the **facts** surrounding the size of Government. In December 2016 there were 4,470 persons on the Government payroll; in December 2019 there were 4,446, a decline of 24. Contrary to the narrative espoused by the various component parts of the opposition, we have been successful in making the Government more efficient, while keeping a firm lid on our headcount in Government. We have increased headcount where it matters, in the areas of Education, Healthcare, and Social Services, while reducing it in other areas. Therefore, uninformed commentary that speaks of the “expanding government” needs to be taken for what it is: a falsehood that has no bearing in fact – the numbers speak for themselves.

Mr. Speaker, we have also made progress in reducing regulations and red tape to stimulate investment and promote competition in the Bermuda economy. We have eliminated payroll taxes for start-up businesses as well as having streamlined the process for starting new local companies. In this budget session we will introduce a bill that will reduce the required ownership of a local company from 60% Bermudian to 40% Bermudian, while maintaining the requirement for the Board of Directors to be at least 60% Bermudian. We have supported competition in the permission of international law firms to operate in Bermuda and have been aggressive in courting additional financial services institutions to setup in Bermuda to provide competition to established players.

## **CAROLINE BAY – THE IMPACT, THE WAY FORWARD**

Mr. Speaker, in 2016 the former Bermuda Government entered into an agreement with the developers of the Caroline Bay project at Morgan's Point and their lenders, providing \$165.0 million in guarantees with respect to project debt.

In February 2018, work partially stopped on the development and has since been fully suspended. Following receipt of letters containing Notices of Default from various project lenders in June 2019 and August 2019, the Bermuda Government entered into a loan agreement for \$200.0 million with the Bank of N.T. Butterfield & Son Limited and HSBC Bank Bermuda Limited to facilitate the purchase of the interests of those lenders.

Mr. Speaker, the Bermuda Government also purchased the claims from project contractors and supervised the payment of Bermudian subcontractors, who had until that point remained unpaid for goods and services they had provided at Morgan's Point.

To date, the Bermuda Government has borrowed \$182.4 million to make good on its guarantee, to purchase claims owed to contractors and subcontractors associated with this project, and to fund other expenses relating to professional services.

Mr. Speaker, while discussions with the developers of Caroline Bay continue, it is the intention of this Government to protect at all times the interests of the people of Bermuda.

## **2020 AND BEYOND**

### **Tourism**

Mr. Speaker, tourism continues to lay claim as one of Bermuda's economic pillars and for at least a decade the industry has been in recovery. Now there is cause for guarded optimism that we can grow the industry into one that delivers the value demanded by Bermuda's price point. Plans for the Fairmont Southampton Hotel should significantly upgrade Bermuda's hospitality product, joining new sites like The Loren, St. Regis and Azura.

In 2018, Bermuda saw 771,000 visitors on our shores, of which 68.2% were cruise arrivals. Like so many of our economic drivers, Mr. Speaker, we must act now to prevent Bermuda from becoming primarily a cruise destination to the exclusion of the longer-stay air visitor. BTA data for 2018 versus 2019 indicate that cruise visitors are up 14% while air arrivals are down 6%. This trend, uninterrupted, will minimise the economic impact Bermuda needs from its tourism industry. The appropriate balance must be struck.

Bermuda tourism works best for Bermudians and Bermudian businesses when air arrivals are up and hotels are full. Travellers of all incomes have increasingly more destinations at their disposal. Mr. Speaker, our tourism product is no longer unique enough to stand out from the noise of an increasingly crowded marketplace. We must "up our game" and improve it. Even the best marketing will struggle long-term to overcome these competitive headwinds. To continue charging these prices we must evolve beyond a singular narrative of the island paradise.

As part of the work to be done in this fiscal year, we must:

- (i) Restructure the BTA to focus more directly on its sales and marketing role;
- (ii) Devise and introduce a slate of annual events that drives visitors to Bermuda and better reflects our claim to be a luxury destination; and
- (iii) Renew the efforts of air service development to expand airlift capacity from key markets.

### **New Areas for Growth**

Mr. Speaker, Bermuda's strength continues to be its sound legal system and strong jurisdictional reputation for appropriate regulation and a high standard of financial services provided. Using those strengths to our advantage means developing new areas

for growth that require those ingredients to succeed. The first phase of the Ottiwell A. Simmons Arbitration Centre, the demolition of the old police headquarters, will begin next week and from that site Bermuda will firmly establish itself as the jurisdiction of choice for dispute resolution.

In partnership with the private sector, a targeted Asia Strategy is in hand and will be deployed to promote Bermuda as an alternative to those jurisdictions, one where there is political stability and business is welcomed.

Mr. Speaker, the Incorporated Segregated Accounts Companies Act 2019 received assent on 26 November 2019 and introduces a new company structure product – the incorporated segregated account company (ISAC). Honourable Members will recall that this legislation has been developed to create a new and innovative product to meet the needs of business stakeholders in Bermuda. The ISAC provides greater certainty via a statutory and common law basis for the segregation of assets and liabilities by creating separate bodies corporate. This new product has been embraced by industry and further diversifies Bermuda's corporate offerings in a competitive global marketplace.

### **Stimulating the Real Estate Market**

Mr. Speaker, no sector has been more resistant to market forces than real estate in Bermuda. Prices remain relatively high when compared with what similar purchase prices can buy outside Bermuda and sluggish sales have contributed to dented consumer confidence in the economy. There are 81 condominium units on the market today and the average unit takes almost two years to be sold. Land is rare and must be protected for future generations. Strategies to open previously restricted markets must not harm the economic interests and aspirations of Bermudians. This is a complex area and it cannot be ignored that seemingly conservative lending practices by banks continue to frustrate potential first-time homeowners from entering the market.

Mr. Speaker, during this fiscal year, this Government will advance measures to stimulate the real estate market. Hard-working, young Bermudians and their families must be at the forefront of our policy making in this area along with those Bermudians who have invested in property and wish to see a legitimate return on that investment.

### **Investing in Communities**

Mr. Speaker, during this past fiscal year, this Government has been forced to find money for things that did not form part of what we promised the people of Bermuda. When the glow of an election victory fades, the cold, harsh light of governance tests our ability to prioritise and often means choosing the unpopular, and at the time misunderstood, in the name of preserving the wider interests of the economy that serves the people.

Millions of dollars had to be spent to meet tests imposed by the Financial Action Task Force, the EU and the OECD in the areas of anti-money laundering, terrorist financing and economic substance. Still more millions were required to meet the call on the previous administration's guarantee of the Caroline Bay development. We expect to see a return on both these expenditures, Mr. Speaker, but it is cold comfort to the people we represent when there are needs in the here and now that have been delayed as a result.

The people should not have to wait any longer. Therefore, Mr. Speaker, this budget will feature the largest capital spending plan in a decade and will see increased grants and contributions to invest in our communities.

Mr. Speaker, this budget will

- (i) provide an additional \$1.0 million in capital spending to support local improvements in the Town of St. George and other local communities;
- (ii) provide a \$2.0 million grant, over two fiscal years, for community club development;
- (iii) allocate \$1.5 million over two fiscal years to support the development of a Fishing Co-operative via a shore side facility at Southside;
- (iv) deliver on the much-needed renovation and move of the Marine and Ports HQ and workshop;
- (v) deliver on our promise to take proper care of those young people who have aged out of the DCFS regime but need a base from which to live and work in the community; and
- (vi) deliver on our promise for mental health treatment for currently underserved populations.

Mr. Speaker, in that 2000 Budget Statement Mr. Cox said, in words that apply as much today as they did at that time:

*"We cannot afford to waste any Bermudian lives and opportunities if they as individuals and we collectively as a people are to progress into the next century with confidence, fulfillment and prosperity."*

## **GOVERNMENT'S ROLE**

### **Increase in Capital Development Spending**

Mr. Speaker, governments have an obligation, in fact a duty, to invest in their infrastructures in order to drive the momentum and growth of their economies. Fiscal constraints over the last decade have resulted in substantial reductions in, and in some cases the elimination of, funding for certain critical infrastructure investments. In the 2020/21 Estimates of Revenue and Expenditure, we propose to increase the amount allocated to capital development spending to \$60.1 million, an increase of \$16.0 million or 36.2%. These monies will be used to fund necessary investments in building repairs, relocation of courts, school repairs and road repairs. Approximately \$4.4 million of the increased spending will be funded from revenues raised from the new Transportation Infrastructure Tax on cruise ship passengers, which is intended to be used to fund improvements in Bermuda's Tourism and Transport infrastructure.

### **Specific Capital Projects – Capital Acquisitions**

Mr. Speaker, this Government is committed to tackling the challenge of making government more efficient and more responsive to its citizens. The expressions of constructive criticism of how government works – or does not work – have not fallen on deaf ears. There is significant work to be done to streamline government processes and improve the interactions of government workers with the taxpaying general public. One only need look at the Department of Immigration to see how the use of technology and collaboration with private sector stakeholders have improved processing times for immigration services. In this vein, the Government will be making additional funds available for significant investments in information technology with the goal of making government work better and be more responsive to the needs of our citizens.

### **Public Sector Spending**

Mr. Speaker, the 2020/21 budget development cycle saw the reintroduction of Zero-based Budgeting (ZBB) which was intended to bring greater discipline to the allocation of limited financial resources that is in line with the Government's overall policy initiatives and objectives. Assessments were performed of programmes and decisions were made to fund those that were deemed high priorities, thus reducing or eliminating funding for those with limited efficacy or lower priority.



## **Efficiency Committee Update**

Mr. Speaker, the Government established an Efficiency Committee in March 2018 with the mandate to review the functioning of all government Departments and to make recommendations of improvements to operations. The Efficiency Committee concluded its work at the end of the last fiscal year and submitted its final report in April 2019.

The recommendations contained in the Efficiency Committee's final report were referred to the various government Ministries and Departments for further review and implementation. Additionally, some of the recommendations were incorporated into the deliverables under the Government Reform initiative.

Mr. Speaker, as a result of this committee's work, the backlog of un-adjudicated stamp duty for property conveyancing in the Office of the Tax Commissioner continues to decrease and collection to steadily increase. Resources, processes, and procedures to strengthen the team at the Office of the Tax Commissioner to ensure payroll tax collection remains in sharp focus and have been addressed.

Other Efficiency Committee recommendations that have advanced include the completion of a review of the Information and Digital Technologies Department and the establishment of an IT Governance Policy with a view to moving the overall IT structure from a decentralised "siloed" one to a centralised structure to ensure a more coordinated, efficient and effective system for the acquisition and maintenance of IT equipment, software and applications.

This is not an exhaustive review. The initiatives mentioned herein are intended to demonstrate the effectiveness of the committee in stimulating active engagement, which has resulted in change initiatives across the service. Other initiatives commenced as a result of the committee's work are in channel and are likely to be highlighted by individual heads during the course of the budget debate.

## **STIMULATING THE ECONOMY**

Mr. Speaker, during last year's Budget Statement I stated that it is incumbent upon the Government to create the conditions necessary to foster economic growth that results in increases in jobs, incomes and the standard of living for Bermudians. In this vein, the Government will take a number of measures intended to provide a stimulative effect on the Bermuda economy.

### **Tax Relief**

Mr. Speaker, in this year's budget, there are no proposals for any new taxes. Instead the Government will make a series of selective tax cuts aimed at reducing payroll taxes for those persons earning less than \$96,000 bringing the rate paid in the \$0 – \$48,000 band of gross taxable compensation to its lowest level ever. The objective of this initiative is to put money into the pockets of approximately 75% of the employees in Bermuda. The cost of this tax relief will be partially offset by modest increases in the employee portion of the payroll tax for those earning more than \$96,000.

Additionally, after careful consideration, and in an effort to assist small and medium-sized businesses, the Government will introduce two new employer payroll tax bands between \$200,000 and \$500,000 which will have the effect of lowering the payroll tax burden for those businesses.

The Government will also expand the successful Taxi Industry Payroll Tax scheme to those persons who own and operate public service vehicles that include Airport Limousines, Limousines and Minibuses.

### **Mortgage Guarantee Programme**

Lowering the cost of borrowing directly impacts the cost of housing. The cost of financing continues to be a major contributor to the cost of housing in Bermuda. In last year's Budget Statement, I announced that the Government would work with private sector banks to pilot a mortgage guarantee programme that would lead to lower rates on mortgages. While progress on this initiative has been slow, in December 2019, the Government entered into a 15-month exclusive arrangement with one of the local banks to advance the development of a mortgage guarantee programme. Over the coming months, the Government will work, in earnest, with the local banking partner to deliver a mortgage guarantee programme that will be designed to deliver lower financing costs to middle class families seeking to secure mortgages of \$750,000 or less. This programme will be built around strong underwriting standards to protect the interests of the borrower, the lender and the Government.

## **Union Deposit Company**

Mr. Speaker, Bermuda's unions have a proud history of advocacy in the development of innovative rights on the behalf of workers. Today, several of our unions have sought the support of the Government in taking the next step in that journey with the creation of a Union Deposit Company. As an idea it is compelling. Bermuda's unions represent thousands of workers who are fully employed and collectively represent an existing market for Bermuda's lenders. Many union members are already mortgage holders who have demonstrated an ability to faithfully discharge their obligations. For any bank, a mortgage is a product, and who better to purchase that product from than your own financial institution.

Enthusiasm, however, must be matched with responsibility for the public finances. Further, financial institutions must be properly managed with a level of discipline in order to be successful over the long-term. This Government has determined that in keeping with best practice, prudent planning is the best next step in this journey. The Government will provide assistance of up to \$250,000 towards the development of a business plan to determine how a Union Deposit Company might compete in a market with established players. As a financial institution, any future deposit company would come within the independent regulation of the Bermuda Monetary Authority, and would have to convince depositors to provide it with funds to lend. However, we believe a Union Deposit Company may play a viable role in offering an alternative to its members, and in doing so provide further competition and a reduction in mortgage lending rates.

## **Financial Conduct Authority**

Mr. Speaker, this Government is committed to performing regular assessments of the appropriateness and efficacy of Bermuda's regulatory and legislative regimes to ensure that they are appropriate for the jurisdiction and consistent with global best practice. There has been a growing movement in leading jurisdictions towards having the activities of the prudential regulator supplemented by those of a financial conduct authority. A conduct authority is primarily tasked with protecting consumers and promoting healthy competition. The Bermuda Monetary Authority serves as Bermuda's prudential regulator and is responsible for, among other things, the promotion of financial stability, and the effective supervision and regulation of Bermuda's financial services sector. Today, Bermuda does not have a financial conduct authority.

Over the coming year, the Government will work with key stakeholders to take the necessary steps to establish an appropriate financial conduct oversight entity that will focus on protecting the interest of consumers of financial products and services in Bermuda. It

is the Government's responsibility to ensure the financial services sector works well, and that it has products and services that are priced competitively and fairly benefit customers.

## **Family Office Legislation**

Mr. Speaker, the Bermuda investment environment provides competitive advantages for businesses striving to compete globally. Bermuda's own competitiveness in global markets is based on a unique set of strategic advantages which includes but is not limited to the following:

- Proximity to US capital markets;
- UK and US compatible law and regulation; and
- Extensive regulatory cooperation as well as recognised regulatory quality.

Investment keeps our economy open, dynamic and competitive and helps to ensure that Bermuda continues to be the best place in the world to do business. However, as a small and open economy with limited economic diversification, the Bermudian economy is vulnerable to external factors. These include changes in international tax policy and regulatory standards that could adversely affect our business sector and impact our way of life.

In a similar vein to policy actions taken in many other sectors, the Government is working with a number of stakeholders to introduce a new private family office product to further meet the needs of ultra-high net worth individuals who require a different wealth management model to meet their estate planning objectives.

It is because of Bermuda's strength as an international financial centre that many institutions have worked closely with the Government to develop solutions tailored to the specific requirements of the financial services sector. The development of a family office product is an expansion of wealth management sectors in Bermuda, thus demonstrating Bermuda's commitment to these sectors and to the Government's diversification mandate. With a broadening of Bermuda's wealth management product set, there is an expectation that opportunities for Bermudians in this sector will grow.

## **DEALING WITH THE COST OF LIVING**

Mr. Speaker, at the beginning of the session of this Honourable House, the Government pledged to focus on reducing the cost of living for Bermudians. Over the last 15 months, we have made some progress, but there is more that needs to be done. The main contributors to our high cost of living are energy, healthcare, housing and food prices.

### **Energy Costs**

The Government is committed to reducing energy costs and has supported a number of initiatives. Last year, we funded an LED bulb exchange programme which saw thousands of Bermudians participate to reduce their energy bills. Recently, Bermudians saw reductions in core energy rates due to a tough line the Government has taken with Bermuda's energy supplier. Additionally, the Government has made it clear to the proposed new owners of BELCO that increased costs to the people of Bermuda will not secure our approval.

Finally, to support the transition to renewables outlined in last year's Throne Speech, the Government, in partnership with international companies, will set up a Green Energy Fund to provide capital to deploy solar installations throughout the island. The objective is simple: to provide jobs for solar installers and relief from high energy bills. Bermuda can lead the world in renewable energy adoption and this Government will work to make that a reality.

### **Healthcare Costs**

Mr. Speaker, the goal of the Bermuda Health Plan is to reduce the amount of money that Bermudians spend on healthcare. Health insurance and out-of-pocket costs provide a real challenge to most Bermudians, and that is why the Government is focused on bringing needed reforms that make our system more efficient, while reducing co-pays and providing better coverage for preventative care.

### **Housing Costs**

Mr. Speaker when it comes to housing, the Government has taken and will take further steps to reduce the cost of housing and mortgages. First, we boosted competition in the mortgage market by eliminating taxes when you transfer your mortgage to a bank that may have had a lower interest rate. This year the Government will, in partnership with a local financial institution, pilot a mortgage guarantee programme aimed at reducing mortgage rates for some Bermudian families. Last year we changed laws that will allow international companies to invest in approved residential schemes in our economic empowerment zones. Investment in city residential developments will result in construction jobs and an increase

in the available housing stock. The objective of this initiative will be to increase the supply of quality, affordable residential accommodations in Bermuda.

## **Food Costs**

Mr. Speaker, the Government acknowledges the impact that food prices have on the cost of living. In an effort to promote more price transparency and aid consumers in identifying alternative food pricing, the Government will be amending the Cost of Living Commission Act to require reporting of prices from grocers to the Government. This information will be made available to the public via mobile application so that consumers can compare the difference in prices of staple goods.

Finally, the Government is working to support start-up and cooperative companies who are looking to supply foods at lower prices by partnering with the Financial Assistance programme to reduce costs not only to taxpayers but also to the general public. This is an innovative way in which money that is already being spent by the Government can be redirected to support competition in Bermuda and reduce food prices.

## **2019/20 FISCAL PERFORMANCE**

Mr. Speaker, before commenting further in detail on the estimates for the fiscal 2020/21 Budget, it is important that I provide an update on the Government's financial performance and the forecast for the current financial period. The forecast of the current year's financial performance is the base from which the budget for fiscal 2020/21 is formulated.

Mr. Speaker, the Government is forecast to earn \$1.111 billion in revenue in 2019/20. This is \$7.5 million (0.7%) less than the \$1.118 billion in the original estimate and is due mainly to lower than expected stamp duty, hotel occupancy taxes and fees for sale of land to non-Bermudians. These amounts were partially offset by higher collections in payroll tax.

The projected 2019/20 operating expenses of the Government are \$940.2 million, or \$10.3 million (1.1%) higher than the \$929.9 million originally budgeted. This was primarily due to a strategic decision to provide financial support of \$3.0 million to secure winter air service from New York and Boston and subsidy funding of \$7.8 million for the Bermuda Hospital Board as part of the block grant provided to the hospital in relation to the healthcare reform.

Mr. Speaker, included in total operating expenses is the 2.5% salary increase awarded to some public officers. As this amount was unbudgeted, Departments have had to find savings from within their existing budget allocations.

Revised capital expenditures for the year are predicted to come in at \$66.1 million, or \$1.3 million (2.0%) above the budget of \$64.7 million. This increase was due to a delay in the receipt of new buses and additional grant funding provided to the National Sports Centre to resurface the track in anticipation of the CARIFTA games being held in Bermuda in April 2020.

Debt service costs for 2019/20 are forecast to be \$2.7 million above the estimate of \$116.5 million. This is due to interest and facility fee costs in relation to the borrowing incurred to make good on the Caroline Bay guarantees by purchasing the interests of the Tranche B and C lenders for the project.

Given the factors outlined above, the revised estimate of the overall deficit is \$14.6 million, \$22.0 million more than the \$7.4 million surplus that was projected.

Mr. Speaker, while I am disappointed at this outcome, the reality is that budgets are dynamic funding plans that are subject to unanticipated events. There is a reason these are termed estimates. Considering the increased complexity of government, on occasions we have to facilitate additional funding for under-budgeted and/or unanticipated additional expenditures that may arise during the year, such as the Caroline Bay situation.

During this fiscal year \$180.0 million of Private Placement Notes matured and were paid off from the Sinking Fund, which reduced interest expense on an annual basis by \$12.1 million.

Conversely, the Government had to draw \$182.4 million to meet its obligations for the Caroline Bay project, and may have to borrow another \$14.6 million to fund the projected deficit for fiscal 2019/20.

With regard to the Caroline Bay project, while the Government has a legitimate expectation to recover these costs, they had to be funded by either new borrowing or using funds from the Consolidated Fund.

Mr. Speaker, for the remainder of this fiscal year, the Government will continue to look for savings to offset the above-mentioned overages, and the Ministry of Finance will exercise prudent management of funds to ensure that we do not incur any additional borrowing. Therefore, on 31 March 2020, net debt will stand at \$2.658 billion.

The Sinking Fund balance is projected to be approximately \$38.9 million at the end of 2019/20.



## 2020/21 BUDGET ESTIMATES

Mr. Speaker, the 2020/21 National Budget allocates \$1.141 billion in total spending over the next 12 months. This level of spending represents a \$30.9 million or 2.8% increase over the 2019/20 original estimates. Revenues are forecast to rise by a modest 0.3% or \$3.7 million and the current account balance, before interest on debt and capital expenditure, is budgeted to be a surplus of \$186.6 million.

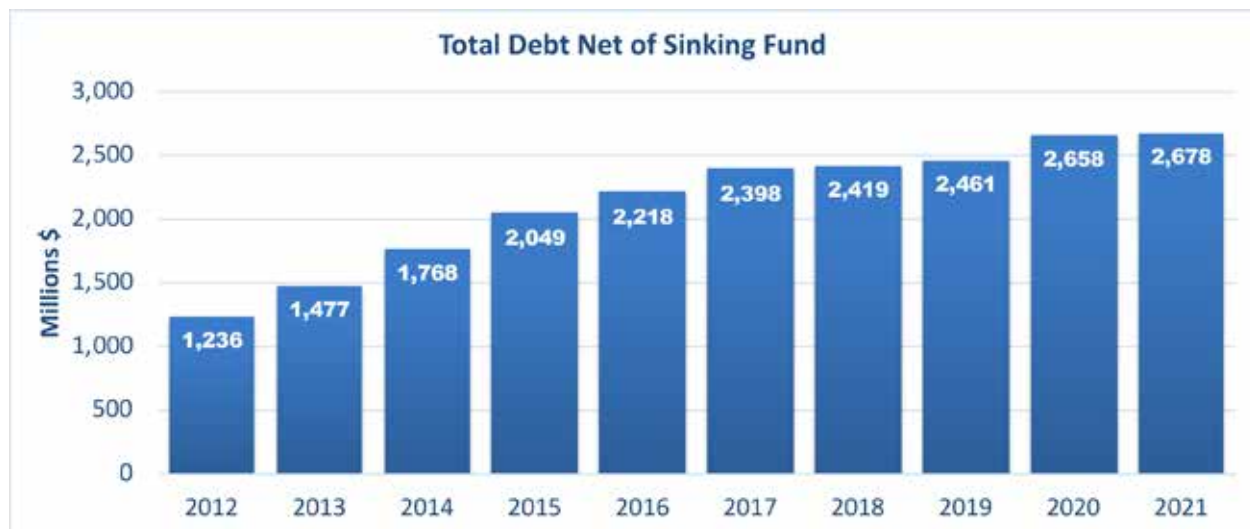
The current account balance, after interest, is also budgeted to come in at a surplus in the amount of \$65.2 million. This represents a slight decrease in the current account surplus of \$6.9 million when compared with the 2019/20 Budget. Given the above Mr. Speaker, the Government plans to run a budget deficit of \$19.8 million.

	ORIGINAL ESTIMATE 2019/20 \$000	ORIGINAL ESTIMATE 2020/21 \$000
<b>Revenue and Expenditure Estimates</b>		
Revenue	1,118,455	1,122,171
Current Account Expenditure (excl. debt service)	929,861	935,566
Current Account Balance (excl. debt service)	188,594	186,606
Interest on Debt	116,500	121,400
	72,094	65,205
Capital Expenditure	64,715	85,008
	7,379	(19,803)
Budget Surplus (Deficit)		

The projected current account balance (excluding debt service) indicates whether revenues can support the day-to-day running of government, excluding interest on debt and capital expenditure. This year's budget, with a current account surplus of \$186.6 million has sufficient revenue to cover not only the day-to-day running of government, but also interest on debt.

Mr. Speaker, the Government anticipates long-term borrowing in this fiscal year of \$19.8 million. This borrowing will be used to fund a portion of the capital expenditures and is in line with one of our fiscal rules that net borrowing can only be considered to finance capital spending.

Mr Speaker, as at 31 March 2021, it is estimated that gross public debt will stand at \$2.717 billion, and debt, net of the Sinking Fund, will be \$2.678 billion, \$72.4 million below the debt ceiling.



## Revenues

Mr. Speaker, the revenue estimate for 2020/21 is \$1.122 billion, a modest \$3.7 million or 0.3% higher than the original estimate for the previous year. The most significant increases will be in relation to taxes on cruise ship passengers and uplifts to immigration fees. Other than these adjustments, there are no new or increased taxes contained in the budget for the upcoming fiscal year. Rather, Mr. Speaker, we will be providing payroll tax relief to workers and to small and medium-sized businesses. We will also extend payroll tax relief to employers with payrolls of \$500,000 and above for the creation of new jobs in Bermuda.

Mr. Speaker, the total fiscal impact of the payroll tax relief to workers and small and medium sized businesses will be a reduction in the Government's payroll tax yield of approximately \$6.4 million.

Honourable Members are aware that the Government released the Pre-Budget Report in advance of this budget. The Pre-Budget Report provides an opportunity for stakeholders such as businesses and social groups to understand and comment on options for the next budget. This can give stakeholders confidence that the Government's budget policies are grounded in longer-term fiscal and budget strategies. In addition, the report contains some policy options that were under consideration by the Government. I would like to thank all stakeholders who provided submissions during the consultative pre-budget process. It is an example of the approach this Government will take to ensure that we conduct our business

in an open and transparent manner. Following consultation, the Ministry will take the following actions to meet the Government's revenue target in 2020/21.

## **Payroll Tax**

Mr. Speaker, Payroll Taxes remain a highly effective and reliable way to raise revenue. The yield from payroll tax is estimated at \$467.0 million in 2020/21, 41.7% of total government revenues.

### **Reduce the Lower Band of Payroll Tax for Employees**

As mentioned earlier, the Pre-Budget Report indicated that the Government would consider reducing or eliminating the lowest band of Payroll Tax to provide relief to the workers in that band. It was noted that if the Government reduced or eliminated the lowest band, it would seek to make the yield for the employee portion of payroll tax revenue neutral by raising the rates in the remaining three bands. Following the pre-budget consultation, the Government proposes to amend rates as follows:

- Remuneration of \$0 - \$48,000 the rate will be adjusted from 4% to 2%
- Remuneration of \$48,001 - \$96,000 the rate will be adjusted from 6.5% to 8.5%
- Remuneration of \$96,001 - \$235,000 the rate will be adjusted from 7.75% to 9.0%
- Remuneration greater than \$235,000 the rate will be adjusted from 8.75% to 9.5%

Mr. Speaker, following this reform, anyone making less than \$96,000 will see a reduction in taxes; anyone earning more than \$96,000 will see an increase in their taxes. Additionally, the Government's projected payroll tax yield is estimated to be reduced by approximately \$3.8 million as a result of this reform. An illustration of the combined tax savings under the new rates for selected salaries for fiscal year 2018/19, when we last reduced the lowest band, and this year is set below. Tax savings in more detail for this fiscal year are in Table X.

Salary	Reduction in Taxes in 2018	Reduction in Taxes in 2020	Total Reduction Since 2018
\$36,000	-\$270	-\$720	-\$990
\$48,000	-\$360	-\$960	-\$1,320
\$60,000	-\$270	-\$720	-\$990
\$72,000	-\$180	-\$480	-\$660
\$84,000	-\$90	-\$240	-\$330

## **Incentive for Job Creation**

Mr. Speaker, following the Pre-Budget Consultation, the Government will extend payroll tax relief for the creation of new jobs in Bermuda to employer with payrolls of \$500,000 and over. This programme will provide a two-year employer payroll tax concession for additional jobs created in Bermuda.

## **Payroll Taxes for Small and Medium-Sized Businesses**

Following the Pre-Budget Consultation, the Government will create two new payroll bands between the annual payroll thresholds of \$200,000 and \$500,000. This tax relief to small and medium-sized businesses should allow them to expand their employee base. The proposed bands are as follows:

- Between \$200,000 and \$350,000 at a tax rate of 3.5% (a 50% reduction) and
- Between \$350,000 and \$500,000 at a tax rate of 6.5%.

## **Payroll Taxes for Public Service Vehicles**

Mr. Speaker, the Government will expand the successful Taxi Industry Payroll Tax scheme to all persons with Public Service Vehicles. This will include Limousines, Airport Limousines, and Minibuses. Further consultation will occur with owners of vehicles in this sector before any decisions are finalised.

## **Assessing the Deductible on Dividends Paid to Shareholders**

The Pre-Budget Report signalled that the Government would assess the cost of increasing the deductible on dividends paid to shareholders from the \$10,000 limit. Following this initial assessment, the Government will not be increasing the deductible. Rather, we will further evaluate this proposal during the ensuing year in order to gain a clearer understanding of the effect that it will have on the payroll tax yield.

## **Customs Duty**

Mr. Speaker, the yield from customs duty is estimated at \$235.0 million, or 21.0% of total government revenues.

There will only be minor changes in the customs tariff such as raising the rate on cigarettes containing tobacco substitutes in line with the rate of cigarettes and zero-rating certain items.

However, Mr. Speaker, to assist retailers, the Ministry of Finance will expand the scope of goods that receive relief under the Retail Shops (Temporary Customs Duty Relief) Act 2008 which provides a zero rate of customs duty on imported capital goods intended for the renovation and refurbishment of retail shops.

Also, the Customs Department will ease the financial burden on retailers by making the customs duty deferral process more user-friendly. This will assist retailers with their cash flow as customs duty will not be paid upfront but rather after they have sold at least a portion of their goods. Appropriate checks and balances will be put in place to mitigate the risk of non-payment of deferred duty.

Mr. Speaker, poor health choices in Bermuda, among other things, contribute to our collective high healthcare costs. One of the measures put in place by the Government to encourage healthier choices was the Sugar Tax. In October 2019, following six months of the full implementation of the Sugar Tax, the Cabinet authorised a review of the policy to ensure that it was having its intended effect. Consumption of items affected by the Sugar Tax in Bermuda has decreased. People, where they can, are making healthier choices as the costs of items with sugar have increased. However, Mr. Speaker, the broad application of the Sugar Tax through the customs tariff has led to some items containing “relatively small” amounts of sugar being taxed. For example, items like Sugar Free Coffee Mate have been caught by the tax when they were not the intended target. During this session, we will introduce amendments to the Sugar Tax to allow greater discretion for customs officers to waive Sugar Tax duties for items containing “relatively small” amounts of sugar.

During this fiscal year up to 31 December 2019, the Sugar Tax has raised an additional \$4.7 million in revenue. Although monies were earmarked for programmes to assist with healthy choices, the needs and demands for additional funding in the areas of mental health, public education, and additional support services for young Bermudians who have aged out of DCFS are considered higher priorities for the Government. Notwithstanding the foregoing, additional funding, from Sugar Tax receipts, have been allocated to the Ministry of Health to work with local restaurants on an initiative to add nutritional information to menus.

## **Biennial Fee Increase**

Mr. Speaker, every two years since 1996, the Government reviews all fees charged for Government Services, such as vehicle licenses and various permits. The last biennial review of government fees was conducted in 2018, when fees were increased generally by 5%. Although this is the year in which these increases were due, this Government will not add to the cost of government services for the people of Bermuda. So, for the first time in 24 years I am happy to let the people of Bermuda know that the Government will not be asking you to pay more to license your car!

## **Cruise Ship Passenger Tax**

Mr. Speaker, following last year's notification to all cruise lines, the Ministry of Tourism and Transport proposes to redefine the "Large Ship Infrastructure Tax" as the "Transport Infrastructure Tax". Additionally, the tax rate will be increased from \$22.00 to \$25.00 per passenger over the age of two. The new rate will take effect from 1 May 2020 for all cruise ships that berth in Dockyard between 1 April and 31 October, regardless of size or passenger count. The increase in revenue yield from this change is estimated at \$4.4 million. The majority of the revenue received from the infrastructure tax will be used to invest in new tourism and transport infrastructure.

## **International Company Fees**

Following the Pre-Budget Consultation and mindful of the impact of any further increases in company fees on Bermuda's competitiveness, the Government will not be amending any company fees. Mr. Speaker, the Registrar of Companies is actively going through a transitional period. Consequently, Mr. Speaker, to keep in step with the modernisation of the Department, the Registrar has undertaken to perform a complete and holistic review of the Department's corporate fee structure. Mindful of the comparative consideration of our competitive jurisdictions and Bermuda's intention to continue attracting premium entities, and balanced with the understanding that effective regulation of any jurisdiction brings inevitable costs, the approach will be measured in contemplation of all the factors that impact industry and Bermuda's economic framework. The Registrar, working with external consultants, is committed to robust industry consultation and engagement as he navigates through this process with a view to making recommendations to the Ministry, by July 2020, as to what possible next steps may be appropriate.

## **Increase in Immigration Fees**

Mr. Speaker, after considering the Tax Reform Commission's recommendation to increase the yield from immigration fees, the Government will increase all immigration fees by 5.0% to ensure there is reasonable cost recovery for the provision of the various services offered by the Department of Immigration.

## **Managed Service Tax**

The Pre-Budget Report signalled that the Government was considering levying a tax on professional services provided by non-Bermudian businesses to local and international companies. Following consultation, the Government will not introduce this tax.

## **Tax Collection and Accounts Receivable**

In their recent report, the Fiscal Responsibility noted the following:

"The Budget (2019/20 Budget) does, as recommended in several of our previous reports and by the TRC, incorporate a much more determined effort to improve the efficiency and timeliness of tax collection, by increasing the resources of the Office of the Tax Commissioner, modernising payment methods, and improving enforcement. We are impressed by the pace of the modernisation effort in the Tax Commissioner's Office. The Government should continue to attach a high priority to ensuring that this work has the necessary political and financial support."

Mr. Speaker, despite this endorsement the Government recognises there is much more work to be done in this area.

As per recommendations from the Caribbean Technical Assistance Center (CARTAC for Tax Authorities – c/o the IMF) and the Efficiency Committee, the Office of the Tax Commissioner has decided to modernise its tax administration into an organisation that operates according to modern standards and that is enabled by powerful information technology support.

Mr. Speaker, the Government will use all available means to collect overdue taxes, thereby improving the Government's cash flow. To this end the Government is currently considering ways to supplement and enhance the debt collection function within government and is working through the procurement process to engage relevant service providers that

can assist with this matter. Other options that will be evaluated include a “tax amnesty programme”. The proposed amnesty would provide eligible taxpayers with nine months from the determined commencement date to settle 75% to 85% of the total amount overdue by more than 90 days. The remaining 25% to 15% will be forgiven.

Finally, the Government will assess the feasibility of “factoring” our accounts receivables.

Mr. Speaker, factoring is a financial transaction and a type of debtor finance in which a business or government sells its accounts receivable to a third party (called a factor) at a discount. A business will factor its receivable assets to meet its present and immediate cash needs.

Mr. Speaker, too much of the OTC’s time and resources are devoted to processing manually filed tax returns. A new filing policy was implemented on 1 April 2019 for taxpayers of gross annual payrolls in excess of \$500,000 per year. It was made mandatory for taxpayers over that threshold to file electronically using the E Tax system, starting with the quarter ending June 2019. It is now proposed that this policy be expanded to require all taxpayers with payrolls greater than \$250,000 per annum to file electronically.

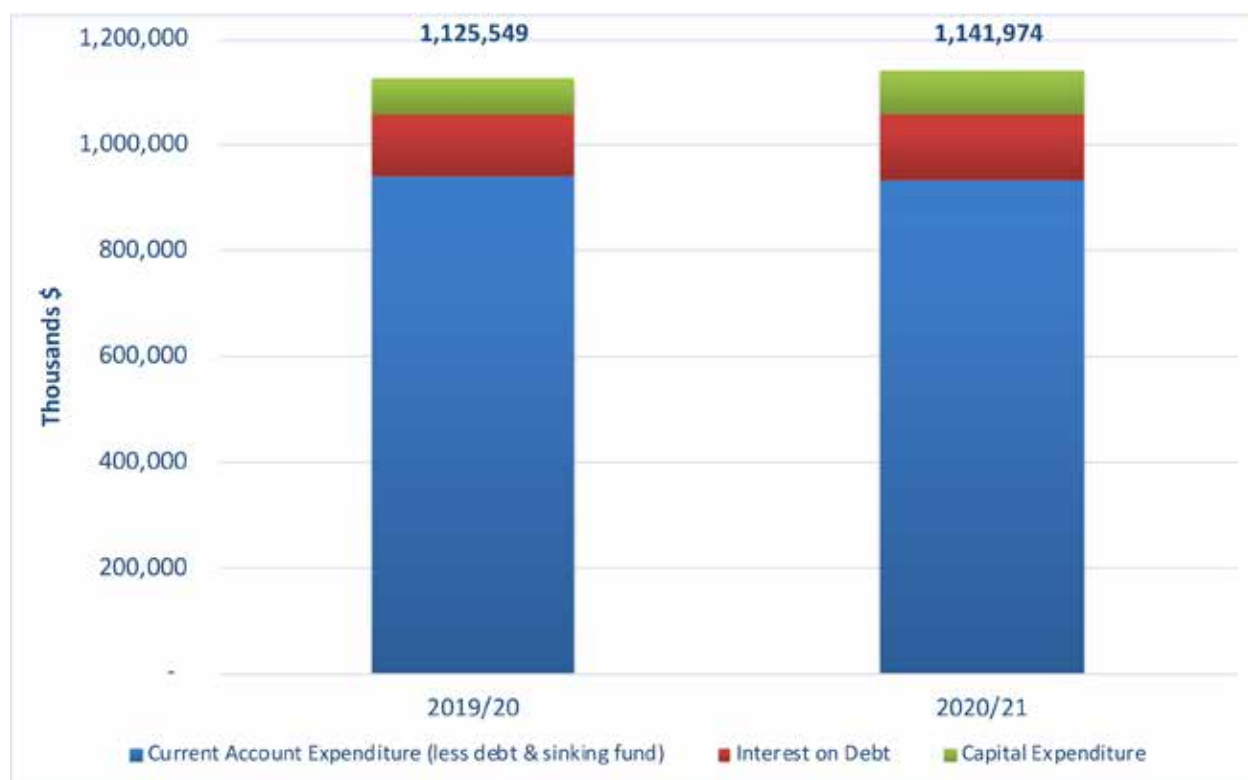
## **Expenditures**

Mr. Speaker, total expenditure including debt service of \$121.4 million and capital investment of \$85.0 million is estimated at \$1.142 billion, \$30.9 million or 2.7% higher than in 2019/20. The primary reason for this increase relates to proposed increases in capital spending of \$20.3 million to strengthen our infrastructure after periods of underinvestment.

Mr. Speaker, this level of spending will enable the Government to execute on its priorities of educating our children, providing healthcare and security for our citizens and assistance to the less fortunate. It will also allow us to provide targeted investments to grow and diversify Bermuda’s economy and revitalise our infrastructure in a fiscally prudent and responsible manner.

Operating expenditure in 2020/21 is forecast to be \$935.6 million. This amount represents an increase of \$5.7 million or 0.6% over the 2019/20 original estimate of \$929.9 million. Holding nominal programme spending growth to this level this fiscal year means that in real terms, the Government is reducing spending across the board.





Mr. Speaker, the increase in operating expenditure is directly related to the provision of improved and expanded services and programmes. The major drivers for this adjusted operating expenditure by the Ministry are as follows:

- Cabinet Departments – to fund an implementation team in central government to support the implementation of various government proposals;
- Ministry of Legal Affairs – funding for operational programmes for young people too old for children’s facilities and increased grant funding;
- Ministry of Finance – funding for additional posts in the Registrar of Companies for economic substance regulatory framework and increased grant funding for the Bermuda Public Accountability Board;
- Ministry of Health – funding for community mental health programmes and increased grant funding; and
- Ministry of Education – funding for enhanced student behaviour management services, educational therapists and counselling services.

Mr. Speaker, the Government is committed to aggressively managing our expenditure and in order to determine high-priority policy programmes, the Budget Office reintroduced zero-based budgeting (ZBB) for the upcoming fiscal year. Policy prioritisation at the start of the budget process will facilitate a better alignment of the allocation of limited resources with the Government's overall policy initiatives and objectives.

ZBB is a method of budgeting in which all expenditures must be justified, starting from zero. ZBB involves a fundamental re-examination of all Department business units/ services and justification of funding and performance. This method requires that each department analyse its entire budget request in detail, both current and proposed new services, in order to identify the most effective and efficient methods for service delivery and resource allocation. This analysis includes: examination of the services purpose/objectives, alternative service delivery models, proposed service levels and resource requirements, consequences/risks of not providing the service and the benefits and outcomes of each service level. Once the analysis has been completed, all service levels for each Department are ranked and a consolidation and final ranking of all the Departments within a Ministry is composed.

Mr. Speaker, the respective ministers have reviewed the final ministerial rankings and agreed the priorities and spending proposals, after which all submissions have been presented to the Cabinet.

## **Debt Service**

Mr. Speaker, debt service costs for 2020/21 are projected at \$121.4 million. Approximately \$7.9 million of this expenditure is related to the Caroline Bay project. It is well recognised that interest rates are relatively low and the Ministry will therefore use the opportunity not only to finance the 2020/21 deficit but also to refinance the loan agreement arranged to facilitate the Caroline Bay obligations and to refinance existing more expensive government debt at a more favourable interest rate, therefore reducing debt service pressure on the budget.

## **Capital Expenditures**

Mr. Speaker, I will turn now to capital investment. The Government remains committed to making sound capital investments that will revitalise the country's infrastructure, support growth, create jobs, and improve our quality of life.

The capital expenditure component of the 2020/21 Budget is set at \$85.0 million, \$20.3 million higher than the 2019/20 original estimate. The most significant items of capital

development expenditure in the 2020/21 Budget relate to upgrading the Parliament Building and relocating the courts (\$3.2 million), major building upgrades (\$3.1 million), schools' maintenance (\$3.0 million) and road works (\$2.8 million). While most of the planned investment is related to construction projects, there is a capital acquisition provision of \$24.9 million, which includes IT developments across government (\$9.1 million), and new public buses (\$4.4 million), ferries (\$2.0 million) and other vehicles to support public service delivery.

## **MINISTRY HIGHLIGHTS**

Mr. Speaker, I will now review highlights from the ten Ministries that form the government.

### **Ministry of Education**

Mr. Speaker, the Ministry of Education will receive a budget allocation of \$137.6 million, which is \$512,000 higher than last fiscal year.

The Ministry of Education has allocated an estimated total of \$2.1 million in fiscal year 2020/21 for funding additional initiatives that support the execution of Plan 2022 strategies, and to continue the administration of the merit-based “College Promise” programme for public school graduates to attend the Bermuda College. Focus will be placed on the restructuring and redesign of the Bermuda public school system, and the provision of key wrap-around services needed for students who exhibit severe behaviours in public schools.

Mr. Speaker, changing severe student behaviours requires consistent, daily intervention and support. Accordingly, two support centres will be introduced in the public school system for the primary school level and the middle/senior school level at a cost of roughly \$520,000. Full-time professionals that include education therapists and school counsellors will be hired.

Mr. Speaker, a total of \$1.4 million will support the commencement of redesigning and restructuring the Bermuda public school system in alignment with adaptive strategies outlined in Plan 2022. In addition to the Government’s platform initiative to phase out middle schools, Plan 2022 outlines the longer-term transformational strategy of establishing specialised schools that focus on the projected needs of the community. Plan 2022 also states the need for renovating and/or consolidating school facilities. This requires the redesign and reconfiguration of schools.

Mr. Speaker, the Bermuda College will continue to receive a grant to give our public school senior students greater access to the college. As a result, the Ministry has allocated \$250,000 for the College Promise Programme that was introduced to the college during the previous budget year.

### **Ministry of Public Works**

Mr. Speaker, the Ministry of Public Works provides highly visible services and infrastructure to the island. This infrastructure must be well maintained to ensure safety of users and longevity of use to achieve operational efficiencies. The Ministry provides the stated services and infrastructure through its six Departments and has budgeted to spend \$41.2 million in capital development inclusive of grant funding to quangos, \$3.4 million in

capital acquisitions and \$73.3 million in operations in 2020/21. The Ministry's current expenditure allocation is the same as the last fiscal year.

Mr. Speaker, charged with the responsibility of efficient management of the government property portfolio, the Department of Public Lands and Buildings has an operational budget of \$19.9 million in 2020/21 and will be working on the refurbishment of the Parliament Building as well as other buildings, schools maintenance, major building upgrades and various office relocations and alterations.

The Department of Land Valuation maintains an accurate and up-to-date valuation list of all properties in Bermuda for land tax purposes, including the quinquennial revaluation of those properties in accordance with the Land Valuation and Tax Act 1967. In this fiscal year, the Department will conduct its quinquennial revaluation of land, after which the 2020 Draft Valuation List will be produced.

### **Ministry of Labour, Community Affairs and Sports**

Mr. Speaker, the Ministry of Labour, Community Affairs and Sports will receive a budget allocation of \$18.7 million, the same as the 2019/20 allocation.

The Ministry has a number of key initiatives including modernisation of labour laws, the implementation of a living wage and pay equity for Bermudians that will be delivered during the next fiscal year. Departments within the Ministry will also be increasing opportunities for Bermudians through sports, workforce development, and community and cultural affairs.

The Department of Workforce Development will be increasing opportunities for Bermudians with an increase in budget for scholarships of \$100,000 to \$450,000 and an increase in budget for apprenticeships by \$25,000 to \$420,000. This reflects the commitment of the Ministry and Department to the development of our workforce and assisting Bermudians to become job-ready.

### **Ministry of Health**

Mr. Speaker, the Ministry of Health's budget for next year will be \$243.3 million, which is an increase of \$1.9 million. The Ministry of Health leads the country's health system to promote and protect Bermuda's health. The Ministry is comprised of five budget heads that fund seven Departments, two quangos and 29 boards, councils and committees. Together, these entities work to improve the quality, access and sustainability of health services.

The Ministry of Health budget is among the few that has received additional funding for the upcoming fiscal year, 2020/21. This increase reflects the Government's recognition and commitment to the fragility of some of our health services and funded programmes and the significant value health plays in Bermuda's economic growth. This increase will assist in providing new community mental health services and increased funding to senior care facilities.

Mr. Speaker, the Ministry continues to address the needs of adults with intellectual disabilities and mental health problems, some of whom have no next of kin and therefore need the care of the state. Currently, the Ministry has to care for two individuals in overseas institutions as there is no local capacity to meet their disability or mental health needs, respectively, one individual costing \$256,000 per year and the other approximately \$350,000 in the upcoming year.

These are just examples of the extraordinary circumstances dealt with by this Ministry, which is charged with a significant mandate over a sector that consumes 11% of the country's GDP and represents the largest government budget. This is money well spent, however, because the health budget is not just expenditure—it is an investment in the economic prosperity of the country, which requires a healthy, productive and economically active population.

## **Ministry of Finance**

Mr. Speaker, the Ministry of Finance, excluding debt service, is provided with a budget of \$105.1 million – an increase of \$750,000 or 0.7%. The majority of the Ministry of Finance's allocation (\$84.7 million or 81%) relates to non-discretionary expenditure, which includes an estimate of government overheads and payments made under the programme for war veterans.

The bulk of the increase in the Ministry's budget has been allocated to the Registrar of Companies (ROC). These funds will primarily be used for additional resources required to monitor and enforce Bermuda's economic substance regime in line with the OECD standards. Additionally, the ROC has embarked upon implementation of a new IT registry system. Phase one of the system, which deals with economic substance, will be rolled out before June 2020, with the other phases being finalised later in 2020.

Mr. Speaker, Bermuda continues to face a number of external tax and regulatory threats. These threats pose a real and present danger to our economy. During the upcoming year, the Ministry has had to reprioritise funds in order to provide additional grant funding for the Bermuda Public Accountability Board. The primary function of the board is to

oversee the supervision and enforcement of auditors who carry out business in Europe, in accordance with the Bermuda Public Accountability Board Act 2011. The board's primary goal is to achieve equivalency with the audit requirements set down in Article 45 of the EU Audit Directive. This board has been operating with effect from 11 July 2012 with minimal funding. The Government has determined that a fully operational secretariat/office should be set up to add substance to the process. This is also seen as a positive step in gaining the equivalence stature from the EU.

Mr. Speaker, the Ministry of Finance is responsible for the collection of the majority of government revenue and in 2018/19 collected \$948.5 million or 86% of government revenues. Accordingly, it is critical that the capacity of the revenue-collecting Departments to effectively collect revenues is maintained. The budget of the OTC has been increased as it seeks to embark on a tax administration modernisation programme.

Additional funding has also been provided to the Department of Social Insurance to fund a much-deserved pension increase for our war veterans.

Finally, Mr. Speaker, the Ministry of Finance will keep the Progressive Labour Party platform promise by increasing pensions for our seniors by the rate of inflation this year, and every year as long as we are in office.

## **Cabinet Office**

The Cabinet Office Departments will receive a budget allocation of \$48.2 million, which is \$2.2 million or 2% higher than in 2019/20.

Mr. Speaker, of this amount, \$1.5 million represents the centralisation of Permanent Secretary salaries from other Ministries to the Cabinet Office. Also, key initiatives to diversify the economy and promote economic growth in Bermuda demand the attention of specialists and leaders in their respective fields. This can only be achieved for Bermuda if we commit to the engagement of specific resources tasked with breaking through the regulatory and technical gridlock that often serves to restrict new economic growth. Therefore, the additional funding for the Cabinet Office is provided for the assembly of an implementation team, which will drive the delivery of important initiatives identified by Bermuda First. Mr. Speaker, the Government's agenda is ambitious, and for the pace of reform to increase, there must be dedicated resources to advance initiatives without the distractions of the routine matters associated with public service administration.

The Cabinet Office will continue its drive for government-wide reform during this budget year. Some of the long-term goals of this reform are digitalisation of government forms,

online payment for government services and a paperless office environment. The reform also includes a programme of developing the potential and leadership within the Civil Service.

Mr. Speaker, the Post Office will continue its phased installation of systems that will enable it to provide enhanced services and products to the public, such as accepting payment for various government services at its different locations. The Post Office is also looking to enhance its courier service capabilities with a view to providing a reliable, competitive and cost-effective parcel delivery service. The Post Office is in the second of three phases of this implementation, with the result being vastly improved services and offerings.

As recently announced by the Honourable Premier, a new Department to be called the Economic Development Department will be established during this new budget year. The Cabinet has already approved the creation of this Department and this fiscal year will see its structure put into place with the redeployment of staff in the Business Development Unit, the FinTech Unit and the Department of Information and Communication Technology. The primary aim of this new Department is to advance the sustainable growth, development and diversity of our economy. To achieve this, the Department will create a strategy for economic development and diversification for Bermuda, which we envision will lead to economic growth and diversification.

Mr. Speaker, the Department of Information and Digital Technology will be allocated capital funding for several systems upgrades. These include telephone systems upgrades, portal upgrades and digitalisation of a variety of services. In addition, funds will be spent on system upgrades to accommodate growing business demands across government.

The BEDC has received a capital grant of \$1.0 million towards the establishment of the Uptown Development Authority. The mission of this BEDC subsidiary will be to implement the new North-East Hamilton Development Plan and drive residential development projects in North-East Hamilton.

## **Ministry of Tourism and Transport**

Mr. Speaker, the budget for the Ministry of Tourism and Transport will remain at \$88.3 million in the upcoming fiscal year. In addition to funding the Departments of Transport Control, Public Transportation, and Marine and Ports Services, the Ministry provides grants to the BTA and the Bermuda Airport Authority (BAA).

Mr. Speaker, the National Tourism Plan (NTP), which was released in 2018, set out a multi-year roadmap for our aspirational future for tourism by providing a collaborative way forward, from infrastructure improvements to greater year-round visitor balance and



greener, more sustainable approaches. The BTA will work with its partners and stakeholders to achieve the aims of the NTP.

The 2020/21 grant to the BTA of \$22.5 million has been maintained at the same level as 2019/20. However, as note earlier, the pending restructuring of the BTA may cause some of this grant to be redirected as a result of the restructuring.

As mentioned previously, the Ministry of Tourism and Transport advised the cruise lines of the implementation of the new “Transport Infrastructure Tax” (the “Large Ship Infrastructure Tax” has been repealed). The bulk of these increased taxes will be allocated to the refitting of government marine vessels and the purchase of public transportation infrastructure.

Mr. Speaker, recognising the critical importance of air service for Bermuda’s economic and social well-being, the Ministry of Tourism and Transport continues to collaborate with the BTA, the BAA, Bermuda Skyport Corporation Limited and other key stakeholders to develop and implement a comprehensive air service development strategy for the island. The goal of this strategy is to attract, expand and maintain a sustainable air service that meets Bermuda’s diverse and evolving needs. This Government has set aside \$1.2 million in the upcoming financial year to support credible, commercially viable air service opportunities that align with our strategic priorities. Additionally, this Government remains committed to ensuring all community partners play their part to support air service development for the island.

## **Ministry of National Security**

The Ministry of National Security has been provided with a budget of \$134.8 million, the same as last year.

Mr. Speaker, the Ministry of National Security has embarked on a reallocation initiative within the Ministry to better align funding with strategic and operational priorities. This has been achieved by reallocating funds from the Bermuda Police Service, while still fully maintaining front-line police levels and capabilities at current levels. In particular, the Department will benefit from more than \$1 million in savings as a result of lower costs for its public safety radios.

The Ministry has prioritised an increase for the Royal Bermuda Regiment to launch the Bermuda Coast Guard. Additionally, funding for maintenance has increased at the Department of Corrections.

Mr. Speaker, the Ministry will continue work in the area of gang violence reduction

initiatives, which include the continuation of the Redemption Farm programme, the work placement programme, youth prevention programmes in selected schools, the expected launch of the anti-bullying app and the restorative circle interventions. All these initiatives are focused on the target audience of at-risk youth and aim to increase executive functioning skills. Additionally, the Department of Customs will start development of an export control regime for Bermuda.

Capital funding for the Ministry has been appropriated for continuing projects in fiscal 2020/21, which include the completion of the cross-departmental public safety radio system, and CCTV upgrades for both the Bermuda Police Service and the Department of Corrections. The Ministry will complete the implementation of the border management system for the Department of Immigration, which is critical for the opening of the redevelopment of the L.F. Wade International Airport. This is a critical dependency for the implementation of E-gates at the new airport. New capital project initiatives for the Ministry of National Security for fiscal 2020/21 include the purchase of a new fire truck and a new ambulance for the Bermuda Fire and Rescue Services, in addition to upgrades and remediation for airport fire service buildings.

## **Ministry of Legal Affairs**

The Ministry of Legal Affairs will receive \$50.1 million in the upcoming year. This represents an increase of \$1,063,000 or 2% from the current 2019/20 fiscal year.

Mr. Speaker, the safeguarding of children is paramount. As the representatives of our future generations, our children are valuable members of our society and deserve to be protected and kept safe. Therefore \$750,000 of the increase in funds will be allocated to programmes within the Department of Child and Family Services.

A portion will be allocated to the Psycho-Educational Programme, which has been underfunded for several years. The programme provides children and youth with protection, care and nurturance by licensed overseas therapeutic facilities. It was developed to focus on children who could not be effectively treated in Bermuda or those who had exhausted all available local therapeutic/treatment services.

Mr. Speaker, in the 2020/21 year, a transitional living regime for children who are too old for the care of Child and Family Services will be established. At the age of 18, children in care, most of whom have spent the majority of their childhood receiving services from the Department, shift from being dependent on support from the Department to depending on themselves. Many are not ready for the transition to adulthood.

A transitional living facility will offer both a residential programme and a community-based programme, which will be aligned. The residential programme will ensure housing stability, while the community-based programme will provide case management support, guidance, and connection to educational, vocational, mental health services and life skills coaching. It is essential to ensure that the needs of these children are addressed to improve the quality of their lives and afford them the opportunity to be successful contributing members of our community.

## **Ministry of Home Affairs**

Mr. Speaker, the Ministry of Home Affairs has been provided with a budget allocation of approximately \$18 million.

In the upcoming fiscal year, a consumer protection bill will be tabled to address transparency and equitable treatment of consumers who use banking and mortgage services. The Consumer Affairs Section will also be introducing amendments to The Landlord and Tenant Act 1974 and the Rent Increases (Domestic Premises) Control Act 1978 to harmonise the two acts to reflect today's rental market and to provide tenancy rights to boarding house residents. The Ministry's priority is to ensure that the legislative framework reflects the requirements of both the tenant and landlord to create a fair and reasonable partnership through the creation of one comprehensive act.

Mr. Speaker, to move towards solar energy and provide opportunity for Bermudians, the Department of Energy will be establishing a training programme for solar installers.

The Department of Planning is also working on initiatives for streamlining the planning application process. The Department will also formulate procedures for emergency applications and other minor/fast-track developments, such as seasonal structures. A new initiative that is being explored by the Department is the creation of a "Competent Persons" Register where minor works can be undertaken without the normal required inspections, provided the industry tradesperson meets a set of criteria (to be defined) and is therefore licensed.

Finally, Mr. Speaker, there will soon be a legislative amendment to the Regulatory Act 2011 to introduce a "regulatory sandbox" for testing of renewable energy that is not yet commercially available. This initiative is being progressed by a team including the Regulatory Authority and the Departments of Planning, Energy and Environment and Natural Resources.

## CONCLUSION

Mr. Speaker, at the dawn of this new decade, the promise of the 21st Century remains unfulfilled for too many Bermudians. A generation now knows austerity as a new normal. The governments they have known in their lives thus far have used numerous terms to explain or justify the inability of Bermuda to shed the constraints imposed by a global economic downturn that started in 2008. There is a palpable frustration across demographics that see Bermuda as a whole; small businesses, hardworking families, and eager young people are questioning the fundamentals of our economy and whether there is hope.

Mr. Speaker, the responsibility of governments is to channel the mood and needs of the people into action. This country needs economic activity. Our economy needs diversification and growth. Our people need work, success and hope. This fiscal year must be one of action. This Government has taken the steps necessary to stimulate the activity needed in this economy. We have added more to the existing regimens that work to support economic growth and diversification. And most importantly, we have strengthened the social safety net that is demanded by modern societies.

The challenge that is before us amounts to a call to action for all sectors of our society. The Public Service must hone its skills and deliver on the ambitious programme set by the country's duly elected government. We as elected officials on both sides must put away our petty politics and recognise that the sacred trust of the electorate means more now than ever. Businesses must treat employees fairly, paying wage deductions in support of payroll tax, social insurance and pension contributions and health insurance premiums as required by the law of the land. Those who have more must reach back and bring along those who have less. Young people must commit to excellence and to sharing that excellence to build the country they want to see.

Mr. Speaker, this call to action brings to mind the words of an African proverb: "If you wish to move mountains tomorrow, you must start by lifting stones today." Our commitment of leadership is to do just that; we will lift up people; we will empower people to lift up themselves and others; and we will build that fairer and better Bermuda on which our people are counting.

Mr. Speaker, I am pleased and humbled, therefore, to present for the consideration of this Honourable House, the Estimates of Revenue and Expenditure for Fiscal Year 2020/21.

Thank you, Mr. Speaker.



Table I

**GOVERNMENT  
OF  
BERMUDA**

**SUMMARY OF  
CONSOLIDATED FUND  
ESTIMATES FOR 2020/21 TO 2022/23**

ACTUAL 2018/19 \$000		ORIGINAL ESTIMATE 2019/20 \$000	REVISED ESTIMATE 2019/20 \$000	ESTIMATE 2020/21 \$000	ESTIMATE 2021/22 \$000	ESTIMATE 2022/23 \$000
<b>Revenue and Expenditure Estimates</b>						
1,090,277	1 Revenue	1,118,455	1,110,934	1,122,171	1,144,614	1,167,507
921,204	2 Current Account Expenditure(excl.debt & s/fund)	929,861	940,215	935,566	944,922	954,371
169,073	3 Current Account Balance(excl.debt & s/fund)	188,594	170,719	186,605	199,693	213,136
124,031	4 Interest on Debt	116,500	119,200	121,400	122,000	122,000
45,042		72,094	51,519	65,205	77,693	91,136
64,223	5 Sinking Fund Contribution	0	0	0	0	0
(19,181)	6 Surplus Available for Capital Expenditure	72,094	51,519	65,205	77,693	91,136
58,571	7 Capital Expenditure (See line 20 below)	64,715	66,134	85,008	70,000	70,000
(77,752)	8 Budget Surplus (Deficit)	7,379	(14,615)	(19,803)	7,693	21,136
<b>Sources of Financing</b>						
(11,953)	9 Consolidated Fund	0	0	0	0	0
89,705	10 Borrowing	(7,379)	14,615	19,803	(7,693)	(21,136)
77,752	11 Total Financing	(7,379)	14,615	19,803	(7,693)	(21,136)
<b>Capital Appropriations</b>						
62,209	12 Appropriations in Original Estimates	64,715	66,134	85,008	70,000	70,000
0	13 Supplementary Appropriations	0	0	0	0	0
62,209	14 Appropriated During the Year	64,715	66,134	85,008	70,000	70,000
0	15 Appropriations Frozen	0	0	0	0	0
(18,326)	16 Appropriations Lapsed	0	0	0	0	0
43,883	17 Net Appropriations	64,715	66,134	85,008	70,000	70,000
23,076	18 Unspent Appropriations from Prior Year	0	8,388	0	0	0
66,959	19 Appropriations to Meet Spending	64,715	74,522	85,008	70,000	70,000
58,571	20 Capital Spending	64,715	66,134	85,008	70,000	70,000
8,388	21 Unspent Appropriations Carried Forward	0	8,388	0	0	0
<b>Consolidated Fund Balance (March 31)</b>						
1,000	22 Contingency Fund	1,000	1,000	1,000	1,000	1,000
8,388	23 Unspent Capital Appropriations	0	8,388	0	0	0
(3,102,382)	24 Undesignated Surplus (Deficit)	(3,086,615)	(3,116,997)	(3,128,412)	(3,120,719)	(3,099,583)
(3,092,994)	25 Consolidated Fund Surplus (Deficit)	(3,085,615)	(3,107,609)	(3,127,412)	(3,119,719)	(3,098,583)

TYPE	DESCRIPTIONS	2019/20	2020/21	2021/22	2022/23
Revenue	Growth, Tax Reform and Rate Increases	1.9%	0.3%	2.0%	2.0%
Expenditure	Spending Reductions/Increases	2.1%	0.6%	1.0%	1.0%
Debt Repayment	Senior Notes Due	\$180M			
Budget Surplus	Debt Re-purchases and/or Sinking Fund Contributions			up to 75%	up to 75%
<b>NET DEBT</b>	Position as at end of year	<b>2,658,063</b>	<b>2,677,616</b>	<b>2,673,520</b>	<b>2,662,702</b>

Table II

**ANALYSIS OF CURRENT ACCOUNT REVENUE**

HEAD	REVENUE DESCRIPTION	2018/19	2019/20	2019/20	2020/21	DIFFERENCE	
		ACTUAL	ORIGINAL	REVISED	ESTIMATE	2019/20 vs 2020/21	%
(1)	(2)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(8)
<b>TAXES &amp; DUTIES</b>							
12	CUSTOMS DUTY	226,055	235,000	233,500	235,000	0	0
27	SALE OF LAND TO NON-BERMUDIANS	2,783	5,500	3,440	5,500	0	0
29	TIMESHARING TAX	32	20	11	0	(20)	(100)
38	PASSENGER TAXES	24,096	32,300	31,886	25,200	(7,100)	(22)
38	STAMP DUTIES	25,697	29,000	22,168	24,567	(4,433)	(15)
38	BETTING TAX	128	800	150	150	(650)	(81)
38	LAND TAX	79,745	85,375	85,375	85,500	125	0
38	FOREIGN CURRENCY PURCHASE TAX	21,937	26,164	25,906	26,250	86	0
38	PAYROLL TAX	467,486	466,100	472,266	467,000	900	0
38	HOTEL OCCUPANCY	9,193	12,000	9,573	10,000	(2,000)	(17)
38	CORPORATE SERVICE TAX	5,421	5,270	5,189	5,300	30	1
38	FINANCIAL SERVICES TAX	8,973	12,250	11,107	12,000	(250)	(2)
38	TRANSPORT INFRASTRUCTURE TAX	0	0	0	11,100	11,100	0
<b>FEES, PERMITS &amp; LICENCES</b>							
03	LIQUOR LICENCES	586	526	534	534	8	2
12	OTHER CUSTOMS FEES & CHARGES	1,975	2,000	2,408	2,500	500	25
12	WHARFAGE	836	806	884	900	94	12
13	POST OFFICE	3,681	4,735	4,309	4,131	(604)	(13)
27	IMMIGRATION RECEIPTS	16,820	16,300	17,493	18,367	2,067	13
29	TRADE & SERVICE MARK	1,707	1,860	1,658	1,504	(356)	(19)
30	FERRY SERVICES	1,080	1,237	1,242	1,242	5	0
30	SERVICES TO SEABORNE SHIPPING	3,383	3,074	3,403	3,456	382	12
32	PLANNING FEES AND SEARCHES	1,303	1,110	1,076	1,170	60	5
34	VEHICLE LICENCES AND REGISTRATION	31,001	30,984	30,984	31,060	76	0
35	BUS REVENUES	6,339	7,351	6,406	7,350	(1)	(0)
36	SOLID WASTE	5,373	5,473	5,301	5,568	95	2
36	WATER	3,577	3,692	5,119	5,198	1,506	41
36	RENTALS	2,367	2,104	1,884	2,042	(62)	(3)
39	COMPANIES - INTERNATIONAL	64,444	66,655	66,340	66,490	(165)	(0)
39	COMPANIES LOCAL	2,805	2,750	2,750	2,750	0	0
39	COMPANIES LICENCES	756	820	894	1,000	180	22
48	CIVIL AVIATION RECEIPTS	19,649	16,000	16,000	17,300	1,300	8
79	PLANT PRODUCTION & MARKETING CTRE	229	189	204	204	15	8
89	TELECOMMUNICATIONS RECEIPTS	17,878	17,685	17,685	17,876	191	1
<b>OTHER RECEIPTS</b>							
03	FINES AND FORFEITURES	2,849	2,647	3,424	3,315	668	25
11	INTEREST ON DEPOSITS	6,565	1,500	2,214	2,067	567	38
81	ASSET SALES	0	0	0	0	0	0
	OTHER REVENUE	23,528	19,178	18,151	18,580	(598)	(3)
		<b>1,090,277</b>	<b>1,118,455</b>	<b>1,110,934</b>	<b>1,122,171</b>	<b>3,716</b>	<b>0</b>

Table III

**SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE**

HEAD	DESCRIPTION	2018/19 ACTUAL (\$000)	2019/20 ORIGINAL (\$000)	2019/20 REVISED (\$000)	2020/21 ESTIMATE (\$000)	DIFFERENCE 2019/20 vs 2020/21 (\$000) %	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>NON-MINISTRY DEPARTMENTS</b>							
01	GOVERNOR & STAFF	1,327	1,395	1,395	1,395	0	0
02	LEGISLATURE	5,297	5,651	5,651	5,766	115	2
05	OFFICE OF THE AUDITOR	3,678	4,082	3,988	4,205	123	3
56	HUMAN RIGHTS COMMISSION	1,210	1,269	1,269	1,269	0	0
63	PARLIAMENTARY REGISTRAR	829	1,571	1,541	1,571	0	0
85	OMBUDSMAN'S OFFICE	909	1,079	1,079	1,079	0	0
92	INTERNAL AUDIT	1,387	1,426	1,426	1,434	8	1
98	INFORMATION COMMISSIONER'S OFFICE	947	957	957	1,061	104	11
101	PRIVACY COMMISSIONER'S OFFICE	53	567	567	567	0	0
		<b>15,637</b>	<b>17,997</b>	<b>17,873</b>	<b>18,347</b>	<b>350</b>	<b>2</b>
<b>CABINET OFFICE DEPARTMENTS</b>							
09	CABINET OFFICE	13,396	15,334	15,332	17,331	1,997	13
13	POST OFFICE	10,308	10,502	10,502	10,502	0	0
14	DEPT. OF STATISTICS	1,991	2,493	2,493	2,493	0	0
26	DEPT. OF HUMAN RESOURCES	3,434	3,813	3,812	3,813	0	0
43	DEPT. OF INFORMATION & DIGITAL TECH.	6,633	6,627	6,627	7,013	386	6
51	DEPT. OF COMMUNICATIONS	3,061	3,150	3,150	2,764	(386)	(12)
61	DEPT. OF EMP & ORG. DEVELOPMENT	0	1,672	1,672	1,672	0	0
67	DEPT. OF INFORMATION & COMM. TECH.	940	1,475	1,475	0	(1,475)	(100)
80	PROJECT MANAGEMENT & PROCUREMENT	954	930	930	930	0	0
94	DEPT. OF ECONOMIC DEVELOPMENT	0	0	0	1,727	1,727	0
		<b>40,717</b>	<b>45,996</b>	<b>45,993</b>	<b>48,245</b>	<b>2,249</b>	<b>5</b>
<b>MINISTRY OF LEGAL AFFAIRS</b>							
87	MIN. OF LEGAL AFFAIRS HQ	5,635	6,627	6,572	6,735	108	2
03	JUDICIAL DEPARTMENT	7,891	8,723	8,668	8,943	220	3
04	ATTORNEY GENERAL'S CHAMBERS	4,921	5,308	5,308	5,428	120	2
23	CHILD & FAMILY SERVICES	15,765	15,915	15,915	16,441	526	3
74	DEPT. OF COURT SERVICES	4,175	4,658	4,658	4,727	69	1
75	DEPT. OF PUBLIC PROSECUTIONS	3,203	3,329	3,329	3,444	115	3
88	NATIONAL DRUG CONTROL	4,323	4,511	4,621	4,418	(93)	(2)
		<b>45,913</b>	<b>49,071</b>	<b>49,071</b>	<b>50,136</b>	<b>1,065</b>	<b>2</b>
<b>MINISTRY OF FINANCE</b>							
10	MIN. OF FINANCE HQ	5,810	5,895	6,144	6,044	149	3
11	ACCOUNTANT GENERAL	84,097	86,153	86,039	85,850	(303)	(0)
28	SOCIAL INSURANCE	4,734	4,825	4,825	4,975	150	3
38	OFFICE OF THE TAX COMMISSIONER	4,520	3,761	3,761	3,836	75	2
39	REGISTRAR OF COMPANIES	2,580	3,709	3,459	4,387	678	18
58	DEBT & LOAN GUARANTEES	124,031	116,500	119,200	121,400	4,900	4
59	SINKING FUND CONTRIBUTION	64,223	0	0	0	0	0
		<b>289,995</b>	<b>220,843</b>	<b>223,428</b>	<b>226,492</b>	<b>5,649</b>	<b>3</b>
<b>MINISTRY OF EDUCATION</b>							
16	MIN. OF EDUCATION HQ	2,980	3,579	3,579	4,523	944	26
17	DEPT. OF EDUCATION	113,521	114,243	114,243	113,781	(462)	(0)
18	LIBRARIES & ARCHIVES	2,951	3,222	3,222	3,252	30	1
41	BERMUDA COLLEGE	15,906	15,906	15,906	15,906	0	0
		<b>135,358</b>	<b>136,950</b>	<b>136,950</b>	<b>137,462</b>	<b>512</b>	<b>0</b>



TABLE III

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

HEAD	DESCRIPTION	2018/19 ACTUAL (\$000)	2019/20 ORIGINAL (\$000)	2019/20 REVISED (\$000)	2020/21 ESTIMATE (\$000)	DIFFERENCE 2019/20 vs 2020/21 (\$000) %	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>MINISTRY OF HEALTH</b>							
21	MIN. OF HEALTH HQ	11,113	11,649	12,215	12,505	856	7
22	DEPT. OF HEALTH	26,699	28,817	28,509	28,817	0	0
24	HOSPITALS	147,724	145,674	153,513	147,251	1,577	1
55	FINANCIAL ASSISTANCE	51,406	51,484	51,484	50,944	(540)	(1)
91	HEALTH INSURANCE	4,290	3,930	3,624	3,755	(175)	(4)
		<b>241,232</b>	<b>241,554</b>	<b>249,345</b>	<b>243,272</b>	<b>1,718</b>	<b>1</b>
<b>MINISTRY OF TOURISM &amp; TRANSPORT</b>							
48	MIN. OF TOURISM & TRANSPORT HQ	14,844	39,475	42,777	38,828	(647)	(2)
30	MARINE & PORTS	18,959	21,278	21,278	21,662	384	2
34	TRANSPORT CONTROL DEPARTMENT	5,569	5,375	5,074	5,451	76	1
35	PUBLIC TRANSPORTATION	21,956	22,368	22,368	22,368	0	0
		<b>61,328</b>	<b>88,496</b>	<b>91,497</b>	<b>88,309</b>	<b>(187)</b>	<b>(0)</b>
<b>MINISTRY OF PUBLIC WORKS</b>							
36	MIN. OF PUBLIC WORKS HQ	6,201	6,209	7,383	6,205	(4)	(0)
49	LAND VALUATION	792	1,027	1,006	1,034	7	1
53	BERMUDA HOUSING CORP	6,050	6,050	6,050	6,050	0	0
68	PARKS	8,859	9,644	9,073	9,289	(355)	(4)
81	PUBLIC LANDS & BUILDINGS	19,766	19,472	20,161	19,919	447	2
82	WORKS & ENGINEERING	34,327	29,647	28,113	29,299	(348)	(1)
97	LAND TITLE & REGISTRATION	1,209	1,398	1,383	1,463	65	5
		<b>77,204</b>	<b>73,447</b>	<b>73,169</b>	<b>73,259</b>	<b>(188)</b>	<b>(0)</b>
<b>MINISTRY OF LABOUR, COMMUNITY AFFAIRS &amp; SPORTS</b>							
71	MIN. OF LABOUR, COMMUNITY AFFS. & SPORTS HQ	2,533	2,218	2,368	2,191	(27)	(1)
20	YOUTH, SPORT & RECREATION	9,642	10,109	10,102	10,109	0	0
52	COMMUNITY & CULTURAL AFFAIRS	1,817	2,242	2,118	2,083	(159)	(7)
60	WORKFORCE DEVELOPMENT	3,273	4,296	4,271	4,295	(1)	(0)
		<b>17,265</b>	<b>18,865</b>	<b>18,859</b>	<b>18,678</b>	<b>(187)</b>	<b>(1)</b>
<b>MINISTRY OF NATIONAL SECURITY</b>							
83	MIN. OF NATIONAL SECURITY HQ	1,407	2,060	2,060	2,372	312	15
06	DEFENCE	6,634	7,209	7,243	7,959	750	10
07	POLICE	66,359	65,802	65,802	61,802	(4,000)	(6)
12	CUSTOMS	17,683	16,945	16,945	17,195	250	1
25	DEPT. OF CORRECTIONS	24,435	25,082	25,082	25,582	500	2
27	IMMIGRATION	4,747	4,754	4,800	5,504	750	16
45	FIRE SERVICES	15,257	13,127	13,127	14,377	1,250	10
		<b>136,522</b>	<b>134,979</b>	<b>135,059</b>	<b>134,791</b>	<b>(188)</b>	<b>(0)</b>

Table III

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

HEAD	DESCRIPTION	2018/19	2019/20	2019/20	2020/21	DIFFERENCE	
		ACTUAL	ORIGINAL	REVISED	ESTIMATE	2019/20	vs
		(\$000)	(\$000)	(\$000)	(\$000)	2020/21	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
MINISTRY OF HOME AFFAIRS							
93	MIN. OF HOME AFFAIRS HQ	2,317	3,723	3,708	3,575	(148)	(4)
29	REGISTRY GENERAL	1,744	1,832	1,832	1,820	(12)	(1)
32	DEPT. OF PLANNING	2,878	3,376	3,376	3,348	(28)	(1)
79	ENVIRONMENT AND NATURAL RESOURCES	8,255	8,352	8,375	8,352	0	0
89	ENERGY	591	880	880	880	0	0
		15,785	18,163	18,171	17,975	(188)	(1)
MINISTRY OF ECONOMIC DEVELOPMENT & TOURISM							
95	MIN. OF ECONOMIC DEV. & TOURISM HQ	32,502	0	0	0	0	0
		32,502	0	0	0	0	0
		1,109,458	1,046,361	1,059,415	1,056,966	10,605	1

Table IV

# ANALYSIS OF CURRENT ACCOUNT EXPENDITURE BY OBJECT ACCOUNT

EXPENDITURE					DIFFERENCE	
OBJECT CODE DESCRIPTION		2018/19 ACTUAL (\$000)	2019/20 ORIGINAL (\$000)	2019/20 REVISED (\$000)	2020/21 ESTIMATE (\$000)	2019/20 vs 2020/21 (\$000) %
(1)	(2)	(3)	(4)	(5)	(6)	(7) (8)
SALARIES		306,056	332,594	326,448	336,705	4,111 1
WAGES		79,659	69,374	68,772	69,407	33 0
EMPLOYER OVERHEAD		78,061	79,406	79,408	79,012	(394) (0)
OTHER PERSONNEL COSTS		5,779	5,643	5,773	5,458	(185) (3)
TRAINING		2,046	3,594	3,365	3,752	158 4
TRANSPORT		2,185	4,348	3,035	3,571	(777) (18)
TRAVEL		2,126	3,408	3,836	3,416	8 0
COMMUNICATIONS		6,562	7,201	7,421	7,218	17 0
ADVERTISING & PROMOTION		1,381	2,395	2,280	1,991	(404) (17)
PROFESSIONAL SERVICES		43,959	44,006	60,678	49,369	5,363 12
RENTALS		11,470	11,977	11,768	11,973	(4) (0)
REPAIR & MAINTENANCE		16,534	19,781	18,823	19,757	(24) (0)
INSURANCE		6,796	8,907	10,364	9,063	156 2
ENERGY		14,592	16,510	16,015	16,611	101 1
CLOTHING & UNIFORMS		1,363	1,098	968	1,163	65 6
MATERIALS & SUPPLIES		18,654	23,415	21,868	23,316	(99) (0)
EQUIPMENT		334	605	660	547	(58) (10)
OTHER EXPENSES		4,492	3,069	3,088	3,387	318 10
RECEIPTS CREDITED TO PROG		0	(21,955)	(31,440)	(23,149)	(1,194) 5
TRANSFER TO OTHER FUNDS		64,223	0	0	0	0 0
GRANTS & CONTRIBUTIONS		319,155	314,435	326,635	312,904	(1,531) (0)
PUBLIC DEBT CHARGES		124,031	116,550	119,650	121,495	4,945 4
		<b>1,109,458</b>	<b>1,046,361</b>	<b>1,059,415</b>	<b>1,056,966</b>	<b>10,605 1</b>

Table V

**GOVERNMENT DEBT TRANSACTIONS & AMOUNTS  
OUTSTANDING 2009/10 TO 2022/23**

YEAR	GROSS BORROWING	REPAYMENTS	NET BORROWING (REPAYMENTS)	GROSS DEBT OUTSTANDING	MEMORANDA INTEREST ON DEBT
(1)	(\$000) (2)	(\$000) (3)	(\$000) (4)	(\$000) (5)	(\$000) (6)
2009/10	415,000	93,410	315,000	823,410	38,980
2010/11	264,080	0	0	1,087,490	56,300
2011/12	263,230	0	0	1,350,720	70,000
2012/13	223,280	0	0	1,574,000	(i) 81,576
2013/14	800,000	69,000	731,000	2,305,000	109,245
2014/15	0	120,000	(120,000)	2,185,000	113,223
2015/16	150,000	0	150,000	2,335,000	116,217
2016/17	212,169	63,234	148,935	2,483,935	121,500
2017/18	85,000	0	85,000	2,568,935	119,500
2018/19	620,000	508,935	111,065	2,680,000	124,031
2019/20 (Rev)(iii)	196,976	180,000	16,976	2,696,976	(iii) 119,200
2020/21 (Est)(iii)	19,803	0	19,803	2,716,779	(iii) 121,400
2021/22 (Est)(ii)	(7,693)	(3,846)	(3,847)	2,712,932	122,000
2022/23 (Est)(ii)	(21,136)	(10,568)	(10,568)	2,702,364	122,000

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

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

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

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

**UTILISATION OF STATUTORY BORROWING POWERS**

ACTUAL 2018/19 (\$000)	DETAILS	REVISED ESTIMATE 2019/20 (\$000)	ESTIMATE 2020/21 (\$000)
	DEBT & LOAN GUARANTEES OUTSTANDING AS OF MARCH 31		
2,680,000	BORROWINGS UNDER LOAN FACILITIES (GOVT)	2,696,976	2,716,779
2,680,000	TOTAL DEBT OUTSTANDING (GOVT)	2,696,976	2,716,779
218,913	Less: SINKING FUND CONTRIBUTIONS (i)	38,913	39,163
	NET CUMULATIVE GOVERNMENT		
2,461,087	DEBT & GUARANTEES OUTSTANDING (ii)	2,658,063	2,677,616

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

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

With effect from July, 2019, the statutory debt limit was increased to \$2.75 billion.

- (ii) The Government has the following guarantees:  
 Bermuda Housing Corporation - \$29.3M;  
 West End Development Corporation - \$71.8M;  
 Bda Economic Development Corporation - \$1.2M;  
 Bermuda Hospitals Board - \$276.8M;  
 Morgan's Point - \$165M;  
 Bermuda Tourism Authority - \$10M;  
 Bermuda Casino Gaming Commission - \$1.2M and  
 Hotel Bermuda Holdings Ltd.- \$25M.

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

Table VII

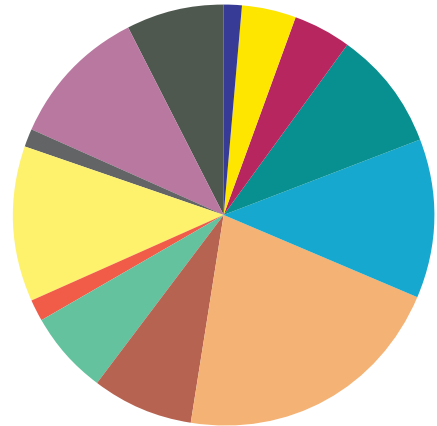
**PROFESSIONAL SERVICES**

ACCOUNT DESCRIPTION		ACTUAL 2018/19 (\$000)	ORIGINAL ESTIMATE 2019/20 (\$000)	REVISED ESTIMATE 2019/20 (\$000)	ESTIMATE 2020/21 (\$000)
(1)	(2)	(3)	(4)	(5)	(6)
	5260 Local Consultants	9,203	10,035	12,298	14,017
	5265 Overseas Consultants	5,323	5,903	7,449	6,937
	5270 Contractors	16,261	13,799	26,025	12,453
	5275 Medical	4,705	5,009	5,022	5,295
	5280 Optical Services	20	34	34	34
	5285 Educational Services	60	162	145	194
	5290 Chiropodist Services	3	6	3	6
	5295 Psychological Services	15	20	60	20
	5300 Dental Services	41	71	71	71
	5305 War Pension Award	1,428	1,053	1,245	1,596
	5310 Counselling Services	345	278	308	361
	5315 Child Care Services	137	155	177	190
	5320 Recreational Services	262	278	270	276
	5325 Legal Services	2,727	2,821	3,379	3,342
	5330 Liquidation Fees	(43)	40	40	50
	5340 Membership Fees - Govt.	278	406	337	427
	5345 Forensic/Lab Services	303	688	609	564
	5350 Forensic/lab accounting	65	157	157	157
	5355 Security Services	1,118	1,301	1,229	1,351
	5360 Conservation Services	(30)	32	32	32
	5365 Animal Control Services	25	28	28	28
	5370 Board & Comm. Fees	789	972	952	1,208
	5375 ID Parade - Police	10	30	30	20
	5380 Jury & Witness Fees	127	115	118	115
	5385 Court Costs	108	108	105	106
	5390 Audit Fees	63	55	25	55
	5395 Examination Fees	358	450	450	450
	5415 Research Related Expenses	258	0	80	14
		<b>43,959</b>	<b>44,006</b>	<b>60,678</b>	<b>49,369</b>

Table VIII

## Estimated Expenditure 2020/21 in BD\$ Millions

Non-Ministry.....	18.3
Cabinet Office Departments.....	48.2
Legal Affairs.....	50.1
Finance.....	105.1
Education .....	137.5
Health .....	243.3
Tourism & Transport .....	88.3
Public Works .....	73.3
Labour, Community Affairs & Sports .....	18.7
National Security.....	134.8
Home Affairs .....	18.0
Interest .....	121.4
Capital Estimate.....	85.0



### Categories of expenditure expressed as a percentage of total estimated expenditure for 2020/21 of \$1,142.0 million



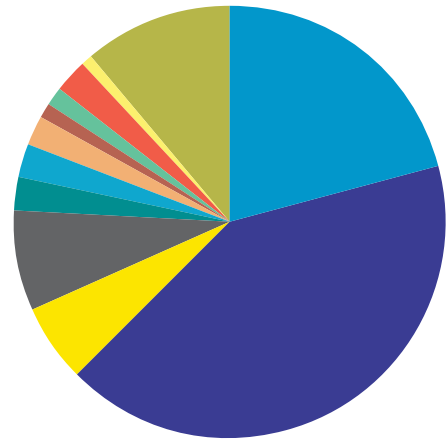
Non-Ministry.....	1.6
Cabinet Office Departments.....	4.2
Legal Affairs.....	4.4
Finance.....	9.2
Education .....	12.0
Health .....	21.3
Tourism & Transport .....	7.7
Public Works .....	6.4
Labour, Community Affairs & Sports .....	1.6
National Security.....	11.8
Home Affairs .....	1.6
Interest .....	10.6
Capital Estimate.....	7.4

Table IX

## Estimated Revenue 2020/21 in BD\$ Millions

Total Revenue \$1,122.2 million

Customs .....	235.0
Payroll Tax .....	467.0
Companies Fees .....	66.5
Land Tax .....	85.5
Passenger Tax .....	25.2
Vehicle Licences .....	31.1
Stamp Duties .....	24.6
Hotel Occupancy .....	10.0
Immigration .....	18.4
Foreign Currency .....	26.3
Transport Infrastructure Tax .....	11.1
All Other .....	121.6



### Categories of revenue expressed as a percentage of total estimated revenue for 2020/21 of \$1,122.2 million



Customs .....	20.9
Payroll Tax .....	41.6
Companies Fees .....	5.9
Land Tax .....	7.6
Passenger Tax .....	2.2
Vehicle Licences .....	2.8
Stamp Duties .....	2.2
Hotel Occupancy .....	0.9
Immigration .....	1.6
Foreign Currency .....	2.3
Transport Infrastructure Tax .....	1.0
All Other .....	10.8



Employee tax rate		
Income band	FY 19/20	FY 20/21 estimate
Less than or equal to \$48,000	4.00%	2.00%
\$48,001 to \$96,000	6.50%	8.50%
\$96,001 to \$235,000	7.75%	9.00%
\$235,001 and above	8.75%	9.50%

Illustrative incremental savings in Payroll Tax for select remuneration levels			
Taxable remuneration	FY 19/20 Tax payable	FY 20/21 Tax payable	Reduction in taxes in FY20/21 relative to FY19/20
\$35,000	\$1,400	\$700	(\$700)
\$36,000	\$1,440	\$720	(\$720)
\$37,000	\$1,480	\$740	(\$740)
\$38,000	\$1,520	\$760	(\$760)
\$39,000	\$1,560	\$780	(\$780)
\$40,000	\$1,600	\$800	(\$800)
\$41,000	\$1,640	\$820	(\$820)
\$42,000	\$1,680	\$840	(\$840)
\$43,000	\$1,720	\$860	(\$860)
\$44,000	\$1,760	\$880	(\$880)
\$45,000	\$1,800	\$900	(\$900)
\$46,000	\$1,840	\$920	(\$920)
\$47,000	\$1,880	\$940	(\$940)
\$48,000	\$1,920	\$960	(\$960)
\$49,000	\$1,985	\$1,045	(\$940)
\$50,000	\$2,050	\$1,130	(\$920)
\$51,000	\$2,115	\$1,215	(\$900)
\$52,000	\$2,180	\$1,300	(\$880)
\$53,000	\$2,245	\$1,385	(\$860)
\$54,000	\$2,310	\$1,470	(\$840)
\$55,000	\$2,375	\$1,555	(\$820)
\$56,000	\$2,440	\$1,640	(\$800)
\$57,000	\$2,505	\$1,725	(\$780)
\$58,000	\$2,570	\$1,810	(\$760)
\$59,000	\$2,635	\$1,895	(\$740)
\$60,000	\$2,700	\$1,980	(\$720)
\$61,000	\$2,765	\$2,065	(\$700)
\$62,000	\$2,830	\$2,150	(\$680)
\$63,000	\$2,895	\$2,235	(\$660)
\$64,000	\$2,960	\$2,320	(\$640)
\$65,000	\$3,025	\$2,405	(\$620)
\$66,000	\$3,090	\$2,490	(\$600)
\$67,000	\$3,155	\$2,575	(\$580)
\$68,000	\$3,220	\$2,660	(\$560)
\$69,000	\$3,285	\$2,745	(\$540)
\$70,000	\$3,350	\$2,830	(\$520)
\$71,000	\$3,415	\$2,915	(\$500)
\$72,000	\$3,480	\$3,000	(\$480)
\$73,000	\$3,545	\$3,085	(\$460)
\$74,000	\$3,610	\$3,170	(\$440)
\$75,000	\$3,675	\$3,255	(\$420)
\$76,000	\$3,740	\$3,340	(\$400)
\$77,000	\$3,805	\$3,425	(\$380)
\$78,000	\$3,870	\$3,510	(\$360)
\$79,000	\$3,935	\$3,595	(\$340)
\$80,000	\$4,000	\$3,680	(\$320)
\$81,000	\$4,065	\$3,765	(\$300)
\$82,000	\$4,130	\$3,850	(\$280)
\$83,000	\$4,195	\$3,935	(\$260)
\$84,000	\$4,260	\$4,020	(\$240)
\$85,000	\$4,325	\$4,105	(\$220)
\$86,000	\$4,390	\$4,190	(\$200)
\$87,000	\$4,455	\$4,275	(\$180)
\$88,000	\$4,520	\$4,360	(\$160)
\$89,000	\$4,585	\$4,445	(\$140)
\$90,000	\$4,650	\$4,530	(\$120)
\$91,000	\$4,715	\$4,615	(\$100)
\$92,000	\$4,780	\$4,700	(\$80)
\$93,000	\$4,845	\$4,785	(\$60)
\$94,000	\$4,910	\$4,870	(\$40)
\$95,000	\$4,975	\$4,955	(\$20)
\$96,000	\$5,040	\$5,040	\$0







GOVERNMENT OF BERMUDA  
**Ministry of Finance**