

MINISTERS AND
MEMBERS OF THE
LEGISLATURE
SALARIES REVIEW BOARD

FINAL REPORT **AUG 24**



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1. INTRODUCTION

- a. Pursuant to Sections 1A and 1B of the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975 (the Act), a Board is set up to review the salaries of the Members of Parliament and the Offices of the Legislature.
- b. After consultation with the President of the Senate, the speaker of the House of and the Leader of the Opposition, Premier the Hon. E. David Burt, JP, MP established a Board known as the Ministers and Members of the Legislature Salaries Review Board.
- c. The current Board consists of the following persons;
 - i. Hon. Mr. Maxwell Burgess, Chairperson, JP
 - ii. Mr. Carl D. Neblett LSM, QGJM, QDJM
 - iii. Mr. N. H. Cole Simons, JP
 - iv. Mr. Edward Ball Jnr., JP, LLB
 - v. Ms. Jocene Wade, JP, FCIPD, FCMI
 - vi. Mr. Steven Holdipp
 - vii. Mr. Donnie Francis, LLB

2. BACKGROUND

Pursuant to Section 1B of the Act, Functions of the Board –

- (3) The Board’s first review shall be carried out as soon as practicable after 1st June 2005, but not later than six months thereafter.
- (4) The Board’s subsequent salary reviews shall be carried out every two years after the date of its first review.

The Review Board has not convened with the regularity required by the Act as the last review was conducted in 2019. Prior to that, the Board had last met and reported to the House of Assembly in 2008.

3. POLITICAL CLIMATE AND NATURE OF POSITIONS

- a. Following the action summarized in the 2019 report and by virtue of reviewing articles in the media, political blogs, social commentary, and listening to the talk shows, and the House of Assembly commentaries, it should be noted that the public is severely concerned with the manner in which the public funds are spent.
- b. In addition, the community is also concerned by the fact that more employees of the International Business and finance sector of Bermuda community are not getting involved in front line politics, or even public service, and more needs to be done to attract them.
- c. In summary, the people are looking for fiscally prudent and qualified leadership.

4. APPROACH

The Review Board took the following steps during the process in order to conduct a fulsome analysis and review of all relevant material on the subject. This would provide a basis for making an informed and evidenced-based decision. This included the following:

- a. Review of the past reports on the issue to understand the factors that were considered and how they were assessed;
- b. Review of the relevant legislation including the Ministers and Members of the Legislature Salaries and Pensions Act 1975;
- c. Assess the current economic, budget and social climate and the likely level of public support for any changes in the benefits packages for members of the Legislature;
- d. Conduct a comparative analysis of salaries and pensions in other jurisdictions that are similar in key areas such as the number of members of the legislature, the number of officers and the population size;
- e. Assess the current residential appetite for any increase in the salaries and pension payments of the legislators and how potential changes could be interpreted; and
- f. Review the salaries of select Government Quango operations to ascertain any value that may be applied in this instance.

5. FINDINGS

5.1 Bermuda's Current Economy and Budgetary Constraints

- a. According to Morningstar Dunn and Bradstreet (DBRS), Bermuda's economy continues to recover from the pandemic. Growth continues to be driven primarily by the international business sector, the largest sector of the economy. The tourism sector is also recovering, but more gradually, with increased air capacity and hotel inventory expected to come online in 2025.
- b. The Ministry of Finance estimates that the economy grew 4.0-4.5% in 2023. Economic growth has been supported in part by the implementation of the government's post-pandemic Economic Recovery Plan (ERP), which aims to diversify Bermuda's economy and build critical new infrastructure. Early estimates show the government achieving a slight deficit of 0.6% of GDP in FY 2023/24. Furthermore, the first balanced budget in over two decades is projected for this fiscal year.
- c. Government growth forecasts for 2024 range between 4.3-4.5%. Over the medium term, Bermuda faces several downside risks to growth. The new corporate income tax may eventually reduce Bermuda's attractiveness as an insurance/reinsurance hub, although this risk is mitigated by Bermuda's advanced regulatory framework with equivalence in the U.S. and the EU, its knowledgeable workforce, and high level of competition spurring innovation, all of which are compelling factors for the insurance industry to remain in Bermuda. In addition, Bermuda faces an aging and shrinking population, which is coupled with emigration of the educated workforce being a key contributor.
- d. Rising costs of living could also affect affordability for residents and contribute to higher labor costs, thereby reducing the competitiveness of the tourism and the international business sectors. We need to remain mindful of the external economic threats and vulnerabilities over which we have little control.
- e. Bermuda's government debt ratio is projected to slowly decline over the next several years, even before accounting for potential effects of the new corporate income tax, due to solid economic growth and the government's success in consolidating fiscal accounts.

5.2 Being a Member of Parliament

- a. The Board recognises that any Bermudian can volunteer for public service and aspire to become a Member of Parliament. Not all those who offer themselves are elected as there are only 36 seats available in Bermuda. That is the protocol in many countries around the world. There are no specific qualifying criteria to be elected. It is a decision for the voting public.
- b. If one is fortunate to be elected by the voters then that individual is then eligible to be considered as a Minister of the Cabinet. And that MP, now Cabinet Minister is not required to be equipped with the skills or experience to lead a Ministry of Government and advance its policy objectives as required.

5.3 Ministerial and MP Responsibilities

- a. Members of Parliament that are appointed as a Minister are expected to carry out the following functions:
 - i. Policy Development and Implementation: Lead the development and implementation of government policy within a designated portfolio.
 - ii. Cabinet Decision-Making: Participate in Cabinet meetings, where key government decisions are made collectively.
 - iii. Parliamentary Duties: Be a Member of Parliament (MP) and actively participate in parliamentary proceedings.
 - iv. Public Engagement: Represent the government on the Ministry's portfolio to the public.
 - v. Media Relations: Manage media inquiries related to the Ministry's portfolio and ensure the government's message is communicated effectively.
 - vi. To function well in the position, MPs and Ministers will need to demonstrate a command of some of these skills and competencies:
 - Strong leadership and decision-making skills;
 - Excellent communication and interpersonal skills;
 - Ability to work effectively under pressure and meet deadlines;
 - In-depth knowledge of your designated policy area;
 - Strategic thinking and ability to plan for the long term;
 - Ability to build relationships and work collaboratively with various stakeholders; and
 - Commitment to the core principles of the governing party.
- b. The Board accepts that the job requirements go well beyond traditional hours of work. Some members advise that they are called into service 'around the clock' every day of every week. There are no set hours of work or limitations on the scope of work that the voting population expect members to understand and address. Anything, anytime from anybody and anywhere.
- c. Members and Ministers are also expected to offer financial assistance to members in their community and this is a practice that is expected of any incoming MP or Minister. It can happen at the grocery store, in church or at a local social event.
- d. Members and Ministers are also expected to assist with developing the next generation of political leaders and servants to the community. They are expected to assist with the political activities of their respective parties which also has a value of time attached.
- e. Overall, being a Cabinet Minister or Member of Parliament is a demanding but rewarding role that offers the opportunity to make a real difference in the lives of citizens, and the wellbeing of Bermuda.

5.4 The Role of the Premier

- a. Serving as the Premier is the most senior post as a public servant. The Premier is responsible for the running of the country including the economy, public safety and food and medical supplies, etc. It is a most significant assignment.
- b. The Premier has all of the roles and responsibilities of MPs and Ministers. In addition, the role has added responsibilities of overall leadership of the Cabinet, and the role of head of state for international responsibilities and obligations.

5.5 Salary Comparisons

- a. The Board gave consideration to the payment packages offered to industry leaders in the private sector and across Bermuda, Leaders in the Public Service and Quango Heads. The salary packages for these leadership positions comfortably exceeds the package for the Premier and Ministers.
- b. It was acknowledged that the qualifications to become a member of Parliament and in some cases, eventually a Minister that is appointed by the Premier are vastly different from the private sector and the civil service leadership positions. In fact, the Board takes the view that it is not reasonable to compare the respective roles or the salary packages.
- c. The captains of industry and those serving in government leadership posts have incomparable job structures, requirements, performance management tools and performance measures. The ability to address low and or non-performance in the private sector is functionally swift. There are often profit and performance measures that allow for immediate personnel changes in the private sector. However, in the political arena, the voters generally go to the polls every five years. That is when there is an opportunity to address the performance of a Member of Parliament including Ministers.

5.6 The Consumer Price Index since 2002

- a. In 2011, the House of Parliament and Senate members elected to freeze their salaries due to the hardship inflicted on many Bermudian households as a direct result of the downturn in Bermuda's economy.
- b. The Committee recognised that in 2015 -2017 Bermuda's economic outlook started to improve resulting in modest increases in wages and salaries for some workers.
- c. The Board reviewed the recent historic record on inflation for the Consumer Price Index (CPI). The Board was provided with data on the CPI and the annual average percentage change from 2004 through to 2022. The data shows that since 2015, the inflation rate has had a cumulative movement of 18.8%.

5.7 Community Sentiments and the Bermuda Climate Based on Current and Historic Data

- a. The Board has a responsibility to assess and consider the sentiment of the Bermuda community on the matter of MP and Minister salaries as it has proven to be a emotive and polarizing matter.
- b. Although no scientific qualitative survey was completed during this review, the Board was unanimous that the wider community of Bermuda would not likely support any increase in salary packages for Members of Parliament and Ministers of Government.
- c. The Board is aware that in 2011, Ministers agreed to a salary cut as a show of shared sacrifice with the wider community impacted by significant economic hardship. The cut was \$10% from a Minister's annual salary. The public at the time did support and expressed gratitude for the decision. That reduced salary level still stands today.
- d. The Board has considered the role of anecdotal feedback from informal canvassing, social medial input as well as the volume of public commentary around public policy decisions.

There is also public concern around the question of value for money with some public expenditure and corporate tax breaks. Some are concerned about the state of some critical infrastructure and many are concerned about the cost of living.

- e. The Board fully acknowledges the public sentiment that the performance of the government regarding the economy may be below the expectations of some. However, there are objective international assessors that review the economic indicators in Bermuda and other related matters. And their opinion was also considered.

5.8 Pension Consideration

- a. The Board adopted the position that Government pensions awards have historically been adjusted to respond to the impact of the consumer price index (CPI). And the Board's actions still support this premise. There were no other issues presented to the Board or considered as material factors that should influence the outcome pension payments to pensioned Ministers and Members of the Legislature.

5.9 Other Jurisdictions

- a. The Board considered the salary packages for Ministers and Members of the Legislature from other small nations and commonwealth jurisdictions. It should be noted that there are not many countries that offer reasonable comparisons to Bermuda given our profile in terms of the size of the voting population, cost of living and number of parliamentarians.
- b. With the support of The Commonwealth Parliamentary Association, the Board did review the data on some British Overseas Territories as well as some countries in the British Commonwealth. This included British Virgin Islands, Cayman and Bahamas.

6. CONCLUSIONS

Based on its analysis of the material reviewed and the considerations of the anecdotal evidence presented to the Board, it has concluded the following:

- a. The dedication by Members of Parliament extends beyond the walls of Parliament; they actively participate in community events, listen to the concerns of citizens, and advocate for necessary changes. Despite the demanding nature of their roles, MPs work long hours, often sacrificing personal time to address urgent issues and provide support to their constituents.
- b. Since their last salary increase in 2009, the cost of living and the scope of their responsibilities have significantly expanded. Recognizing their critical contributions and the long-standing gap in their remuneration, it is both fair and necessary to adjust their salaries to reflect their hard work, ensuring they are adequately compensated for their invaluable service to Bermuda.
- c. The Ministers and Members of the Legislature should be acknowledged for the shared sacrifice of 2011 when they agreed to an across-the-board salary cut of 10% from Ministers' annual salary. That cut should be restored by the House of Assembly as it was this body that authorised the cut at the time.
- d. The role of the Speaker of the House of Assembly should be considered just as significant as that of a Minister of the Cabinet. The Board believes that the duties and responsibilities of the Speaker are undervalued and should be viewed as adding a more pivotal role to the House of Assembly and our democracy.
- e. The cost of living over the last decade and more has negatively impacted most residents including our Ministers and Members of the Legislature. The assessment of the CPI indicates that the cost of goods has increase by about at least 18.8% since 2004 and the appropriate factor should be applied to current salary levels in order to restore some of the lost buying

power of these very demanding jobs.

- f. The factor equivalent to the prevailing CPI value should be applied to the current pension levels of retirees and tied to the year of their retirement. All pensioned MPs and Ministers should have their pension payment increased by the appropriate CPI rate depending on the year that each retired. The pension increase should be back-dated to the date of the last increase for each pensioner. This increase should be made available as soon as it is practical to do so.
- g. It is not fair or reasonable to compare the salaries of the Ministers and Members of the Legislature with leadership positions in the private sector or within Government including its Quangos. The positions are not similar in recruitment, qualifying criteria or performance management or measurement.
- h. The Board accepts that the prevailing salary levels available to an MP is likely to remain an under-whelming factor in the decision to participate in public political life or not. The tradition of having private sector business leaders actively engaged in the political landscape may be difficult to replicate going forward. The Board believes the salary is a vehicle to improve attraction, and appeal to the job and that an additional financial incentive be added to the current salary package for Members of Parliament.
- i. When comparing the Bermuda Salary landscape for elected officials with those in other jurisdictions, there is little comparative data as the context for Bermuda is quite unique. Bermuda's political and economic profile is unmatched in many respects to other small islands and this makes a reasonable comparison difficult.
- j. Politicians are probably the easiest target for public scrutiny and seldom are the rewards they earn aligned with the effort required to serve well. The public sentiment about value for money with government expenditure, the need for investment in public assets and the difficulty in coping with a high cost of living are among the determining factors that the Board considered alongside the question of any potential increase in the salary levels.
- k. It is considered never a good time to consider the question of increasing the salaries of politicians under the circumstances that dominate the landscape in Bermuda. The Board believes that once the Legislature is comfortable and agrees on the best way forward, it should be communicated to the public as soon as possible.

7. RECOMMENDATIONS

Given the set of circumstances considered above, the Board recommends the following changes to the salary levels of the Ministers and Members of the Legislature as shown in the table below.

- a. The Board recommends that Members of Parliament and Senators be granted an 18.8% increase owing to the changes in the cost of living up to 2024.
- b. Members of Parliament be granted an additional \$7,000 per year as an additional incentive to motivate those members of the community that may be interested in serving as a MP and to encourage current MPs to continue to serve.
- c. A Member of Parliament basic salary would increase from \$56,023 to \$73,555 and Senators basic salary would increase from \$30,367 to \$36,076.
- d. The Board recommends that the 2011 voluntary cut of 10% to Minister's salary be reversed and restored by Parliament as a means of improving the attractiveness of the job. This will mitigate, in part the challenge of motivating residents to step up into this realm of public service.
- e. It is recommended that these revised salary levels be effective April 1, 2025.

8. TABLE OF SALARIES

Current and Proposed

	MEMBERS OF THE LEGISLATURE	CURRENT	PROPOSED	TOTAL PACKAGE	COMMENT
1	Senators	\$30,367	\$36,076	\$36,076	Current + 18.8% for COLA \$30,367 + \$5,709 = \$36,076
2	Members of the House of Assembly	\$56,023	\$73,555	\$73,555	Current + 18.8% for COLA + \$7,000 incentive \$56,023 + \$10,532 + \$7,000 = \$73,555

Officers of the Legislature

Salaries additional to salaries as Senators or Members of the House of Assembly

3	President of the Senate	\$15,181	\$15,181	\$51,257	Current + Proposed Increase for Senators \$15,181 + \$36,076 = \$51,257
4	Speaker, House of Assembly	\$26,569	\$100,841	\$174,396	The SRB views the Speaker role as equivalent to that of a Minister in the House of Assembly. The Board recommends parity with the HoA Ministerial Salary \$100,841 + \$73,555 = \$174,396
5	Vice President of the Senate	\$3,308	\$3,308	\$39,384	Current + Proposed Senator Salary \$3,308 + \$36,076 = \$39,384
6	Deputy Speaker, House of Assembly	\$13,285	\$13,285	\$86,840	Current + Proposed MP Salary \$13,285 + \$73,555 = \$86,840
7	Premier	\$151,262	\$170,926	\$253,254	Current + COLA 18.8% = 151,262 + 28,437 = \$179,699 Total package = \$179,699 + 73,555 (Proposed MP Salary) = \$253,254
8	Deputy Premier	\$112,942	\$112,942	\$186,497	Current + Proposed MP Salary \$112,942 + \$73,555 = \$186,497
9	Minister of Finance	\$121,010	\$121,010	\$194,565	Current + Proposed MP Salary \$121,010 + \$73,555 = \$194,565
10	As a Part-time Finance Minister	\$60,505	\$60,505	\$134,060	Current + Proposed MP Salary \$60,505 + \$73,555 = \$134,060
11	Attorney General	\$147,022	\$147,022	\$220,577	Current + Proposed MP Salary \$147,022 + \$73,555 = \$220,577
12	Other Ministers in House of Assembly	\$100,841	\$100,841	\$174,396	Current + Proposed MP Salary = Total for Ministers in the House \$100,841 + \$73,555 = \$174,396
13	As a Part-time Minister	\$50,421	\$50,421	\$123,976	Current + Proposed MP Salary \$50,421 + \$73,555 = \$123,976
14	Other Ministers in the Senate	\$100,841	\$100,841	\$136,917	Current + Proposed Senator Salary \$100,841 + \$36,076 = \$136,917
15	As a Part-time Minister	\$50,421	\$50,421	\$123,976	Current + Proposed MP Salary \$50,421 + \$73,555 = \$123,976
16	Opposition Leader	\$30,367	\$30,367	\$103,922	Current + Proposed MP Salary \$30,367 + \$73,555 = \$103,922
17	Junior Ministers in the House of Assembly	\$11,387	\$11,387	\$84,942	Current + Proposed MP Salary \$11,387 + \$73,555 = \$84,942
18	Junior Ministers in the Senate	\$11,425	\$11,425	\$47,501	Current + Proposed Senator Salary \$11,425 + \$36,076 = \$47,501
19	Party Whips	\$7,593	\$7,593	\$81,148	Current + Proposed MP Salary \$7,593 + \$73,555 = \$81,148

Signed on behalf of the Board:

Hon. Maxwell Burgess, Chairperson, JP

Mr. Carl D. Neblett, LSM, QGJM, QDJM

Mr. N. H. Cole Simons, JP

Mr. Edward Ball Jnr., JP, LLB

Ms. Jocene Wade, JP, FCIPD, FCMI

Mr. Steven Holdipp

Mr. Donnie Francis, LLB

Handwritten signatures on lined paper corresponding to the names listed on the left. The signatures are: Maxwell Burgess, Carl D. Neblett, N. H. Cole Simons, Edward Ball Jnr., Jocene Wade, Steven Holdipp, and Donnie Francis.

Date: August 22, 2024

