



2014/15 SESSION
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BERMUDA
HOUSE OF ASSEMBLY

OFFICIAL HANSARD REPORT

March 2015
Sittings 10 - 16 of the 2014/15 Session
(pages 965–1828 and Index)

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

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BERMUDA HOUSE OF ASSEMBLY**OFFICIAL HANSARD REPORT****2 MARCH 2015****10:02 AM***Sitting Number 10 of the 2014/15 Session**[Hon. K. H. Randolph Horton, Speaker, in the Chair]***PRAYERS***[Prayers read by Hon. K. H. Randolph Horton, Speaker]***CONFIRMATION OF MINUTES**

The Speaker: The Minutes of the 27th of February. I happen to know they are not completed, so they will be brought to the next meeting.

MESSAGES FROM THE GOVERNOR

The Speaker: There are no messages from the Governor.

ANNOUNCEMENTS BY THE SPEAKER OR MEMBER PRESIDING**APOLOGIES**

The Speaker: We have two Members, Member K. L. Bascome, from constituency 1, St. George's North; and Member Susan Jackson, constituency 20, Pembroke South West, who will not be here today, and MP Bascome, just this morning.

MESSAGES FROM THE SENATE

The Speaker: There are no messages from the Senate.

PAPERS AND OTHER COMMUNICATIONS TO THE HOUSE

The Speaker: No papers or communications.

PETITIONS

The Speaker: No petitions.

STATEMENTS BY MINISTERS AND JUNIOR MINISTERS

The Speaker: No Statements.

REPORTS OF COMMITTEES

The Speaker: No.

QUESTION PERIOD

The Speaker: Question Period. We have Minister Richards. I do not see him here.

Premier, if Minister Richards is not here, if you could make sure that he is here for Wednesday morning to respond to the question that he has, if he could be in here early on Wednesday.

[Inaudible interjection]

The Speaker: Right. I see that the other Member is not here as well.

CONGRATULATORY AND/OR OBITUARY SPEECHES

The Speaker: Are there any?

The Chair will recognise first the Honourable Member, the Minister for Economic Development. Minister Grant Gibbons, you have the floor.

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker, and good morning.

The Speaker: Good morning to you.

Dr. the Hon. E. Grant Gibbons: Mr. Speaker, I had the pleasure on Saturday evening to attend the prize-giving for the Bermuda Sea Cadet Corps, the training ship *Admiral Somers*, and wanted to pass on my congratulations to all the cadets who participated in this, particularly to Mr. Tevin Daniels, who won the top award as Able Cadet for the year on a range of issues and performance and discipline that he had indicated over the course of the year.

I would also like to ask that congratulations be sent to the Lieutenant of the Sea Cadets, Michael Frith, who is the Commanding Officer for *TS Admiral Somers*; to Dwayne Trott, who is also a senior member of that; and Dr. Mark Guishard, all of whom participate and are part of that very important organisation down there. There are about 20 cadets, including both junior and senior cadets. And they, as I think Honourable Members will know, participate in a lot of

parades. We had the pleasure of having them in the arrival of the . . .

[Pause]

The Speaker: Of the America's Cup?

Dr. the Hon. E. Grant Gibbons: Of the America's Cup. (Thank you, Mr. Speaker—senior moment.)

[Laughter]

Dr. the Hon. E. Grant Gibbons: Back on December 3rd. They provided some discipline and class to that particular party that evening. But generally, I wanted just to say to all the parents and other members of the *TS Admiral Somers* who help to work with these cadets and mould them, they are doing a great job down there. And I think it is a terrific organisation. I think we need to see more of this on the Island, Mr. Speaker.

While I am on my feet, I would certainly ask that condolences be sent to the family of Vincent Bridgewater. I think a number of Members have already . . . I think the whole House. Others will probably get up and comment. I knew Dr. Bridgewater over many years. A real character, as the Premier had said as well, I think in a condolence note, a Member of both the House and also the Senate for the then-United Bermuda Party. A really nice individual, and certainly had some of his own issues. But I think, by and large, made a great contribution to this community, both in public service and as a dentist as well.

While I am on my feet, Mr. Speaker, I would ask that condolences also be sent to the family of Jack Wahl, a long-time resident of Bermuda. I know the Premier would like to be associated. Let us see, Glen Smith and Jeff Sousa and also my colleague, the Whip, and Mr. Walter Roban as well. The long-time resident of Bermuda did a lot quietly, a great golfer, and certainly helped a lot of Bermuda causes behind the scenes, and condolences be sent to his wife, Lynn Wahl. Thank you, Mr. Speaker.

The Speaker: Thank you, thank you, Dr. Gibbons.

The Chair will now recognise the Honourable Member from constituency number 29. MP Zane De Silva, you have the floor.

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

Mr. Speaker, I too would like to be associated with the condolences to the family of Mr. Jack Wahl. And as the Honourable Member, Dr. Gibbons, said, he was a very good golfer. In fact, I had the privilege and honour of playing against Jack in several tournaments, in particular down at Mid Ocean, Mr. Speaker. In fact, I have to admit that I would say it was because of him I shot my best-ever round on that course, Mr. Speaker, during one of our matches. And he just happened to be the victor on that day. But it was not too

many times he was the victor, Mr. Speaker, as I am sure many Bermudians will tell you.

[Laughter]

Hon. Zane J. S. De Silva: And of course, Jack had a very impeccable record in terms of golf, he represented Bermuda on several occasions.

I would also like to be associated with the condolences to Vinnie's family, Mr. Speaker. That is Vinnie Bridgewater. Vinnie and I had many occasions together, Mr. Speaker, especially when I decided to run for the Progressive Labour Party. He and I had many, many conversations about, you know, where I was going, what I was doing. And once I was elected, we continued on with that relationship. And of course, we had many times on the golf course as well. Outside of golf, we had many, many conversations. And he will always be remembered certainly by many Bermudians, but I certainly enjoyed my times with Vinnie, and I will miss him terribly.

Mr. Speaker, I would like for the House to send condolences to [the family of] Mr. Cecil Downs, who passed recently.

[Inaudible interjection]

The Speaker: Yes. That was done.

Hon. Zane J. S. De Silva: Well, I would certainly like to be associated with it, Mr. Speaker.

The Speaker: Yes. Yes.

Hon. Zane J. S. De Silva: Again, Cecil and I spent a lot of time together. And later on in his life, outside of the Boys' Brigade, which he founded, outside of that, Mr. Speaker, he was a darn good, what we called, *money chaser*. If you had a debt and Cecil was the one who did the collections for you, he was really good at it. And he was one who stuck to the task at hand. So again, I send condolences out to the family.

Mr. Speaker, I would like to end on asking if the House could send congratulations to Mrs. Ann Smith Gordon. Many of us in this House will know that she has been part and parcel . . . Her name is called, when you mention P.A.L.S., her name is not far from the conversation. She will be retiring as soon as she can find someone to step into her shoes, Mr. Speaker. But I thought that during this time it would be a good time to send her congratulations for many, many years with regard to her relationship with P.A.L.S.

Glen Smith, the Honourable Member Pat Gordon-Pamplin and also Honourable Member Nandi Outerbridge would like to be associated. Thanks very much.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Minister for Community, Cultural Development and Sports. The Minister Patricia Gordon-Pamplin, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

Mr. Speaker, I would ask that this Honourable House send a letter of condolences to the family of Dorothy Lorraine Ingram. Ms. Ingram (Lorraine Clarke, as we grew up with her) . . . I think the House is asking to be associated, and Honourable Member Roban has indicated that she was one of his constituents. But Lorraine Ingram was a devout, staunch member of the AME church. She was the wife of Reverend Fred and the mother to Lee-Ann and F Lee-Onard. She had numerous brothers, and she had quite a large family.

But anybody who knew Lorraine would know that she was such a genteel lady, Mr. Speaker. And it was quite a shock for me when I opened the paper to see that she had passed, and I would like to offer condolences. She will be funeralised at eleven o'clock this morning, and I will certainly be attending that service.

I would also like to be associated with the condolences that the Premier offered on Friday night/Saturday morning, to the family of the late Colin "Jelly" Smith. I think that many of the comments that have been made about Colin Smith over the weekend have depicted exactly who he was as a person. In particular, I note the comment that was made by Alfred Mabury, who is the current President of Somerset Cricket Club. And I think that when you have that passing of the baton from one person to another and recognise the impact that the outgoing president has had, not just on the club, but on the community at large, one can have a depth of appreciation for who Colin Smith was and what he meant to, not just the Somerset Cricket Club, but the Somerset community. And I offer my deepest condolences, and especially to his mom, who actually is an aunt (through marriage) of mine, Aunt Eleanor. And I am deeply, deeply—

An Hon. Member: Are you not divorced?

Hon. Patricia J. Gordon-Pamplin: I divorced the man, but not the family.

[Laughter]

Hon. Patricia J. Gordon-Pamplin: And I would also ask that this Honourable House send a letter of condolences to the Baxter family, to Patsy, Edith and Lois, on the passing of their brother Grant.

Tilly Baxter is probably one of the most colourful characters that we have had in a long time. But, Mr. Speaker, a person with a bigger heart you would never find. Tilly actually spent a lot of time around the

softball diamond, he actually umpired. He was a heavy-truck driver. Tilly was Tilly, and that is as much as I can say about that. Anybody who knows Tilly knew that he was Tilly. And it was quite sad when I read the fact that he had passed, and I would like to offer condolences to his family. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the . . . All right. Everybody deferred to you, it looks like, Honourable Whip. The Chair recognises now the Honourable Whip, MP for St. David's, constituency number 3. MP Lovitta Foggo, you have the floor.

Ms. Lovitta F. Foggo: Thank you, Mr. Speaker, and good morning to the House and to the listening audience.

The Speaker: Good morning.

Ms. Lovitta F. Foggo: Mr. Speaker, I would like to be associated with the condolences for the family of Colin Smith. I do know that he was a Somerset man. However, he spent quite a few years living down in St. David's. His wife is Zina Francis, now Zina Francis-Smith, first cousin to former MP Patrice Minors. And I can say that Mr. Smith, what he brought to the cricket community and what he brought to Somerset Cricket Club as a president, you cannot give enough accolades for. However, he will be missed in the St. David's community, and he will be missed by the Clearwater community, because he often assisted his wife with whatever duties she had to carry out down there at Clearwater Middle School.

Mr. Speaker, I would like to also give congratulatory remarks to several of our primary schools, in particular to St. David's Primary School and to Paget Primary School, for a stellar science production, having their science fairs, as well as to Somersfield Academy, which had a science fair. I think I would like to associate the Minister with that, yes, and I would like to associate the Honourable Member Derrick Burgess with that. We were all in attendance.

The work was absolutely phenomenal and of an extremely high quality. I would daresay some of it was on the university level, especially when you saw students who have written and produced their own music and played it, and several science gadgets that were created by students. So we have mechanical engineers in the mix and electrical engineers. And it was absolutely a phenomenal science affair. So, Mr. Speaker, I just thought it was noteworthy to highlight what both our public schools are doing, and indeed some of the private schools on the shores of Bermuda. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from Warwick West, constituency number 28. MP Jefferson Sousa, you have the floor.

Mr. Jeff Sousa: Good morning, Mr. Speaker.

The Speaker: Good morning.

Mr. Jeff Sousa: Good morning, colleagues.

Mr. Speaker, I stand today to ask the House to send condolences to the family of Doreen “Mac” Musson, a very colourful character. I knew her personally. She was the founder of what is today known as the Bermuda Society of Arts and was an artist in her own right. Many of the more senior Members of the House will remember the paintings that she had on the walls of the 40 Thieves Club. She also did many of the windows throughout town, back in the day.

Artisan Reviewer Charles Zuill recalled her as “quite a character—flamboyant, fun.” She is survived by her son, John Musson, and her daughter, Deborah Hollis. I also would like to ask that MP Suzann [Roberts-]Holshouser and MP Cole Simons be associated with these remarks, and also Minister Jeanne Atherden. Thank you.

The Speaker: Thank you, Honourable Member.

The Chair now recognises the Honourable Leader of the Opposition, from Warwick South Central, constituency number 26. M. A. R. Bean, you have the floor.

Hon. Marc A. R. Bean: Good morning, Mr. Leader.

The Speaker: Good morning.

[Laughter]

Hon. Marc A. R. Bean: I mean, good morning, Mr. Speaker.

The Speaker: That is okay, Honourable Member.

Hon. Marc A. R. Bean: I would like to rise and also join in expressing my profound condolences to the family of Colin “Jelly” Smith. Mr. Speaker, I saw Jelly so much that I actually cannot recall when was the last time I saw him. But it was not too long ago. I am not sure if we were on an airplane returning back to Bermuda or not.

Jelly was well known in the East End. He gave excellent service to the Somerset Cricket Club community, in particular, but let us not forget that Colin Jelly Smith is from Hog Bay Level. He is a White Hill man, and he is an Eagles man first and foremost. And so his influence spread not just in Somerset, but the entire Sandys community. And so it was a shock when the Honourable Premier got up on Saturday

morning and announced that Jelly had passed away. And I know the way Jelly was, he is not a person who drank or smoked or led a lifestyle that would put oneself at risk. It reminds me of Lance Brown, Mr. Speaker, a very similar scenario, which is very hurtful and painful for everyone, especially those in the West End community.

Mr. Speaker, I also take this opportunity to ask for condolences to be sent to [the family of] Ms. Dawn Wilson, the wife, the lovely and beautiful wife of Mr. Aswad Wilson. Some Members may know that Aswad Wilson is one of those Bermudian artists who have an angelic voice. And he was a performer in the group Ital Foundation. And he still performs, alongside James Richardson and others. He and she are my constituents. And I would love to offer my condolences. And I would like to associate MP’s Atherden and Gordon-Pamplin and Commissiong, also.

Lastly, I just noticed today, Mr. Speaker, that “Mama” Gooden, Josef Gooden’s mama, passed away. So I think I would like to associate, I guess, the whole House for Mama Gooden, especially those on my side and from the West End community who know how beautiful and influential a person Mama Gooden was. So I would like to extend my condolences in that regard also.

The Speaker: Thank you very much, Honourable Member.

The Chair will now recognise the Honourable Member from St. George’s, the Junior Minister. You have the floor, Junior Minister Outerbridge.

Ms. Nandi Outerbridge: Thank you, Mr. Speaker.

Mr. Speaker, this morning I ask that this Honourable House send congratulatory remarks to Taylor Bean, on being awarded MVP for the 2015 CIAA Tournament, which took place between February 15th and 16th. Taylor has been known throughout Bermuda for her success in track and field. And I can definitely appreciate the time and effort and the sacrifice it takes to compete in these events. I just want to extend my congratulations to her and her family. Thank you.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from Pembroke East. MP Roban, constituency number 15, you have the floor.

Mr. Walter H. Roban: Thank you very much, Mr. Speaker, and good morning to everyone listening, as well.

The Speaker: Good morning.

Mr. Walter H. Roban: I would just like to have myself associated with the condolence remarks to Dr. Bridgewater. I knew him well. And as other Members have said, he did not fail to challenge you on many

things when he met you. But it was always in a way that he wished to just make sure that you thought a little bit more carefully about what you are doing and how you are handling yourself. But he was a wonderful man, wonderful man. And I took great counsel from him often on many things.

I would also like to be associated with the comments to the passing of Mr. Jack Wahl. He was a very, very longstanding and good friend of my late father-in-law, former Member of this House, Mr. Arnold Adolphus Francis. And many a time I was with Mr. Francis's family, and they were talking about Mr. Wahl and his wife. And they spent a lot of time with them over the years. They were longstanding friends. So it would be remiss of me not to mention that on behalf of my family as well.

Also, Mr. Colin Smith, whom I knew, I was shocked to hear of his passing and certainly would like to be associated with the condolences to his family and the Somerset community and all the communities that he very much served well. Thank you, Mr. Speaker.

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

The Chair will now recognise the Honourable Minister for Education. Minister Scott, you have the floor.

Hon. R. Wayne Scott: Thank you, Mr. Speaker, and good morning.

Mr. Speaker, I would certainly like to be associated with the remarks for Dr. Bridgewater. Of course, I knew him going back some 30 years. And to say that he packed a lot into his years is an understatement.

Mr. Speaker, I would like for congratulatory remarks to be sent out to Ms. Carmen Jones for the work that she did on the Primary Art Show. I would like to associate the Minister of Community, Culture and Sport, as well as the Junior Minister of Community, Culture and Sport, all of whom attended this art show last Friday. And the amount of talent that we see from our young children is amazing. Of course, not being an artistic person myself, I just appreciate art that much more.

And to continue the comments that the Shadow Education Minister made, certainly there are lots of elementary schools that are now doing their science fairs. Elliot just had one, as well, last week. But I would like to congratulate the school in my constituency, Purvis, which had an excellent programme as well, which I attended. If you look at the creativity, again, of our young kids, and putting together the science experiments. It is interesting when you look at the real young kids and see that the projects that they put together, of course in conjunction with their parents, just speak to [the fact that] we have a solid future ahead of us if we continue to just take care of our children and, you know, let them expand on the crea-

tivity that they do have. So, congratulations to all those events.

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

The Chair will now recognise the Honourable Member from Pembroke East Central, constituency number 16. MP Michael Weeks, you have the floor.

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

The Speaker: Good morning.

Mr. Michael A. Weeks: Mr. Speaker, I would like to start off my remarks by having this House join me in sending a letter of congratulations to the Impact Mentoring Academy. For those who do not know Impact Mentoring Academy, it is a home school for young boys, Mr. Speaker, normally those who have trouble fitting in with the mainstream education system. Impact Mentoring Academy is run by Mr. Trace White. And on Saturday, Mr. Speaker, they had a Spoken Word Competition at St. Paul's Centennial Hall, in which all the young men were on show.

It was an excellent competition. They had skits and singing and speeches and poetry. It was very exciting and interesting to see our young boys. Not only black boys, but it was very diverse. There were about 20 of them who really showcased their talents at St. Paul's Centennial Hall. I would like to associate the Honourable Minister, Ms. Jeanne Atherden.

Mr. Speaker, I would also like to have the House join me in sending congratulations to Mr. Dage Minors. He had a gold-medal-winning performance in the North East Regional High School Track and Field indoor championships in Boston. Mr. Minors, Mr. Speaker, is the nephew of the Deputy Mayor of Hamilton, Mr. Donal Smith. Dage Minors, and I would also like to associate my MP, Rolf Commissiong, and the Shadow Minister of Community, and the Minister of Community, Culture and Sport, and MP Derrick Burgess. Actually, I should associate the whole House.

Mr. Speaker, I would also like to have the House and Members join me in sending congratulations to the Bermuda Pacers Track Club. They have celebrated 20 years, Mr. Speaker. This past weekend, in spite of the bad weather, they had a marvellous turnout up at National [Sports Centre], Mr. Speaker. And from having children that took part in that, I know that this event is much anticipated and looked-forward-to. It is one of the most anticipated athletic events on our young sporting calendar.

Mr. Speaker, I would also like to, before I take my seat, have the House join me in sending congrats to all the recipients of the Bermuda Triathlon 2014 Awards special commendation. I would like to associate the Minister of Community, Culture and Sport, and MP Glen Smith. Mr. Speaker, this weekend, the Junior

Triathletes of the Year were Megan Hands and Matthew Oliveira. And the Senior Triathletes of the Year for 2014 were Dr. Tucker Murphy and Ms. Karen Smith. Now, we all know that it is hard as athletes, but triathletes, Mr. Speaker, I would definitely commend them. Thank you very much.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency number 14, Devonshire North West, MP Glen Smith. You have the floor.

Mr. Glen Smith: Thank you, and good morning, Mr. Speaker.

I rise today because I would like to send congratulations to Mount Saint Agnes and the alumni. I know there are several former MSA students, including myself, who have sat in this House who were educated by Mount Saint Agnes. And I would like to have Honourable Member Roban and Honourable Member Commissioning associated with that. The school goes back to 1890, when four sisters set sail to Bermuda. Primarily, the school opened up on March 3rd, 1890, at Woodlands, which is the current site of where Saltus is today.

In 1892, the property was put up for sale. Hence, the sisters went out to try to raise funds themselves to purchase another property, which is where the convent is located, or what is known as the *convent* is located today, but also the Muslim facility.

Funny enough, if we look back, every year Mount Saint Agnes has an annual bazaar in October. However, it was really [started] back in 1892 [for] raising funds. And that is how it has continued, and it has been going on for all these years, 120-plus years. But as I say, I would like to send congratulations to them. And I would like to associate Honourable Jeff Sousa.

I would also like to be associated with the condolences to the family of Colin Smith. Colin and I used to work together many years ago. He was a Customs officer. In actual fact, when Colin first became a Customs officer, I started my first job in life, working for Island Couriers, clearing courier packages down at the passenger arrival hall. And from then, as he grew in through the ranks, I ended up coming back, starting my other company, IBC [International Bonded Couriers, Bermuda, Ltd.]. And I worked very closely with him. Of course, he was on the other side, and of course I was running my business. But I want to say he was always a very fair, fair man. And I think condolences should probably be sent to all the Customs officers who worked so closely with Colin over the years. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency number 35, Sandys North Central, MP Dennis Lister. You have the floor.

Hon. Dennis P. Lister: Thank you, Mr. Speaker.

Mr. Speaker, I rise this morning mainly to be associated with the condolences that have already been expressed on the passing of Colin Smith, to his wife and his family, his mother and his brothers and sisters. Like everyone in these Chambers, in fact in the country, I was shocked when I heard of Colin's passing.

Mr. Speaker, Colin and I go way back. He was actually a primary school classmate of mine. And we stayed friends over the years. I actually married into his family, you know. My wife is a first cousin of Colin. So we have had a longstanding relationship. And it truly took the wind out of me when I heard that he had passed, Mr. Speaker. I sat and talked with his family over the weekend, and everyone is just shocked, Mr. Speaker, by this.

As you move around the Sandy's community this weekend, you felt that same sentiment, Mr. Speaker, no matter whom you spoke to in Sandys, whether it was young or old or in between, those who associated with Somerset Cricket Club, and those just in the community who knew the impact that Colin had had with clubs and with the young men in the clubs and in the community. Even recently, Mr. Speaker, when we had the incidents in Somerset prior to Christmas, he was off to the meeting, to the first meeting and subsequent meetings, Mr. Speaker, just giving his input and direction, as he had always given.

One thing you knew about Colin, he was always firm and no-nonsense. He was found to stand a line, and took that line and stayed there, Mr. Speaker. So his passing, Mr. Speaker, will not only be felt in Bermuda, but throughout the Island. And as has been said already, he spent many years in the East End, not only working, but living after he married. He moved to that end of the Island, Mr. Speaker. So he will truly be missed throughout the Island, Mr. Speaker. But I just wanted to be added to the many remarks that have been expressed already. I would also like to add the Honourable Kim Wilson to those remarks, Mr. Speaker. She is one of the Members of Parliament of the West End who would like to be associated with those remarks, as well.

But, Mr. Speaker, whilst on my feet, I would also ask the Honourable House to join me in sending condolences to the family of the late Roger Burrows, Gladwin Roger Burrows, who passed away earlier this year, Mr. Speaker, while we were out on recess. Burrows was one of those well-known Somerset persons, Mr. Speaker. He had actually spent most of his early years in the hospitality industry as part of the well-known Reef family and had been employed many years at The Reefs. In the years when . . .

The Speaker: Has somebody got a phone on in here?

Hon. Dennis P. Lister: Something is vibrating.

[Inaudible interjection and laughter]

The Speaker: Is it yours, Dennis, Honourable Member?

Hon. Dennis P. Lister: It is off now, Mr. Speaker. It was vibrating.

[Laughter]

Hon. Dennis P. Lister: But, no, Mr. Speaker. Just to continue on, Mr. Speaker. Mr. Burrows was one of those who was well known in our community. And again, his passing took the Sandys community by shock, as well, Mr. Speaker. And his loss will be felt greatly within the community. And the later years after he got out of hospitality and he worked for himself in maintenance and construction, he took that same attitude that he had in the hospitality industry that it had to be done right. So we extend condolences there to his family, his wife Cheryl, and the children, Mr. Speaker. Thank you.

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

The Chair will now recognise the Honourable and Learned Member from constituency 31, Southampton West Central. Minister Crockwell, you have the floor.

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

The Speaker: Good morning.

Hon. Shawn G. Crockwell: Mr. Speaker, I would like to be associated with the condolences to the family of Dr. Vincent Bridgewater. I know that the whole House was associated, but I would be remiss if I did not weigh in on the remarks of his passing.

In addition to being a well-known dentist, Mr. Speaker, and a former Senator of Parliament, Dr. Bridgewater was also an influential member of the fraternity Alpha Phi Alpha Fraternity, which is a fraternity that I am a member of, Mr. Speaker. And as everyone already said, he was a very eccentric and flamboyant character. I can think of many stories. I mean, he was the de facto Mayor of Court Street, Mr. Speaker. I remember in 2007, when the Honourable Premier and I went down on Court Street to walk around, we bumped into Dr. Bridgewater, and he took us into every single establishment, establishments I did not even know existed, Mr. Speaker. We were well embraced because we were there with Dr. Bridgewater.

And I have a story, where every now and then some of the older members of Alpha would be down at Hamilton Princess having cocktails and discussing, I guess, how to solve the problems of the world and

the fraternity. I was once invited to go down there and have a sit-down with these gentlemen. When I got there, I sat down. Dr. Bridgewater said, *What are you drinking?* So I said, *I'll have what you're having.* And that was a mistake, Mr. Speaker.

[Laughter]

Hon. Shawn G. Crockwell: I got something, I think it was bourbon straight up, Mr. Speaker. And I started to drink this drink, and he saw the look on my face. And he would not let me get up until that drink was finished. And you can rest assured I never made that mistake again. But he will be missed, and I would like to let his family know that he was indeed an influential man.

I would also like to be associated with the condolences to the family of Mr. Colin Smith. Mr. Smith was the President of Somerset [Cricket Club] when I lived in Somerset, Mr. Speaker. And I was a very vocal St. George's fan whilst living in Somerset. And I remember going to Cup Matches, and I did not hide my allegiance, Mr. Speaker. Despite that, we used to have a running joke. He was always a very affable individual. He would see me, he would shake my hand or give me a hug and we would have a little chat. Certainly, when I heard of the news, it was a shock. He certainly was gone in his prime. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair now recognises the Honourable Member from Devonshire North Central, constituency number 13. MP Glenn Blakeney, you have the floor.

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

The Speaker: Good morning.

Mr. Glenn A. Blakeney: I would like to be associated with the remarks for Dr. Bridgewater, as well as former President of Somerset Cricket Club and popular Customs officer, Mr. Colin Smith. We actually came from the same neighbourhood growing up in Rose Hill, Southampton, as you would know, before he moved further up into Somerset. To all of his siblings, I think Marion, Charlie-Horse, Gregory, Perry, Kevin, Jerome (I think they called him "Boney")—

[Inaudible interjection]

Mr. Glenn A. Blakeney: Yes, yes. So, the whole family, as well as to his wife and mother.

[Inaudible interjection]

Mr. Glenn A. Blakeney: Yes, he had a lot of nicknames. But Colin was an unassuming, gentle giant, I

think, in the community. He went about his business very quietly, but very effectively. And I am sure he is sorely missed, not only by his family, but the entire Somerset community, to say the least those who supported the Somerset Cricket Club or continue to support Somerset Cricket Club at Cup Match. So, with that I would like to be associated with the condolences sent, especially to his wife, mother and immediate family. Thank you.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Minister of Health and Environment, from Pembroke West, constituency number 19. Minister Atherden, you have the floor.

Hon. Jeanne J. Atherden: Thank you, Mr. Speaker.

Mr. Speaker, I would ask that the House send condolences to the family of Sandra Maybury. Sandra was a constituent of mine and someone whom I grew up and went to school with. I am sure that Minister Gordon-Pamplin and MP Weeks would like to be associated with them. I must admit I used to see Sandra whenever I would go up to Point Mart. She would be out there sometimes with the little children. But always, we would have a little chat and talk about what was happening in the constituency.

Also, Mr. Speaker, I would like to be associated with the condolences sent to the family of Vincent Bridgewater. Vincent also was a constituent of mine, but he also was a family friend. We used to tease and joke about the fact that he might have been my brother-in-law in the past, or could have been. But he was one of those individuals who, you could talk about golf and you could talk about what was happening in the world. And he will be missed.

I would like to also, Mr. Speaker, have condolences sent to the family of the late Myrtle White. Myrtle was the mother of Roche White [Swan] and Juliet Dillas. I would like to have the Premier be associated with those remarks, as well. I must admit, at Christmastime, I went up to Packwood Home, and, Mr. Speaker, when you go to these homes, you suddenly see people whom you have not seen for a while. And MP Roban would like to be associated with that as well. So it reminds me that we are all mortal.

That is why I would like to be associated with the remarks sent to the family of Lorraine Clarke Ingram. Lorraine and I went to Central School together, and I remember her as my speedy-relay mate. Because Lorraine could clock around that field. And so I would like to be associated with those remarks.

On a lighter note, a glad note, I would like to have congrats sent to Coldwell Banker [Realty], who put on their 13th Annual Home Show. This is something that started off years ago in a small way, and over time, when you go up there, you see . . . First of all, it is a day-and-a-half now, when it used to be just one. And MP Glen Smith and the Premier would like

to be associated with those remarks. But I am just amazed at the number of vendors who are there, the number of organisations that are there, all trying to make the population know about things that are happening with respect to their homes, not just about things that they could buy, but things that they could do. So I would like to have congrats sent to Coldwell Banker.

I would also like to have congratulations sent to Bacardi, Limited, because they had their 153rd anniversary and awards banquet. And I must admit, Mr. Speaker, I want a particular congrats to be sent to Clara Fay, who is celebrating 25 years with Bacardi. And now I know why Clara does not get out, like me, to play as much golf, because she is always busy working.

And last but not least, congratulations to HSBC and all of their employees who had commitment awards. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

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

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

The Speaker: Good morning.

Mr. Jamahl S. Simmons: Good morning, colleagues.

I would like to add my voice to the condolences of the family of Mr. Colin "Jelly" Smith, a man who was so full of life and so passionate about Bermuda and Bermudians, particularly our youth. And his contribution to sports, to our community, even to the Customs Department, will be truly missed. I hope that his family, his wife Zina, and everyone who knew and loved him get comforted during this time of sorrow.

Mr. Speaker, I would also like to add my voice to the list of condolences for Dr. Vincent Bridgewater, whom I knew as *Uncle Vince*. He served in Parliament the same time as my father. And I also travelled to Ohio with his daughter for a conference, a Youth to Youth conference in the 1980s. A larger-than-life character, a man who always had a laugh, always had a smile regardless of the circumstances. And he will be truly missed, not just by his family, but by all the lives that he touched.

Mr. Speaker, I would also like to add my congratulations to the Bermuda Pacers Club, as well as Telford Industries. The Telford Electric Magic Mile 20th anniversary was this weekend, as mentioned by our Honourable Member, Mr. Weeks. And when we look over the years, the young people who have enjoyed this programme, the events that bring families together and communities together, it is truly valuable, truly should be supported. And I hope that this 20th anniversary is a mark of 20 years, 50 years, 100 years

into the future where it can continue to contribute to our society. And with that, I take my seat, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency number 7, Hamilton South. Junior Minister Sylvan Richards, you have the floor.

Mr. Sylvan D. Richards, Jr.: Good morning, Mr. Speaker.

The Speaker: Good morning.

Mr. Sylvan D. Richards, Jr.: Mr. Speaker, I would like a letter of condolence be sent to the family of the late Mr. Vernon "Sandpaper" Hollis, who was a constituent of mine. He was a longstanding, upstanding member of that community, and he passed recently. And I would just like a letter to be sent to his family. He is survived by his children and very numerous grandchildren, Mr. Speaker. Thank you.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency 18, Pembroke West Central. MP David Burt, you have the floor.

Mr. E. David Burt: Thank you very much, Mr. Speaker, and good morning to you.

The Speaker: Good morning.

Mr. E. David Burt: Mr. Speaker, I just wanted to rise this morning to be associated with the condolences that were sent to the family of the late Dorothy Lorraine Ingram, or, as I know her, *Aunt Lorraine*. I would just like, for the record, for my name to be associated with those condolences. Thank you, Mr. Speaker.

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

Are there any other Honourable Members who would care to speak?

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

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

The Speaker: Good morning.

Hon. Michael H. Dunkley: I would like to be associated with the congratulations sent by honourable colleagues to Ann Smith Gordon for her tremendous service to the community and the valuable work she has done with P.A.L.S. Certainly, it cannot go without be-

ing said that she has sacrificed a lot of her time and energy to the benefit of our community and ill people. My colleagues, Deputy Premier Richards and Minister Gibbons, would like to be associated with that, as well.

I would also like to be associated with the congrats to Coldwell Banker on the Home Show. I had the opportunity to go up there. It seems to get bigger and better every year. The crowd on Friday afternoon was certainly very large, and there is a great opportunity for current entrepreneurs and future entrepreneurs to get involved up there.

I would also like to send congratulations to Flora Duffy, who now has won, I believe, three triathlons in a row and certainly is on a real hot streak and performing very well at what she is doing. I do not think we can underestimate the commitment and the dedication that it has taken for Flora Duffy to get to the position she is in. She is not only competing and winning, but she is representing Bermuda and making many Bermudians feel proud by the work she has done.

I would like to be associated with the condolences to Jack Wahl, whom I had the opportunity to play some golf against. He was a very, very tough competitor. When you thought you had him beat, he certainly could pull shots out and get things done. He got me involved in part of the community effort that I have been involved in for the past 30 years. Because one day, playing golf about 30 years ago at Mid Ocean, he asked me to get more involved in the club, and kept pushing and pushing and pushing, and finally nominated me to serve on the board of directors.

I have been friends with him and his lovely wife, Lynn, and his daughter, Stephanie, for a long period of time. He was a Canadian who came and lived in Bermuda, but he certainly contributed a great deal to the Bermudian way of life.

It would not be right if I did not say a few words of condolences to the family of Colin Smith, who passed away. First and foremost, Mr. Speaker, I think it is important, as colleagues have noted, that Mr. Smith was a very valued and respected member of the Bermuda Customs. He served there for many years, and he did an impeccable job for the Customs Department and the Government of Bermuda, and we should not forget that.

I came to know Mr. Smith through Customs and then through cricket. A lot of Members of this Honourable Chamber and the public are probably not aware that Mr. Smith was instrumental in transforming Cup Match to get the sponsorship involved to the level that we have it to today. Because in the early 1990s, the mid-1990s and the late 1990s when he was, I think, Vice President at the time and then President of Somerset Cricket Club, he was one of the forerunners to get sponsorship in there and actually would not leave me alone, as far as my position was concerned at Dunkley's. And that is when we started the spon-

sorship, and it continued to grow. Because I think at that time, probably the only major sponsor of Cup Match would have been Shell for St. George's Cricket Club at that time. Ford Hutchings was, I think, the CEO at that time.

So I would like to be associated with those condolences, Mr. Speaker. Thank you.

The Speaker: Thank you, Honourable Premier.

Are there any other Honourable Members who would care to speak?

That completes our congratulatory and/or obituary speeches.

MATTERS OF PRIVILEGE

The Speaker: There are no matters of privilege.

PERSONAL EXPLANATIONS

The Speaker: No personal explanations.

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

The Speaker: No notices of motions.

INTRODUCTION OF BILLS

The Speaker: No Bills to be introduced.

NOTICES OF MOTIONS

The Speaker: No notices of motions.

ORDERS OF THE DAY

The Speaker: And we move now to the Orders of the Day. And we are going to resume in the Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for 2015/16. We will be first looking at the Cabinet Office, and I would ask that the Honourable Member from constituency number 14, MP Glen Smith, please take the Chair. Thank you.

Did I move too fast? Madam Clerk, did I move too fast?

[Inaudible interjection]

The Speaker: Oh, okay. All right.

House in Committee at 10:53 am

[Mr. Glen Smith, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Chairman: Good morning, Members. We are now in Committee of Supply for further consideration of Estimates of Revenue and Expenditure for Year 2015/16, for the Cabinet Offices, Heads 9, 26 and 80. Three hours have been allocated to this Head. I call on the Premier, the Minister of National Security, to proceed.

Premier, you have the floor.

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

Mr. Chairman, I would like to formally move those Heads, 9, 26 and 80.

The Chairman: So moved.

HEAD 9—CABINET OFFICE

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

Mr. Chairman and colleagues, I am grateful for the opportunity this morning to lead the Debate and present the Estimates of Revenue and Expenditure for Head 9, Cabinet Office; Head 26, Human Resources; and Head 80, Office of Project Management and Procurement.

Mr. Chairman, I will note that there are a number of heads within the Cabinet Office that are not being debated today. Those would be Head 14, Department of Statistics; Head 43, Information Technology; Head 51, Department of Communication Information; Head 84, e-Government; and Head 96, Sustainable Development.

As I start the presentation this morning, Mr. Chairman, I think it is important to first highlight that, for Members of this Honourable House and for people outside who are listening on the radio, that when a budget is presented in the House, as the Budget for 2015/16 was presented two weeks ago by the Honourable Finance Minister, that this is actually the first time you have an opportunity to see the actual numbers for two years prior. So, two weeks ago, we managed to see the actual numbers for the years 2013/14 Financial Year. And that is where we will start, Mr. Chairman, because I think it is important to reflect back on those actual numbers the first time we have seen them.

At that time, Mr. Chairman, there was a budget for the total Cabinet Office, which was estimated to be \$26,739,000. And you can see that on page . . . You cannot see that on page B-30, but you can see the "actual" number on page B-30, which finished off at \$24,733,000. So over the course of that financial year, the Cabinet Office managed to do what it was expected to do in an appropriate, very efficient

manner and managed to save \$2 million in doing it through the course of that financial year.

Mr. Chairman, the Cabinet Office is the heart of Government, providing services to Cabinet, the Premier and Ministries of Government. The Cabinet Office also coordinates initiatives on cross-cutting issues such as an access to corporate headquarters for the public service, providing services, advice and guidance for other government departments and, by extension, the wider public sector.

The Cabinet Office is responsible for the department that provides support services to other ministries, and those service departments in the Cabinet Ministry include the Department of Statistics, the Department of Human Resources, Information Technology, the Department of Communication and Information, Project Management and Procurement, e-Government, and Sustainable Development.

As shown in detail on page B-31, Mr. Chairman, the total current expenditure for 2015/16 is estimated to be \$6,296,000, which is a decrease of \$696,000, or 10 per cent under the original Budget for 2014/15.

The two major programme areas for the Cabinet Office are also shown on page B-31. They are the General, which is a line item of 0901, and Economic Policy and Foreign Affairs, which is 0902.

The first programme, Mr. Chairman, General. Programme business unit 0901 has been allocated a budget of \$4,616,000. This budget is \$697,000 less than the original 2014/15 Budget, or a reduction of 13 per cent. The budget is allocated across six cost centres within the Cabinet Office, and I will go through those.

- 1) General Administration, or Head Office, has a budget allocation of \$2,710,000, representing a decrease of \$286,000, or 10 per cent less than the budget for the current financial year.
- 2) Professional Development and Travel has a budget allocation of \$168,000, representing a decrease of \$32,000, or 16 per cent, on the current Budget for Fiscal 2014/15.
- 3) Third area is Protocol and Hospitality, which has a budget allocation of \$450,000, representing a decrease of \$145,000, or 24 per cent less than the 2014/15 Budget.
- 4) The fourth area is the Central Policy Unit, which has a budget allocation of \$477,000, representing a decrease of \$234,000, or 33 per cent less than the budget for this year.
- 5) Item number five is Public Access to Information, or commonly known as PATI, with a budget allocation of \$113,000, a decrease of \$33,000, or 23 per cent less than the budget for the current fiscal year.

- 6) And finally, Management Services has a budget allocation of \$698,000, an increase of \$33,000, or 5 per cent more than the current financial year budget.

The second programme area is Economic Policy and Foreign Affairs. It is unit 0902, and it has been allocated a budget of \$1.68 million. And this budget is \$1,000 more than the original budget for the current financial year, which is less than 1 per cent. This budget is allocated across two overseas offices within the Cabinet Office, including the London Office, which has a budget allocation of \$1,032,000, representing a decrease of \$5,000 less than the current financial year budget; and the Washington, DC, Office, which has a budget allocation of \$648,000, representing an increase of \$6,000, or 1 per cent more than the current financial year budget.

Mr. Chairman, the subjective analysis for the Cabinet Office is able to be found on B-32 of the Estimates Book. The object code description increases or decreases are attributed to the following:

- Salaries—a decrease of 12 per cent, or \$444,000, which represents the following changes:
 - an increase of \$143,000 resulting from the discontinuation of the furlough days;
 - a reduction of \$61,000 resulting from the freezing of the vacant post of Assistant Protocol Officer;
 - a reduction of \$180,000 resulting from the transfer of an assistant cabinet secretary into an existing post of Permanent Secretary in the Ministry of Economic Development;
 - a reduction of overtime in the amount of \$56,000;
 - a freezing of a post in the PATI unit in the amount of \$144,000;
 - a reduction of \$123,000, representing salaries for four interns for one-half of the current financial year. Those interns completed their internship in October 2014;
 - a net reduction of \$228,000 resulting from the decrease in the number of political staff;
 - an increase of \$145,000 for administrative staff that transferred from other Ministries to Cabinet Office; and
 - an increase in salaries of \$60,000, representing a correction in salaries in the Management Consulting Section, that was incorrectly deducted from the budget in 2014/15.
- Wages—a decrease of 50 per cent, or \$86,000, which is a result of reduction from

(1) the freezing of the post of housekeeper at Clifton, in the amount of \$68,000. That position is not being filled, Mr. Chairman; (2) the reduction of overtime in the amount of \$24,000; and (3) the increase relating to furlough days in the amount of \$6,000.

- Training—a reduction of \$2,000 in an effort to reduce costs. And to help continue the training along we will do more in-house training sessions.
- Travel—a decrease of 14 per cent, or \$35,000.
- Communications—a decrease of 7 per cent, or \$10,000, mostly in telephone costs, which we have found a way to reduce costs.
- Advertising and Promotion—a decrease of 24 per cent, or \$43,000, resulting from decreasing advertisements in the official *Gazette* because of the PATI advertising, which is coming to an end shortly.
- Professional Services—a net reduction of \$76,000, or 9 per cent, resulting in a reduction of costs in the following areas:
 - A reduction in overseas consultants and contractors in the amount of \$160,000, and a reduction in consultants and contractors for the Protocol Office and CPU for \$11,000.
 - There is a light increase in consultant fees in the London Office of \$1,000, and an increase of \$94,000 for a position of legal advisor in the PATI unit, Mr. Chairman.
- Repair and Maintenance—a small increase of \$6,000, or 4 per cent, because of anticipated repairs due to equipment aging and the need for maintenance to it.
- Energy and Materials and Supplies—a decrease of \$17,000, or 12 per cent. We believe we will be able to budget that due to falling oil prices.
- Other Expenses—include \$11,000 increase, or 9 per cent, for hospitality costs relating to events managed by the Protocol Office.

Mr. Chairman, I now turn to Manpower. The full-time staffing establishment, including posts in the London and Washington, DC, offices, is 31, down from 37 in 2014/15. This is due to:

- a) a reduction of two posts related to political staff from General Administration;
- b) a reduction of two posts from Protocol and Hospitality, namely, the Assistant Protocol Officer and the Clifton Housekeeper;
- c) a reduction of three posts from CPU [Central Policy Unit] relating to Interns; and
- d) an increase of one post in the Washington, DC, Office resulting from the establishment of the director's post. A salary for this post has

not yet been determined, but will be once a job description has been produced and evaluated.

Mr. Chairman, in regard to output measures, the Cabinet Office's Output Measures can be found on pages B-33 to B-34 of the Budget Book. It should be noted that the output measures have been amended to be more meaningful, as well as performance based. Attention should be drawn to the fact that the target outcomes were partly or completely achieved in all measures.

Mr. Chairman, in regard to achievements, I am pleased to highlight the achievements in each cost centre listed on B-31:

First, in General Administration. For Financial Year 2014/15, allocation for General Administration covers the cost of advisory, administration and other support services to the Office of the Premier; arranging Cabinet meetings; appeals to the Cabinet; liaison with Government House on treaties, international conventions, deportations and high-level visits; oversight of performance across all Ministries and departments; publication of government notices and statutory instruments; and conduct of civil service disciplinary matters.

Public service reform, Mr. Chairman. Honourable Members will be well aware that the public service reform is a major Initiative of this Government. It was launched during the 2014/15 Fiscal Year to serve as a delivery model for the implementation of the SAGE recommendations. The aim of the initiative is to create greater operational efficiencies and to reduce costs within government. The Government has not been idle in this regard and has been actively engaged in the implementation process.

Mr. Chairman, you will recall that our objectives were clear:

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

In October 2014, the Government announced that it had accepted and agreed to implement 16 high-level SAGE recommendations, and I am pleased now to be able to report on the progress of those recommendations to date.

The Ministerial Code of Conduct, Mr. Chairman. It is imperative that Government Ministers establish clear and demonstrated leadership, and, therefore, the Government accepted the recommendation to amend the Ministerial Code of Conduct. Mr. Chairman, you might not be aware, but in 2002, there was a draft copy of the new Ministerial Code of Conduct that was worked on, but it was never implemented.

I can report today that the Ministerial Code of Conduct has been amended and the final draft of the document, together with a verification agreement, which is intended to be signed by each Minister, confirming that they have read, understand and agree to the contents of the amended Ministerial Code of Conduct, is with the Attorney General's Chambers for review. I expect that all Cabinet Ministers will sign off on the amended Ministerial Code of Conduct prior to the end of March 2015, or shortly thereafter.

Succession Planning, Mr. Chairman. It was agreed that the Government would formalise a succession planning policy. I can report back that the framework for the succession planning policy has been completed and internal consultation has commenced. I can further report that, to support the implementation of the policy, the Government will roll out the employee records module within its Human Resource Information Management System [HRIMS] to automate and update the records of all government employees.

This is a very critical step, as automated employee records underpin and support the implementation of the talent management module of the HRIMS system, which is at the foundation of succession planning within a large and very complex organisation. It is expected, Mr. Chairman, that the succession planning policy will be completed during the upcoming fiscal year.

Independent Negotiators and Harmonisation of Union Agreements. Mr. Chairman, we have implemented the recommendation to retain an independent body to negotiate with unions and are moving towards harmonising union agreements. The Government has retained Mr. Gary Phillips, Mr. John Harvey and Mr. Martin Law to serve as independent negotiators. While the issues relative to collective agreements and the way forward remain a work in progress, this Government is confident that the use of the independent negotiators is, in the long term, in the best interest of the service. It is expected that the independent union negotiators will continue to engage our union partners as we negotiate new and harmonised union agreements.

The significant component of the harmonisation of the union agreements is directly linked to the reformation of Government's human resource policy and operating structure, to include performance, accountability and all other human resource policies. Mr. Chairman, you might recall that this was another of the recommendations that the Government has agreed to implement.

I can report that the Government has approved the development and/or amendment of a suite of 96 human resource policies. The policy development work is being progressed in four phases. The framework and early drafts of all policies in phase one have already been completed, and consultation is currently in progress. The suite of policies is intended to

streamline delivery by focusing on strategic outcomes and represents a holistic approach to performance management. At the end of the process, the Government will deliver its first Public Service Handbook, which will standardise human resource practices and collective agreements across all six of the unions. This work, Mr. Chairman, is at the heart of the harmonisation process.

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

Mr. Chairman, in regard to consolidation of departments and programmes, you will recall that the Government accepted the recommendation to realign, merge, amalgamate and/or discontinue certain government departments and programmes. This work has already commenced and will be evidenced throughout the Budget presentation of this department and many other Ministry budgets.

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

- duplicated across the government, Mr. Chairman;
- redundant and should be discontinued; and/or
- considered inappropriate and should be transferred to a more appropriate body.

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

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

Fiscal Asset Management. Mr. Chairman, as a result of this host of changes, the Government will require fewer assets to support service delivery. Therefore, Government has accepted the recommen-

dation to produce a fiscal asset management plan. And I can report today that the format and template for the property asset management plan has been completed, and recommendations for the amendment of the Public Lands Act 1984, regarding the acquisition and the disposition of land, will be considered in the coming weeks.

Mr. Chairman, the public service reform initiative is the platform through which the Government will reduce the size, cost and shape of the service and dramatically increase operating efficiency. It will also make government more sustainable, going forward. This is a long-term initiative, Mr. Chairman, and I am pleased to report the significant progress that has been made since the Government announced these SAGE recommendations that it will implement.

Mr. Chairman, I turn now to Professional Development and Travel. In 2014/15, I have participated in a number of overseas events on behalf of the people of Bermuda. These visits serve as a major component of our efforts to generate interest and investment in Bermuda, and thereby increase the employment of our people. I am happy to provide some of the highlights today. Mr. Chairman, what I will say before I go through these highlights, I will draw Members' attention and the listening public's attention to the Ministry of Travel website, which was launched in the fall of last year. When trips are taken, shortly after that, as soon as the costs have been tabulated, they will be put on that website.

Mr. Chairman, the first event that I had the pleasure to attend was the Bermuda Tourism Newport Event, Rhode Island. And I participated in a business development event on board the *Spirit of Bermuda* to support the Bermuda Tourism Authority. And that was in June.

I then attended the Campaign for Bermuda Wellness in New York. That was by invitation of the Bermuda Hospitals Charitable Trust (BHCT), as they launched a fundraising campaign for the Bermuda Wellness Foundation. An overseas charity has been set up.

I had the pleasure of attending the Boston Red Sox Tourism Promotion, and as a lifetime Yankees supporter, I had to be very careful in my approach. But I was happy to go and support and build awareness for Bermuda in the Boston market by leveraging the relationship with the Boston Red Sox in conjunction with a fine Bermuda partner, Goslings of Bermuda.

Mr. Chairman, I attended the Pre-Joint Ministerial Council (JMC) Meeting in Cayman to meet with the Heads of Government of Overseas Territories to plan the agenda and agree on collective positions ahead of the JMC Meeting in the UK.

I attended Business Development and Media Outreach in New York, with Honourable Minister Grant Gibbons, to meet with companies interested in establishing financial service businesses in Bermuda

and conduct media interviews to promote Bermuda as an international financial centre. And I was with Minister Crockwell when we did some media at the same function to promote tourism in Bermuda and at the Lily Perfume launch down in the heart of Manhattan.

I had the pleasure, along with Minister Gibbons, to attend the America's Cup Venue Selection Announcement in New York in early December.

And I also attended a couple of weeks ago the 63rd Annual National Prayer Breakfast and meetings with congressional leaders in Washington, DC, where I was accompanied by Minister Gibbons and members of the Cabinet team staff.

Mr. Chairman, a schedule of official business visits is anticipated for the Fiscal Year 2015/16, but the schedule will be in line with the reduced budget allocations. And, as always, Mr. Chairman, travel is only when necessary, jam-packed to maximise the time and done as cost-efficiently as possible.

Mr. Chairman, I now turn to Protocol and Hospitality. The Protocol and Hospitality team plays a leading role in arranging ceremonial functions, including the presentation of the Throne Speech, the Remembrance Day ceremony, official dinners and receptions at Camden, and facilitating VIP delegations and visitors on arrival and departure at the L. F. Wade International Airport. This team also is responsible for managing the operation of Camden. And I have to say, Mr. Chairman, and I think most colleagues in this Honourable House who have had some business dealings with the Protocol and Hospitality Office are well aware that this team operates very efficiently and often quietly behind the scenes to get their job done.

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

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

Up until October 2014, the CPU managed the Cabinet Office Intern Programme, which has been temporarily discontinued. This programme provided Bermudian university graduates opportunities to learn more about the inner workings of the government, with a view to prepare them for future employment in either the public or the private sector. The four interns in the 2013/14 cohort remained with the CPU for the first three months of their contract and were exposed

to opportunities for research, critical thinking and, of course, debate. Thereafter, each intern transitioned to a series of three-month stints at various government departments such as Energy, Planning, Environmental Protection, the House of Assembly, Magistrates Court, Public Works, and Marine and Ports. As I stated earlier, the programme has been discontinued for the next fiscal year, but this Government will resume the programme once we are in a position to do so, because we think it is valuable and something we would like to try to continue.

Mr. Chairman, the unit has undertaken a number of assignments during the past fiscal year. The CPU drafted a National Strategic Plan, which, although still under review, will assist with providing focus and direction as the Government moves Bermuda toward economic and social recovery. The unit has provided one-on-one advice to ministries developing policy proposals within a five-day turnaround, ensuring that all policies are not only well-thought-out, but also that the content, once agreed, is sustainable into the future.

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

Mr. Chairman, the CPU continues to work on guiding government public authorities as they prepare for the April 1st, 2015, implementation of Bermuda's first-ever public access to information [PATI] regime. To that end, the CPU has enlisted additional help from two officers seconded from other government departments, as well as one legal consultant, which I highlighted earlier.

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

Mr. Chairman, Public Access to Information (PATI). The fundamental principle of public access to

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

No matter the country, public access to information is intended to increase transparency and eliminate unnecessary secrecy on the part of the government. One way in which this can be achieved, Mr. Chairman, is by proactively informing the public about the activities of public authorities and by generally making more information available to the public domain. In jurisdictions where such regimes are in operation, there has been a marked increase in the level of transparency and accountability on the part of government. There are clearly benefits for the citizens, as well, because their level of understanding about how their government operates necessarily increases by the virtue of being able to ask for and, of course, receive information.

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

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

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

Mr. Chairman, although it is intended that the combined PATI Implementation Team will remain in place for several months after the April 1st, 2015, start-up in order to continue to offer assistance to those public authorities who may request it, it is actually intended that the ministries, departments and all public authorities will *own* PATI and ensure that all requests and requirements are appropriately met.

Mr. Chairman, to be clear, although it may be proposed in earlier models of operation that there would be a central PATI office charged with handling requests and trouble-shooting problems on behalf of public authorities, this will not be the case. It has been determined that a more efficient and meaningful model of PATI operation is for requesters to have their

queries handled right at the organisation that holds the information rather than going through another organisation.

In order to ensure that there is a common understanding and agreement about preparation, the PATI Implementation Team holds periodic meetings with government departments such as e-Government, the Office of Information Technology, the Departments of Human Resource and Communication and Information. Each of these organisations contributes to the PATI infrastructure, be it through the creation of advertisements, the development of an electronic tracking system or the creation of the PATI webpage.

Mr. Chairman, you would be aware that His Excellency the Governor announced on Friday the appointment of Ms. [Gitanjali] Gutierrez as Bermuda's first Information Commissioner to oversee the PATI regime here on the Island. According to the PATI legislation, the Information Commissioner serves for a period of five years. The position answers to the Governor and can be thought of in broader terms as operating in a manner similar to the Ombudsman.

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

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

Mr. Chairman, I am sure that there will be some teething problems along the way, but this Government is committed to the transparency, and that is why we have moved forward on PATI.

The Management Consulting Section [MCS] provides professional business management consulting services, Mr. Chairman, and has value-added services to ministries and departments through a broad array of public sector consulting. Mr. Chairman, in particular, this section helps to analyse and rationalise, transform and implement programmes and services. They provide analytical support to internal clients, enabling them to make evidence-based decisions, identifying strategic and/or operational challenges, and to optimise operational approaches to realise efficiency and programme effectiveness. The overarching objective is to achieve greater value in the changing

political, economic and legislative environments in which the government operates. Consistent communication, positive stakeholder relations and the ability to lead organisational change are key success factors to the Management Consulting Section's work.

Mr. Chairman, as noted on page B-34, the Management Consulting Section achieved its target outcome of completing 80 per cent of requests for the preparation and/or review of Cabinet memos and evaluated 85 per cent of ministry or department job description packages within one month of date of receipt. As noted in last year's Budget brief, when taking into consideration the Management Consulting Section's overall purpose and its alignment with the goals of the public service reform, it was deemed necessary to add two output measures, namely, (1) project/report recommendations identifying cost savings in the amount of \$750,000 within Fiscal Year 2014/15, and (2) identifying a minimum of 25 performance measures that will help improve service delivery and performance.

I am pleased to report that, to date, the Management Consulting Section has recommended costs savings that equate to \$632,673, or 84 per cent of our target within the current fiscal year. In addition, Mr. Chairman, they have exceeded expectations by identifying more than the projected target goal of 25 performance measures. It is important to note that the work of the projects can span over two fiscal years, depending on the start and end dates and how complex the reviews happen to be, Mr. Chairman.

Mr. Chairman, taking into consideration the unprecedented economic challenges that we face, the Management Consulting Section assisted ministries and departments with delivering better service to the public and achieving public value for money. Some of the projects completed by the Management Consulting Section are as follows, Mr. Chairman. I will highlight some of them.

Stabilising the Department of Maritime Administration. Mr. Chairman, following the Department of Transport UK audit findings in February of 2013, the embargo imposed by the British Maritime Regulator was lifted in March 2014 as a result of the Management Consulting Section working with the Department of Maritime Administration. Thus, they can continue with operating the Bermuda Shipping Registry, which continues to grow, resulting in additional revenue generation for the Government of Bermuda. In addition, Bermuda has received favourable results from the Department of Internal Audit.

Mr. Chairman, there is a high demand for aircraft registry services globally. The Department of Civil Aviation has a well-established and highly reputable aircraft registry. In order to remain competitive and positioned for growth, the Management Consulting Section has realigned internal resources and assisted in identifying efficiencies in their processes so that they can seize future opportunities which will re-

sult in increased revenue and efficient civil aviation services. In the first quarter of Fiscal 2014/15, the Cabinet approved a reorganisation structure that will support their continued growth and transition to a different operating model. Ongoing discussions are taking place. It should be noted, Mr. Chairman, that this is one of the SAGE recommendations that is being fulfilled, and it is also aligned with public service reform. No additional resources are required, and efficiency levels increased due to the realignment of staff resources and recommendations for process improvements.

Mr. Chairman, following the establishment of the Tourism Authority, the Management Consulting Section was asked to determine if the Regulatory and Policy Unit should remain within the Ministry of Tourism Development and Transport, as approved by the Cabinet, or was this unit actually better suited in another department or ministry? The results of this review process supported Government's recommendation for the Regulatory and Policy Unit to stay within the Ministry of Tourism Development and Transport, as it is the Government's responsibility to set policy and regulation for industry. However, the Management Consulting Section recommended that the ministry consider shifting from the current regulatory process to a quality assurance programme. This will support the objectives of the Tourism Authority in making Bermuda a preferred tourism destination.

Mr. Chairman, the Management Consulting Section has recently completed a review of the National Office for Seniors and the Physically Challenged (NOSPC) within the Ministry of Health, Seniors and the Environment. The purpose of this review was to determine its role, function and organisation structure. The outcome of the review was to stabilise the operations in order to plan its strategic direction in serving the needs of its target population. Recommendations were made on the strategic objectives, operating structure and process improvements of the entity. Recommendations are being currently considered in regards to their implementation.

Mr. Chairman, I now turn to our overseas offices, first the London Office. Since the inception of the London Office in 2009, it has continued to provide service to the Government by fostering greater working relationships with the Department of Her Majesty's Government (HMG), while working in cohesion with the Governments of the Overseas Territories on collective priority issues. The London Office continues to be recognised as the official representative of Bermuda and the Government of Bermuda in the UK by all departments within HMG, to include both Houses of Parliament; the UK Diplomatic Corps such as embassies and high commissions; the United Kingdom Overseas Territories Association; the Commonwealth Secretariat, along with all UK-based Commonwealth Associations.

It also serves Bermudians living in the UK, including students and the general UK public, to include private companies and civil societies who have an interest in Bermuda. The office continues to host a satellite office for the Department of Civil Aviation and the Department of Maritime Administration.

The role of the London Office for the Fiscal Year 2014/15 specifically concentrated on managing the reputational risk of Bermuda's financial services industry in the UK and, of course, in Europe, Mr. Chairman. As we are aware, the UK Government has applied political pressure to the Governments of the Overseas Territories to adopt a public register of beneficial ownership. The London Office, alongside the Ministry of Finance, has provided the required assistance to the Government's engagement on this matter to minimise the risk directed by Her Majesty's Government by effective, continuous dialogue and briefings to UK officials.

The London Office consistently engages and works in partnership with the UK public sector and engages with the UK private sector and civil societies to ensure the Government's agenda is carried through. This refers to matters on-Island or in the UK and Europe. The office is also responsible for ensuring that commitments made by the UK Government and the Governments of the Overseas Territories in the 2014 Joint Ministerial Communiqué are fulfilled alongside this Government's agenda.

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

The London Office will continue to engage with the European Commission and to advise the Government on: (1) European regional funding, where the European Commission supports OCT's efforts to position themselves as regional hubs in services such as higher education, health care, commerce, transportation, shipping, logistics, communications and scientific research by encouraging private investment from EU-based companies and financial backing by the European Investment Bank (EIB) and local financial institutions in these sectors; and (2) European horizontal thematic programmes as it relates to the Overseas Association Decision based on priorities set in partnership with the European Commission and the OCT's.

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

Mr. Chairman, I now turn to the Washington, DC, Office. The Fiscal Year 2013/14 was a year of transition for the Washington, DC, representative office, with the introduction of new personnel. With that transition, the office re-examined its current approach and reassessed its mandate. The DC Office of the Government of Bermuda was established in September 2009, generally to strengthen relationships with the United States public and private sector. The Washington, DC, Office has continued to serve as a full-time liaison to US congressional members and staff since May 2010.

The Overseas Representative and Director has accepted and attended several meetings with congressional members and high-level staff and advisors to inform them of Bermuda's broad public policy agenda in the United States. Areas of interest remain, but are not limited to taxation and protection of the insurance/reinsurance industry, promotion of Bermuda's tourism sector through its linkage with the Bermuda Tourism Agency offices in New York and in Bermuda and, generally, promotion of Bermuda as an international business centre.

The Washington, DC, representative office has worked diligently to complete a strategic assessment and develop a plan for the years ahead; and this plan is at 25 per cent completion as regards its ability to execute.

To that end, Mr. Chairman, the DC Office has completed the following:

- Based on best practices, they have defined the role of the Washington, DC, Office and developed a plan to execute on Bermuda's key strategic objectives, which would be: (1) to ensure and protect Bermuda's status as a friendly global partner; (2) to establish global relationships that create trade partnerships, cultural exchange, foreign direct investment and travel and tourism opportunities; and (3) to create structure to support Bermudians and Bermuda-based businesses in key overseas markets.
- In addition, they further develop key messages for Bermuda that reflect Bermuda's diplomatic, tax, trade, cultural and social policy issues.
- They have been invited and have attended quarterly meetings with G20 embassies in DC.
- They have engaged as a member of the Board of Directors for the Foreign Trade Commissioners Association and attended meetings, conferences and receptions with the regard to this entity.
- They have referred several businesses to Bermuda, including SpaceX, Black Emergency Managers Association and Turkish Airlines, among others, trying to drum up new business opportunities for Bermuda.
- They have been referred to the National Bar Association Subcommittee Group for approximately 1,000 beds for 2015 to boost our tourism product.
- They continue to work effectively with the Department of Fisheries on the potential for the introduction of aquaculture as an industry into Bermuda, together with meeting with potential investors in the US and Bermuda.
- On a monthly basis, Mr. Chairman, they attend meetings with US Senators, Congressman, staffers and congressional committees. In particular, they have worked closely with official visits such as the one I just conducted with Minister Gibbons, and they hold meetings and communicate with key Senate Finance Committee on-goings in regard to policies affecting Bermuda.
- They have continued on with good work and organised a reception for India and Bermuda businesses hosted by the Indian Ambassador at the Indian Consulate General in New York.
- They provide ongoing research and monitoring of legislative and public policy developments in the US, Canada, Mexico, Latin America and Asia. And they do this in regard to any budgetary constraints that we might have.
- They have organised and completed the 2015 economic research report on Bermuda's economic role in the world economy, particularly the United States and Canada, the major European communities, UK, Germany and France, China and its regional microstates of Hong Kong and Singapore, between 2007 and 2013.
- They have hosted the first official Bermuda Day Reception abroad.
- They have conducted the official celebration of Cup Match abroad, and had an educational lecture by Ms. Kristin White of the St. Georges Foundation.
- They have continued to organise events that will promote Bermuda, such as the art exhibit featuring work by Bermudian artists Sharon Wilson and Monica Jones in honour of the CBC Annual Legislative Conference. Ms. Wil-

son also gave a lecture on art and race relations in Bermuda.

- And finally, the DC Office has acquired an unpaid intern for the summer 2014 to assist with various projects and to get some vast training and knowledge experience for the young person.

Plans for the Upcoming Year

Mr. Chairman, in looking forward to 2015/16, the main focal area for the Head Office continues to be Public Service Reform. As indicated earlier, the objective of this reform is to achieve results in the six areas that I listed earlier in my presentation. Under the leadership of the Secretary to the Cabinet and the Deputy Head of the Civil Service, the new form of the public service has begun and is taking shape.

In regard to the CPU, the CPU will focus mainly on implementing PATI when it starts on April 1st. The impact of PATI on the public service cannot be understated, Mr. Chairman. The coming year will be critical to ensuring that the regime is implemented successfully.

Management Services. During the coming fiscal year, the team will continue to focus on the Government's public service reform while carrying out its mandate. Thus, the Management Consulting Section's function will be viewed as progressive; that is, it will continue to deliver increased benefits in terms of efficiency and effectiveness on how public services are performed and, of course, delivered, while also [sharpening], Mr. Chairman, the focus of Ministries and departments on the realisation of the Bermuda Government's goals and priorities.

The MCS has commenced an operational and organisational review of the Department of Marine and Ports. This review, Mr. Chairman, is in its early stages. The MCS is working with the department's new management to organise resources, realign its business units and identify any efficiencies and cost reductions. The MCS will look at the staff complement and recommend an organisation structure that will facilitate succession-planning for up-and-coming Bermudians in the industry. The MCS will also look at the overall scheduling and identify how it can better support the transportation and, of course, the tourism industry here on the Island. Furthermore, the work will assist the Department of Marine and Ports with closing audit gaps that were recently identified by the Department of Internal Audit. The end result, Mr. Chairman, will be a department that is more efficient and effective than the current state.

The MCS has commenced a review of the Departments of Environmental Protection and Conservation Services and the Environmental Health Section within the Department of Health. The purpose of this review is to determine areas of linkages in order to improve operating efficiency and effectiveness. The

outcome of the review will be to optimise regulatory capabilities in the areas of public and environmental health.

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

Mr. Chairman, in regard to the London Office, the director has been tasked to examine the current lease of the London property with the intention of finding alternative space with similar value in Central London. The purpose is to find a location that provides cost savings to this Government. The property has served the Government well over these past years; however, the current property market in London suggests that it is now time to review and find any opportunity for alternate locations. Currently, the majority of the London Office budget goes towards the overhead of the property, leaving limited expenditure for the office to carry out its mission.

In regard to the DC Office, Mr. Chairman, based on its research and guidance, the Washington, DC, Office will continue its efforts to establish a fully effective overseas representative office that is global in nature, but primarily focused in on the United States, Canada and Asia, with a strategic plan and targeted objectives that drive diplomatic, policy, business, cultural and social connections on behalf of the Government and to the benefit of all Bermudians.

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

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

In closing, I would like to take this opportunity to express my appreciation to all of the individuals who comprise the Cabinet Office for their unstinting dedication and service. Given the nature of our work, many of them are called upon around the clock, and they respond without hesitation. Without them, we could not have achieved the success we have today. Mr. Chairman, I would like to take a special moment to thank Cabinet Secretary, Dr. Binns, for his leadership and, of course, his guidance and his support of me as Premier. I would also like to take this opportunity to thank the Deputy Head of the Civil Service, Cherie-lynn Whitter, for the good work that she continues to do.

With those comments, Mr. Chairman, I turn my attention now to Head Number 26.

HEAD 26—DEPARTMENT OF HUMAN RESOURCES

Hon. Michael H. Dunkley: Mr. Chairman, the Department of Human Resources is found on pages B-38 to B-43 of the Budget Book, and it gives me great pleasure to present the Budget Head for Department of Human Resources, Number 26.

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

The total expenditure is estimated to be \$3,884,000 for the coming financial year, a decrease of \$210,000, or approximately 5 per cent. The subjective analysis for the department is on page B-39 of the Estimates Book. The following object code description increases or decreases are attributed to the following areas:

- Salaries—An increase of 5 per cent, or \$113,000 which represents funding that has to be replaced as a result of the furlough days ending at the end of March this year;
- Wages—a decrease of 92 per cent, or \$71,000. These funds were previously utilised to cover an additional resource to assist with providing the administrative support for the Learning and Development Section. Funding that was allocated for maternity coverage has also been removed.
- Other personnel costs—a decrease of 100 per cent, or \$9,000, primarily due to the elimination of bonus awards for the officers within the department.
- Training—a reduction of \$25,000, or 13 per cent, for professional development for officers. We will conduct as much training in-house as we can during these difficult periods.
- Travel—a decrease of 46 per cent, or \$37,000, in available funding, Mr. Chairman. Travel overseas to attend specialised conferences and workshops will be pulled back as much as possible, and funding has also been reduced for airfares to relocate employees to and from Bermuda.
- Communications—a decrease of \$1,000, or 7 per cent, and that is strictly relating to courier costs.
- Advertising and Promotion—a reduction of \$10,000, or 29 per cent, for funding for advertising of local and overseas recruitment and promotions of the Government of Bermuda as an employer of choice.
- Professional Services—a decrease of 66 per cent, or \$189,000, for funding for local and overseas facilitators. Also, funding for membership fees has been eliminated in this financial year.
- Rentals—Mr. Chairman, a reduction of 3 per cent, or \$14,000, in funding for the rental of office and audio/visual equipment rental to assist with the facilitation of workshops. Funding associated with the rental of buildings to host external training courses has also been decreased.
- Repair and Maintenance—an increase of 83 per cent, or \$124,000, is a result, Mr. Chairman, of the department having to find money within its operational budget to fully fund the annual hosting, support and license costs of the Bermuda Government's first Human Resource Information Management (HRIM) system.
- And finally, Materials & Supplies—there has been a \$91,000, or 55 per cent, reduction, primarily associated with materials and supplies that are used within this department.

Mr. Chairman, funds budgeted for Capital Acquisition for 2015/16 amount to \$36,000. These items can be found on page C-8. The allocated funding will be used to purchase copier/printer/scanner equipment, and to cover the costs for implementing an automated process in the Human Resource Information Management System for employees to register online for workshops offered by the Department of Human Resources.

The manpower estimates for the department as outlined are on page B-40, Mr. Chairman. There are 29 full-time equivalents for the same in the current fiscal year. Let me take an opportunity to highlight that 100 per cent of this department is Bermudian.

In regard to Output Measures, Mr. Chairman, they can be found on pages B-41 to B-43 of the Budget Book. Competencies describe the behaviours, skills, knowledge and attributes that an employee must possess to be effective in his or her job. Currently, there are competencies that were established for the civil service as part of the performance appraisal process. The Department of Human Resources, however, was desirous of agreeing and establishing specific leadership competencies during 2013/14. The initiative was not achieved due to insufficient resources. The new target outcome, Mr. Chairman, is for the 31st of October 2015. As a result of not being able to establish the leadership competencies, briefing awareness sessions were not conducted around that, Mr. Chairman.

To ensure that all public service's performance management culture is transformed to be outcome driven and one that is integrated across the service, a comprehensive performance management approach was communicated to all public officers by the targeted deadline of the 30th of April 2013. The approach will contribute to the effective management of

employees as individuals, as well as teams, in order to achieve high levels of organisational performance, which in turn will drive a vibrant world-class public service.

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

Mr. Chairman, we are pleased to report that five Bermudian professional and technical trainees were appointed to posts that are difficult to fill and/or held by contract officers between April 2013 and March 2014. The posts these individuals were appointed to included electrical engineer (one post), comptroller (one post), airworthiness safety inspector, management accountant and a process controller.

The Department of Human Resources was able to achieve 100 per cent of the annual review of trainee development plans, exceeding the forecasted 90 per cent. This review ensures that the agreed outcomes of the trainee development programmes, are being achieved and enables appropriate placement of suitably qualified Bermudians.

Mr. Chairman, you will recall that I have commented that the Department of Human Resources successfully launched the phase one of the Bermuda Government's first Human Resource Information Management System (HRIMS) on April 1st, 2013. And this allows persons seeking employment within the Government of Bermuda to apply online. With the implementation of the Human Resource Information System, the department has developed two new recruitment performance measures that reduce time-to-hire and the turnaround time to prepare employment contracts

The department's aim is to ensure the Government of Bermuda acquires the best talent; therefore, the first performance measure is to improve the recruitment and selection process by reducing the time to hire on average from 20 weeks to 10 weeks for local recruitment, and from 24 weeks to 12 weeks for overseas recruitment.

During fiscal year 2013/14, a combined overall reduction of 18 per cent was achieved, and the continued aim is to achieve a 50 per cent reduction. There are aspects of the recruitment and selection processes that are indeed outside of the control of the Department of Human Resources, such as the review committee process that impacted the time-to-hire and the delegation of recruitment (i.e., due to staffing levels, the Department of Human Resources does not drive every recruitment process).

Mr. Chairman, the second aim is to improve the efficiency of the recruitment process by reducing the turnaround time to prepare employment contracts on average by 50 per cent—that is, from 10 working

days to 5 working days. I am pleased to report that the actual turnaround time to produce employment contracts was reduced by 77 per cent, which exceeded the outcome measure. The positive outcomes of increasing efficiencies in the recruitment and selection are being realised with the Human Resource Management Information System.

Mr. Chairman, obviously, as a businessperson yourself, you will be aware that attracting the right staff and recruiting staff and getting staff on board are critical. Because quite often, if somebody applies to you, they will be applying to other people as well, and if you cannot move in an efficient, timely manner, you might lose a valuable employee. So I am glad that the focus on Human Resources has been put on here to make it more streamlined and more efficient. There is still some work to be done, but I have every confidence that the department will continue to make the strides that are necessary.

Mr. Chairman, the outcome to communicate a succession planning framework by November 30th, 2013, was not achieved due to other areas that were deemed to be priority at the time. However, now that recommendations from SAGE have been reviewed and decisions made on which ones will be accepted, the Department of Human Resources can commence work on formulating a succession planning framework to ensure there is a consistent approach across the organisation. Once finalised it is anticipated that this framework will be communicated by December 31st, 2015.

Mr. Chairman, in regard to work that has been done and things accomplished, I will give a brief overview for the 2014/15 Fiscal Year in the Department of Human Resources [HR]. The department is pleased to announce that two major recommendations from a review conducted by the Cabinet Office's Management Consulting Section were agreed and work has commenced.

The first was the development of a Government Human Resource Model. A request for proposal (RFP) was published in May 2014, and Deloitte was the approved vendor to undertake this review. The review took an aggressive approach in terms of timelines for the publication of a draft report for Cabinet approval. Work commenced in mid-September, and the final report was submitted in November of 2014. The report recommended that before the Government of Bermuda changes the HR organisational structure, that focus should be on enhancing core HR processes. This will be the focus between 2015 and 2016, and more details will be provided as we move along, and I will continue to keep people updated.

Mr. Chairman, harmonisation of policies across the public sector was another recommendation that was accepted, and the department has commenced efforts to amalgamate human resource policies for the public service.

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

Mr. Chairman, the drafting of HR instruments was designed with the intention of ensuring applicability across the public service. In other words, each policy consideration and recommendation will aim to support the entire service—i.e., all employees, irrespective of the ministry, department, or union representation. As a general principle, all policy instruments are governed or advanced by government documentation, which includes legislation, regulations, codes and commissioned reports. This means, Mr. Chairman, that as propositions are accepted, determinations of governing documents, including collective bargaining agreements, will need to be reconsidered.

Due to the size of the policy suite, the policy development was separated out into four phases. As a result of utilising a human resource working group comprising professionals from across the service, development work for those policies that fall within phase one has commenced. It is anticipated that the commencement of work for phases two and three will take place during 2016/17.

Mr. Chairman, during the second quarter of 2014/15, the Department of Human Resources continued work on phase two, which is the talent management module. The module includes succession planning, performance management and learning and development.

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

As self-service is a new concept to the Government of Bermuda, and to prepare employees for this new initiative, the Department of Human Resources provided ESS demonstration sessions to employees between August and October 2014. Approximately 770 employees attended the demonstrations. For those departments that deemed it difficult to have

staff attend one of the Human Resource Department's demonstrations, a video demonstration was also produced. The video option was made available to departments so that they could have their respective in-house representatives share the information with staff. In addition, Frequently Asked Questions (FAQs) were prepared, and these have been circulated via email on a regular basis, with a reminder for employees to create their own profiles.

Mr. Chairman, some of the benefits of having a fully functional talent management system that incorporates an employee self-service are as follows:

- employees can share their career plans and aspirations with management;
- it provides opportunities for career movement and growth;
- managers can easily find talent within the organisation;
- identification of necessary employee training and development is also possible to ensure employee growth.

Mr. Chairman, it would be remiss of me not to share that the talent management module is integrated with the Enterprise One (E1) system hosted by the Accountant General's Department to enable employees' information, such as name, date of birth, employee number, and position ID number, to automatically populate each employee's profile. This is an example of how, across government, we can integrate our systems to achieve efficiencies, and the work will continue.

Mr. Chairman, during the 2014/15 fiscal year, work commenced to automate the course registration for public officers. The Learning and Development Section completed business process mapping for course registration and has started to test the automated processes. This feature, which is a component of the talent management module, will enable employees to submit training requests to their line managers/supervisors for review and approval before the request is submitted to the Department of Human Resources. Courses that are full would enable online wait-listing, and appropriate email notifications for such areas as course acceptance and wait-listing will be generated from the system.

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

The focus for year one (which was 2013/14) was employees who have been in the service for up to five years and all employees who supervise staff from executive to foreman level, irrespective of the years of service. Fiscal year 2014/15 included employees who have been in service for up to 10 years and all em-

ployees who supervise staff from executive to foreman, irrespective of their level and years of service.

Mr. Chairman, the Department of Human Resources continues to manage two talent management programmes, namely, the Professional and Technical Trainee Scheme and the Public Service Bursary Award Scheme. The Professional and Technical Trainee Scheme provides Bermudians with an opportunity to obtain qualifications and work-related experiences that enable them to fill professional and technical positions within the public service.

Mr. Chairman, there are currently 15 trainees enrolled in the Professional and Technical Trainee scheme seeking to obtain qualifications and experiences to eventually fill posts such as management accountant, business analyst, environmental health officer, land title legal officer, land surveyor, maritime operations controller, supervising engineer, quantity surveyor, planner and civil engineer.

Mr. Chairman, the Public Service Bursary Award Scheme is another successful programme that awards bursaries to Bermudians who are enrolled in courses of study at a university, college or other training institution in order to acquire professional or technical qualifications. The areas of study are identified by permanent secretaries and/or heads of departments as essential or desirable for appointment to an office in the public service.

Fifteen bursaries valued at \$10,000 can be awarded annually, Mr. Chairman. Currently, bursary awardees are studying in the fields of accounting, dental hygiene, library science and information, engineering, aviation and medicine. There were two bursary recipients who successfully completed their programmes of study and were recognised during the current fiscal year. These individuals completed studies in occupational therapy and biology. Mr. Chairman, I was pleased to attend that reception and awards for them, and I was impressed by the work that is being done in this regard.

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

Results of the pilot programme have proven successful, as new key performance indicators could be reported on to better qualify government's performance, based on competencies and technical functions of participating employees. Survey results also demonstrated the pilot was well received amongst the departments who participated, including the Depart-

ment of Human Resources, the Department of Statistics, the Department of e-Government, the Department of Immigration and the Ministry of Works (BPSU only, Mr. Chairman).

Mr. Chairman, in regard to plans for the coming year, in fiscal year 2015/16, the Department of Human Resources will continue to work towards achieving its vision of building a competent, engaged workforce which drives a vibrant world-class public service. Therefore, as previously mentioned, before changing the Government's HR model process mapping of the employee life cycle for the service must commence. The employee life cycle comprises recruitment and on-boarding, compensation and benefits administration, performance management, succession and career planning, and separation.

As there are no harmonised processes for the Government of Bermuda as an employer, these areas that comprise the employee life cycle, if they exist, currently differ based on the union representation of the respective positions. This initiative will be a priority for the Department of Human Resources. Once reviewed, the future state processes will be created, revised and implemented during the coming fiscal year 2015/16.

Mr. Chairman, the officers under Head 26, the Department of Human Resources, have persevered throughout the fiscal year 2014/15 in developing professional and strategic partnerships with their stakeholders, with a focus of providing value-added solutions to achieve operational success. I would like to take this opportunity as I close my remarks on Head 26 to thank the Director, Mrs. Carlita O'Brien, and her team, for a job well done in the work that they do under very trying conditions.

HEAD 80—OFFICE OF PROJECT MANAGEMENT AND PROCUREMENT

Hon. Michael H. Dunkley: Mr. Chairman, the last head for discussion and debate this morning is Head Number 80, the Office of Project Management and Procurement (OPMP). It gives me great pleasure to present Head Number 80, which can be found in the Budget Book on pages B-51 to B-53.

Mr. Chairman, the mission of the Office of Project Management and Procurement is to provide oversight and guidance to government departments and ministries regarding project management and procurement activities, to ensure fairness, transparency and consistency in awards of contracts and adherence to applicable rules and industry best practices.

The total current expenditure for the Office of Project Management and Procurement is estimated to be \$868,000, which represents a decrease of \$45,000 or approximately 5 per cent lower than the Budget for the current financial year, and that is explained in de-

tail in the subjective analysis on page B-52, as follows, Mr. Chairman:

1. Salaries (line 1) has a budget allocation of \$807,000, representing an increase of \$4,000, or less than 1 per cent.
2. Other Personnel Costs (line 2) has been allocated a budget of \$5,000, an increase of \$5,000. This change is due to professional membership fees. These are dues charged by professionals to retain their professional license.
3. Training (line 3) has been allocated a budget of \$9,000, representing a decrease of \$11,000, or 55 per cent. This change is due to the need to become more efficient, but we will continue to look at training in more appropriate ways as we move forward through this year, bearing in mind that we will train as much as possible to stay at the cutting edge.
4. Travel (line 4) has been allocated a budget of \$5,000, a decrease of \$8,000, or 62 per cent. This is a cut-back which we believe we can live with and still get the job done.
5. Communications (line 5) has been allocated a budget of \$8,000, an increase of \$2,000, or 33 per cent over the budget for the current financial year, and necessary in light of the projects that we have to take on, Mr. Chairman.
6. Rental Fees (line 7) has been allocated a budget of \$7,000.
7. Repair and Maintenance (line 8), their budget of \$5,000, a decrease of \$27,000, or 84 per cent. This change, Mr. Chairman, specifically relates to software maintenance that is no longer required in the next financial year.
8. Clothing, Uniforms & Laundry (line 9) has a budget decrease of \$4,000, or 100 per cent less than the original budget allocation, simply because the line item is no longer required in this department.
9. Materials & Supplies (line 10) has a budget allocated of \$22,000, a decrease of \$6,000 over the current financial year, which represents a decrease of materials and supplies due to the government-wide budget reduction initiative. But we feel we can live and plan effectively through that.

Mr. Chairman, funds budgeted for Capital Expenditure for the year 2015/16 amount to [\$77,000]. This budget is listed towards the back of the Budget Book, on page C-8. Sixty-seven thousand dollars will be used to complete the development and implementation of the Purchasing and Tendering System (PATS). Ten thousand dollars has been allocated to obtain a replacement photocopier that has had its useful life, Mr. Chairman.

Performance Measures (B-53)

All Cabinet memoranda, contracts and requests for proposal (RFP, RFI, or EOI) received by the Office of Project Management and Procurement for vetting will receive a response within five days of receipt. The department plans to perform compliance audits on four projects, 6 procurement processes and 12 contracts. In addition, the department expects to review 24 requests for procurement documents. Now, Mr. Chairman, as you know, these are just estimates because you never know what is going to come up through the year.

Major Achievements

Mr. Chairman, during fiscal year 2014/15, which still has one month left, the department vetted 95 per cent of all documents received for review within five working days. In addition, the department reviewed 84 procurement documents, 29 Cabinet memos and 48 contracts.

During the upcoming year, Mr. Chairman, in 2015/16, OPMP plans to:

- publish the Procurement Code of Practice as required by Section 33(2)(b) of the Public Treasury (Administration and Payments) Act 1969, once the draft document has been approved;
- perform compliance reviews on projects, the procurement process and contracts;
- conduct training sessions to educate senior managers and executives on procurement guidelines and best practices;
- implement the Purchasing and Tendering System, better known as PATS. (Do not get it mixed up with the New England Patriots!);
- develop and implement a Procurement Procedure Manual (or PPM), which will include template documentation and in-depth procedures for procurement;
- draft and implement updated guidelines for managing capital projects for all ministries and departments; and
- implement a small-business government-contracting program in conjunction with the Bermuda Economic Development Corporation.

Mr. Chairman, I would like to expand a little on the Procurement Procedure Manual. While the rules regarding the use of the public purse have become more stringent and standards have been raised when purchasing on behalf of government, public officers must focus in on controlling spending, applying the same principles as if it was their own money, Mr. Chairman. And I will repeat that: Public officers must apply the same principles as if the money was their own money. And I find that that is always a good

guideline as I conduct my political role, and I think all of us should remember that.

Government must continue to leverage its name, its credit rating and its buying power—those are important to focus in on. Leverage our name, the good name of the Bermuda Government, its good credit rating and, of course, its buying power. To this end, a process of asserting control over our major suppliers has begun.

Historically, there has been no central coordination of contracts. Major long-term contracts have been set up by each department or Ministry, often with the same supplier. Government contracts have been negotiated using inefficient commercial pricing. Poor negotiation has led to inadequate flexibility of service levels for many contracts. As a result, Mr. Chairman, we are incorporating in the Procurement Code of Practice the following principles:

1. mandating centralised procurement for common categories to leverage this buying power and to achieve best practice;
2. producing accurate expenditure and consumption data;
3. pricing common items at the same level for all government departments (and making contracts available to the wider public sector); and
4. overseeing and managing across Ministries' demand and specifications.

Mr. Chairman, let me stress that while procurement will continue to be decentralised, control and oversight will certainly be centralised.

Mr. Chairman, this brings me to the end of the presentation on this head, the Office of Project Management and Procurement. And I want to take this opportunity to thank them for their diligent work over the past year, and thank the acting Director, Mr. Graham Simmons, and his team for the work that they do.

Mr. Chairman, as I close in on the three heads discussed this morning in the Cabinet Office, I want to take this opportunity to say that the Cabinet Office has effectively managed the budget with the 5 per cent cuts, which actually we managed to get 6 per cent for this coming financial year—a savings of over \$1.5 million. Mr. Chairman, we will lead by example, barring any unforeseen circumstances, and deliver the services, as expected, in a prompt and professional manner.

Mr. Chairman, as we have to look at doing things a different way, we have to look at becoming more efficient. I think if we start to think about these things, as we start to examine these things and we start to ask questions and we dialogue more about it, we can find a way to do things that can not only be more cost effective, but will continue to deliver the services to the people of Bermuda they are expecting.

I want to take this opportunity, as I close, to thank, again, Cabinet Secretary, Dr. Binns, for his

work that he does throughout the entire civil service, and thank Dr. Binns specifically for the work that he does to support me and the Cabinet team.

The last thing I will say on this, Mr. Chairman, in regard to the Cabinet Office and Dr. Binns as the Head of the Civil Service who works out of there, the civil service is under a great deal of focus now because of the challenges we face in our economy. And by and large, Mr. Chairman, I have been impressed by the dedication and zeal of the civil service team that works not only in the Cabinet Office, but throughout government.

It is unfortunate that there is such a critical eye cast on it. Rather than taking a personal approach at the work of some people, we should take a much larger approach at the good work that is being done, and understand and accept the need to continue to improve as we go forward.

So I look forward to working with the Cabinet Secretary and the entire team at the Cabinet Office and its civil servants as we deliver the services that the people of Bermuda expect. Thank you, Mr. Chairman.

The Chairman: Thank you, Mr. Premier.

Honourable Opposition Leader, would you like to break for lunch? We have 10 minutes to go. Go ahead.

[Pause]

The Chairman: An hour and 28 minutes.

Hon. Marc A. R. Bean: How much time?

The Chairman: An hour and 28 minutes.

Hon. Marc A. R. Bean: An hour and 28 minutes. Thank you. Good morning, Mr. Chairman. Good morning, honourable colleagues.

I would first like to thank the Honourable Premier for the brief that was prepared by his quite able Cabinet Secretary, Dr. Derrick Binns.

Certainly, Mr. Chairman, the Honourable Premier made mention that the Budget for the Cabinet Office came in on budget. And I can say that, as a Minister, I had the Cabinet Secretary as my Permanent Secretary, and this is par for the course in terms of being the chief accountant for their respective departments: Dr. Binns is excellent in terms of managing a budget.

Mr. Chairman, I would like to turn to page B-31 and take some time to read the mission statement and department objectives of the Cabinet Office. The mission statement, as contained on page B-31, says, "Cabinet Office is at the Heart of Government, providing services to Cabinet, the Premier, and Ministries of Government. Cabinet Office also coordinates initiatives on cross-cutting issues, acts as the corporate

headquarters for the Civil Service, providing services, advice and guidance for other departments, and by extension to the wider public sector.”

Now, the department objectives are thus:

- Strengthen governance, transparency and accountability across the public sector.
- Deliver efficient and effective services to the Premier, Ministers, and Cabinet as well as provide oversight and co-ordination of the Civil Service.
- Raise the quality of civil service capacity.
- Develop and improve Government policies as well as provide assistance to all Departments in the implementation and coordination of those policies.
- Lead and give support to initiatives to modernise business systems and processes in government.

Mr. Chairman, in reading these objectives, especially the first one, “Strengthen governance, transparency and accountability across the public sector,” this is clearly one of the most critical aspects of government that permeates the entire structure of government. At the same time, Mr. Chairman, while that is written and that is a good theory, we have found that in applying that theory the current One Bermuda Alliance Government has had great difficulty and challenges.

The great difficulty is really found at the Cabinet level. So this really is not directed at the civil service, but the Cabinet level, at the top, where the tone must be set. And many observers within our community have, with merit, observed that this very important objective of strengthening governance, transparency and accountability has been most elusive—most elusive at this point in time, under a One Bermuda Alliance Government, more so than at any other time in the history of modern government in Bermuda!

It is elusive. It is hard to find. It is hard to put one’s finger on that principle when looking for it to be put into practice. There is no evidence of the theory. There is no evidence that this objective is actually being manifested.

Quite frankly, Mr. Chairman, on that note, and it starts from the top, the One Bermuda Alliance record when it comes to transparency and accountability and good governance is poor. Poor, Dr. Gibbons!

[Inaudible interjection]

Hon. Marc A. R. Bean: Page B-31, Dr. Gibbons!

It is called the Department Objectives, Dr. Gibbons! But I am sure you do not like this, Dr. Gibbons, because I am pricking your conscience, Dr. Gibbons, because I am speaking about transparency and accountability—an elusive principle, Dr. Gibbons!

Dr. the Hon. E. Grant Gibbons: Point of order, Mr. Chairman.

Hon. Marc A. R. Bean: [What do] you point-of-order me for?

The Chairman: Honourable Member, please—

POINT OF ORDER

[Imputing improper motives]

Dr. the Hon. E. Grant Gibbons: The point of order is because of your imputing improper motives, with pricking my conscience. Nothing could be farther from the truth. Thank you.

The Chairman: Honourable Member?

Hon. Marc A. R. Bean: See? Now, I am going to change a gear because he is opening his mouth. Okay?

Mr. Chairman, what you find about certain principles is that a person cannot offer what they do not possess. So, should we sit here with expectation that these principles are applied by the One Bermuda Alliance? Of course not! If it is not in you, it is not going to come out of you.

Hon. Michael H. Dunkley: Point of order, Mr. Chairman.

The Chairman: Go ahead.

POINT OF ORDER

[Imputing improper motives]

Hon. Michael H. Dunkley: We have come here for a Budget Debate. I am not going to allow anybody to impugn improper motives on somebody. That language is not Parliamentary; it is not for the Budget Debate. I delivered for an hour-and-a-half—

Mr. Chairman. I ask him to sit down while I deliver my point of order.

The Chairman: Member, please take your seat.

Hon. Michael H. Dunkley: I delivered for an hour-and-a-half. I did not get personal. If he wants to go personal, it can be done. But it is not happening here today, Mr. Chairman. Thank you.

The Chairman: Thank you.

Hon. Marc A. R. Bean: Now, you see the challenge with accountability and transparency? When you are held to account, you call it personal!

It is not personal. This is business! This is why we are here, to hold the Government to account! But

when held to account, they act like they are the victims.

You better sit here for the next hour and 20 minutes and listen to what we have to say. And you can take it as personal or whatever. But again, when it comes to principles, you cannot offer what you do not possess. And we are talking about the evidence of the last year.

Again, Mr. Chairman, on the other hand, the civil service has done fairly well in terms of upholding these principles, led by the Cabinet Secretary. But over the last few weeks, there was a blot on their record. Can we recall? The Public Accounts Committee meetings have not left the Cabinet Office and other technical officers in a good light from the Public Accounts Committee meetings. I know that the *Royal Gazette* tried to cover it up and not report on it accurately. That is all part of the lack of transparency and accountability. But we saw civil servants actually . . . It appears as if they were under the gun of coercion!

Well, let me remind the civil service, and I hope you are all listening, that you must stand firm in your obligations. You do not serve the ministers alone! You serve the people of this country via the ministers and their ministries. Do not find yourself [between] a rock and a hard place when you are doing things against a good conscience, when you are going outside the bounds of stewardship. Do not allow any politician to influence you not to carry out your responsibilities and obligations.

But we saw tendencies of that over the last few weeks with the Public Accounts Committee. And again, the Premier has the nerve to stand up and give words about how everything is rosy. But again, those words do not match with the reality. Hence, the widening trust deficit between the people of this country and the One Bermuda Alliance Government.

I would like to move on to cost centre—

The Chairman: Honourable Member, do you want to—

Hon. Marc A. R. Bean: Yes, speaking for us. For lunch, yes.

The Chairman: Thank you.

Hon. Michael H. Dunkley: Thank you, Mr. Chairman. I move we adjourn for lunch.

The Chairman: Thank you. We adjourn for lunch and will return at 2:00 pm.

Proceedings suspended at 12:31 pm

Proceedings resumed at 2:00 pm

[Mr. Rolf Commissiong, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE & EXPENDITURE FOR THE YEAR 2015/16

[Continuation of debate thereon]

The Chairman: Members and to the listening public, we are now prepared to resume with the Committee of Supply; Estimates of Revenue and Expenditure.

We will be considering Heads 9, 26 and 80.

The Chair now will recognise the Member from constituency 26 the Honourable Opposition Leader Marc Bean.

You have the floor, sir.

Hon. Marc A. R. Bean: Thank you, Mr. Chair, and good afternoon.

Mr. Chairman, prior to our lunch break I had an opportunity to speak for 10 minutes and emphasise the most department objective of the Cabinet Office, which is strengthening governance, transparency and accountability. For those who did not have an opportunity to listen to the exchange such a critique obviously caused some concern [for] Members opposite. And that critique basically was that this principle has been the most elusive of any Government at any time in our modern history. So, it is on that basis that I began our debate on the Cabinet Office Heads.

Let me remind everyone that this is the opportunity to ask questions, not just on line items or cost centres, but on the objective and mission statement of each department. And if—and if—the Government does not like the assessment provided, it is not personal. This is the business of being Members of the Legislature. It is not personal. So I suggest that the Government put on their iron shirt and be prepared to be put in the light of scrutiny.

Mr. Chairman, I would like to refer to page B-31, cost centre 0901, Central Policy Unit 19015. I would just touch on it briefly. I know that the Premier provided what I considered to be an adequate explanation. But I did note a reduction of 33 per cent or \$234,000 in the Central Policy Unit. Now the Central Policy Unit is responsible as being a key component of those departmental objectives that I read out at the beginning of my contribution, so it was an initial concern as to why there would be a 33 per cent reduction that represents \$234,000 in the Central Policy Unit. Nevertheless, I will touch on that a little later in my contribution.

Mr. Chairman, I was also going to ask some questions related to page B-32, the Subjective Analysis of Current Account Estimates in regard to Salaries and Wages, where you see a reduction of \$81,000 for Salaries and a reduction of \$65,000 in Wages, but you also should note that the actual change in terms of employee numbers was reduced from 32 (actually in the last fiscal year) to 28 in the current fiscal year. I

had a question as to why there was some type of apparent anomaly in the numbers, but I think that the Premier provided an adequate explanation as to why.

To be honest I thought it was some kind of fancy accounting, but the explanation has satisfied me so I will just move on from that particular point.

Mr. Chairman, if you turn back to page B-31 you will notice cost centre 0901, line item 19005 Professional Development and Travel. The expenditure shows \$232,000 was the revised estimate for this fiscal year—\$232,000. But when you turn to B-32 Subjective Analysis and look at Travel it shows that the revised figure is \$301,000. Now [this] is another anomaly in the numbers, unless the Premier would like to explain why it is that the Subjective Analysis is showing \$301,000 for expenditure for Travel, yet on the previous page under the General Summary it shows \$232,000 in travel. Maybe—

Hon. Michael H. Dunkley: I am happy to clarify, if you want me to.

Hon. Marc A. R. Bean: Sure.

The Chairman: The Chair now recognises the Premier.

Hon. Michael H. Dunkley: Yes, thank you, Mr. Chairman.

I appreciate the opportunity to clarify. When I saw those numbers in the Budget Book I wanted to correct it. You referred to the revised estimates which are higher, and so I went back and asked for the actual Travel number for year to date and that is \$149,200.

Hon. Marc A. R. Bean: Based on the general summary . . . \$149,200?

Hon. Michael H. Dunkley: No, in the whole department.

Hon. Marc A. R. Bean: Okay.

Hon. Michael H. Dunkley: That is actual to . . . probably a week ago.

Hon. Marc A. R. Bean: Okay.

The Chairman: Thank you, Premier.

The Chair now again recognises the Honourable Opposition Leader.

Hon. Marc A. R. Bean: I appreciate that explanation. So, in fact, what the Premier is saying is that the revised 2014/15 figure of \$301,000 is actually 100 per cent more than the actual spend.

[Inaudible interjection]

Hon. Marc A. R. Bean: Okay. Well, fair enough. I do not mind things being showed up as more when you actually spent less. So okay, fine, fair enough.

But I must say . . . talking about travel, Mr. Chairman, remember the election promise of the One Bermuda Alliance that they were going to reduce travel, as well as all the other election promises? Well, the Premier has met that promise in terms of Cabinet Office, but if you would allow me to I could just bring to the attention of the people of this country that when I looked at the overall travel—and it starts from the top, the example starts from the top—when you look at the overall travel, the actual spend in 2013/14 for Travel was \$3,311,000. But for the last fiscal year the actual spend—or revised, sorry—is \$4,394,000. Not only \$315,000 more than was budgeted for this year—

[Inaudible interjection]

Hon. Marc A. R. Bean: Well, we are speaking about transparency, right?

[Inaudible interjection]

Hon. Marc A. R. Bean: Mr. Chairman, can you tell the Honourable Minister to refer to you, please, because earlier before lunch he started chirping and then you had to crack the whip and he took it personally.

The Chairman: Point taken, Opposition Leader. But can we try as much as possible to stay—

Hon. Marc A. R. Bean: Listen, I am on my head—

The Chairman: —in respect to the Head.

Hon. Marc A. R. Bean: If you heard or listened to the Honourable Premier's presentation, the Honourable Premier alluded to a website, and ministerial travel being promoted.

Correct Premier?

[Inaudible interjection]

Hon. Marc A. R. Bean: Thank you very much. Maybe some of you were sleeping.

Hon. Michael H. Dunkley: Point of order.

The Chairman: Talk to the Chair.

POINT OF ORDER

Hon. Michael H. Dunkley: To be accurate—

The Chairman: The Chair recognises the Honourable Premier.

Hon. Michael H. Dunkley: The Honourable Opposition Leader is referring to the Ministerial Travel website. That is for Ministers only. When he refers to overall travel in Government, that will be the travel of Ministers—

Hon. Marc A. R. Bean: Everyone.

Hon. Michael H. Dunkley: Everyone involved. So let us make that distinction. The Ministerial website is Ministers only. And today we talk about the Cabinet Office, which is travel within the Cabinet Office including the Premier.

The Chairman: Premier, thank you for the clarification.

Member?

Hon. Marc A. R. Bean: So it begs the question, if the Ministerial website was just to provide ministerial spend on travel, is that actually attaining the goal of transparency? Was the intention, when the promise was made, to reduce travel? It was not just segmented into ministerial travel; it was reducing travel for Government. Correct, Mr. Chairman? Of course it is. So I think it is worth noting while we are discussing travel in the particular of the Cabinet Office to just note that so the public can understand that the actual travel budget for everyone, not just the Ministers, because the Ministers . . . that travel is on a website. But there is information that has not been provided and we are talking about transparency.

The fact of the matter is that last year the current Government spent \$1,083,000 more than the previous year on travel. I hope the *Royal Gazette* takes note of it because if that was us, that would be the front page of tomorrow's edition—*PLP Over-spends by \$1.083 million on Travel*.

But again, this is lack of transparency and accountability does not just lie at the feet of the current One Bermuda Alliance Government. Trust me, that condemnation is spread to many institutions in this country, in particular the *Royal Gazette*.

The Chairman: Point taken, Honourable Opposition Leader.

Hon. Marc A. R. Bean: Mr. Chairman, I would like to move on, again, back to page B-31, CPU (Central Policy Unit) and the noted reduction of 33 per cent or \$234,000. And we see an actual increase of one additional staff member. At first I thought it was a discrepancy but, again, the Premier provided what I consider to be a fairly adequate explanation as to why that apparent discrepancy existed.

But what I would like to know is why are we seeking to have such a drastic cut in Central Policy Unit when we know—and I know from experience working at the Cabinet Office—that that is the unit that

provides much of the work to ensure that the department objectives, which I spoke to earlier in my remarks, are actuated, that they are actioned, that they become manifest. But yet your budget is being cut by 33 per cent or \$234,000.

Make no mistake; the Central Policy Unit is a critical component of the Cabinet Office. The work that they do I doubt even some Ministers today understand. I am sure the Premier understands, but when you deal with Cabinet Memorandums that is one example of the work they do to ensure that Permanent Secretaries and Ministers, when they get to the Cabinet table, have got all their ducks in a row. So it is not just implementation of PATI that they are going to be working one.

But I ask the question, why the emphasis . . . why a whole unit of Central Policy is going to be dedicated to the implementation of PATI when you already have \$666,000 allocated and an Information Commissioner hired for the new Information Commissioner Office, in addition to two additional staff? So is this a duplication of effort? I am not sure. But I can understand if the Central Policy Unit will help to assist that transition.

Mr. Chairman, let us move on to B-31 19050 PATI (Public Access to Information), since I just raised it under CPU. The budget is \$113,000 a 23 per cent reduction or \$33,000 and one employee. Why is there even \$113,000 allocated to Public Access to Information when on B-29 Head 98, as I referred to earlier, the Information Commissioner's Office is about to come into being—\$666,000? I do not know if there was a reason for budgeting the Information Commissioner's Office for [\$]666,000 but that is the amount that has been budgeted. There is also a staff of three full-time equivalents. I would like an explanation.

If \$666,000 has been allocated for a new entity—the Information Commissioner's Office—then what is the purpose of this \$113,000 for PATI?

And then the Honourable Premier also mentioned that a legal adviser for PATI has been brought on. Why would you need a legal adviser for PATI when you just hired a lawyer to head up the Information Commission Office? It does not make sense. So we could be forgiven if people perceived this to be, again, a duplication of resources and effort. But I would like an explanation as to why.

Mr. Chairman, I will move on to B-31 0902 Economic Policy & Foreign Affairs. I must say on behalf of the Progressive Labour Party that this is an opportune time to compliment both offices which work very diligently in London and Washington, D.C. And while their budget allocation has not really changed much, we can and should expect much, much work over the next fiscal year by those two offices, in particular because of the G-20 and other external pressures like the OECD.

There is no doubt that the London office and the Washington, D.C. office are doing an excellent job

in representing our country. In fact, on page B-34 Performance Measures you would see an increase in the expected activities by those two offices. Again, that is because, I would think, of the necessity to foster very high degrees of international relationships and more so to keep the big bad wolf—the tax man—off our backs, Mr. Chairman.

But I do note an additional staff member over the last fiscal year on page B-32 for the Washington office, and I would just ask the Premier, is this that the intern that you mentioned in your remarks? Because I do see a change of one additional person but no appreciable change in terms of salaries or wages.

Yes? Okay.

[Inaudible interjection]

Hon. Marc A. R. Bean: The Premier said that he will answer that question, so I will wait for the response.

Mr. Chairman, I would like to move to page B-34 Performance Measures. I did have a question on Management Services, the \$750,000 that Management Services has apparently found as a cost savings across Government or across their programme. I was wondering how that \$750,000 was actually measured.

Where did they get it from? How were you able to ascertain that \$750,000 was saved?

Mind you, if \$750,000 was saved, then congratulations to that department. I am sure that is very, very useful for our overall fiscal position. It helps. But I would like some clarity.

Lastly on Cabinet Office, Mr. Chairman, on page B-32 Subjective Analysis of Current Account Estimates, Professional Services, where we see \$836,000 was spent in the last fiscal year and \$772,000 has been allocated for this fiscal year. The Premier mentioned that there was a reduction in consultants overseas and local, but I have a question. Does this reduction of \$76,000 mean that persons like Mr. Gearson are going to have a pay cut? Or did he get a pay cut?

[Inaudible interjection]

Hon. Marc A. R. Bean: No, I am . . . the Premier said that it is not in management services.

[Inaudible interjection]

Hon. Marc A. R. Bean: It is not Professional Services?

Well, would the Honourable Premier care to explain under what part of the Budget is Don Gearson, who I am sure works at the Cabinet Office as one of your advisors, paid out of? I could take my seat.

[Inaudible interjection]

Hon. Marc A. R. Bean: Well, last time I checked, Professional Services meant consultants. The last time I checked, the Premier can hire consultants for the Cabinet Office. But the Premier is now saying that persons like Don Gearson . . . his pay is actually not found in Professional Services, so I am eager to find out where in the Subjective Analysis will you find a person like Don Gearson receiving taxpayer funds.

[Inaudible interjection]

Hon. Marc A. R. Bean: Oh boy.

Well let me ask the question again. Let me ask another question. Is Don Gearson being paid out of Professional Services, Mr. Premier?

[Inaudible interjection]

Hon. Marc A. R. Bean: And what about Senator and Chief of Staff Jeff Baron? Because I stand to be corrected, but I know Don Gearson . . . they announced how much he is making, all right? But I cannot recall the pay of the Chief of Staff being made public. But I stand to be corrected.

But what is troubling is the fact that you have Ms. Nea Talbot of DCI who has been doing an excellent job as the PR Officer for the Premier. In fact wherever you see the Premier go you would see Ms. Talbot in tow. And she does an excellent job.

So please, I pray, do tell. If Nea Talbot is doing the job of PRO for the Premier, then what on earth is Don Gearson getting paid six figures for? What is he doing?

Now we have seen over the year some really weird pronouncements and actions and activities come out of Cabinet Office. Are we paying Don Gearson for that? Is he the architect of those she-nanigans? Is he there to be a PR officer or a PR advisor? Because Nea Talbot is doing it as a civil servant. So we would like to know, what is our value for money? Because Lord knows I hope the taxpayer is not paying \$108,000 or \$106,000 for a high paid UBP spin doctor. But I would like clarity, Mr. Chairman.

[Inaudible interjection]

Hon. Marc A. R. Bean: Yeah, I know they got rid of Ms. Burgess, you can see the reduction in the Budget. But are we getting value for money? I think if I ask the country, the church would say, *No we are not getting value for money* from these so-called advisors or consultants.

I would like to move on to Head 26 page B-39 Department of Human Resources. I am not going to spend too much time on Human Resources. I did note a reduction of \$210,000 or 63 per cent for the Training Courses, and that is page B-39 cost centre 2602. The Premier did mention that there would be a shift of training strategy over the next coming year where

there will be additional training in house. I certainly hope that is the case, but time will reveal all.

When you look at the Subjective Analysis on page B-39 I note a 92 per cent decrease of \$71,000 in Wages. But there has not been any change in the employee numbers. Mr. Premier I would like to know why there is that \$71,000 change in Wages—page B-39 Subjective Analysis under Wages.

[Inaudible interjection]

Hon. Marc A. R. Bean: Page B-39, my apologies.

But the Wages decrease by \$71,000 but there has not been any movement in terms of full-time equivalent employees, so I would like clarity on why that is the case.

Lastly, page B-41 Performance Measures. It says that on March 31, 2015 (this is under 36100 Policy Development), 100 per cent of Phase 1 of the succession planning policy framework (as they call it) is due. And that is in 29 days. And I would like an update by the technical officers who are present as to where we are on the completion of that Phase 1 in regard to succession planning.

Lastly, page B-42 we look at Business Unit: 36110 Public Service Bursary. Mr. Chairman, allow me to read what this measure indicator is.

[Inaudible interjection]

Hon. Marc A. R. Bean: Page B-42. It says, “To ensure there is a cadre of suitably trained Bermudians to meet Department’s human capital needs for posts that are difficult to fill and/or held by contract officers, 90% of bursary recipients who successfully complete their course of study will be appointed to a post.”

Let me ask a question. Why is it that 90 per cent—and 90 per cent is a high figure—but why is it 90 per cent [of] recipients who are successful in completing their study appointed, and not 100 per cent? I mean if you successfully completed it, why is it that that one out of ten—arbitrarily, I would think—is not selected? I cannot think of a better way to discourage a young person than to ask them, or demand that they meet certain requirements, and they do it, and then when they get to the finish line they say that there is no room in the inn. So I would like to know why it is 90 per cent and not 100 per cent for our public bursary recipients, especially if they are filling difficult posts or posts with contract workers. You would think that if it is difficult and you have got somebody trained for it then you would put them in the post.

But I have another question, too, Mr. Premier, and to the technical officers who are listening, since we mentioned “contract officers,” I would like to know, before the end of this debate, can someone in Government provide us with the numbers as to how many “contract officers” we have working for government? I have an additional question but I think it would take a

little longer to calculate. What is the personnel cost of the contract workers that work in government?

One thing we see in this country, there is this anti-CS sentiment that is pushed, but then there is also this mind-set that we cannot be . . . what do they call it? Xenophobic, anti-foreigner, and we need to welcome foreign people into our country. Well let me say this, as a previous Minister, the majority of contract workers that I have worked around, just like the majority of civil servant workers who are Bermudian, are excellent in their duties. Contract workers and Bermudian civil servants do their job and, in the main, they do it well. But that is not the point.

Contract workers working for the government do not add to the productivity of our country. The state does not add to the productivity, contrary to what some may think or say. That is the same argument used against current civil servants—that they are unproductive, they are a burden—but that includes contract workers, too.

Now I would think, because I am asking how many we have because, that it segues into this whole concept of using Bermudians who we have trained to replace them, I would suggest that it is high time for us to make a concerted effort . . . and no disrespect, I am not saying in the negative light, but I think that if we have contract workers of that [number] then they need to be replaced by Bermudians.

If you think that we need to reduce the civil service, then let us at least make sure that those working in the civil service are Bermudians. So a good way to maybe reduce the size of the civil service is to identify the contract workers, give them their redundancy package and say, *Thank you, we appreciate your service, but it is time to go.*

I would like to know the numbers because if you can reduce those contract workers that will bring a reduction in budget, not to the amount that we saved from what we pay them because many of those posts, which are high technical officer posts, will have to be replaced. But it sets in motion this hiring freeze. The hiring freeze then comes in sync, but from the bottom up. So when you get rid of your contract workers you are going to have to replace them, but those lower down the chain do not have to be replaced.

We could probably combine some functions. But that is one way to reduce the size of government. I wonder if the OBA supporters and bloggers will now claim that I am xenophobic for suggesting that our contract workers for government, if they can be replaced, should be replaced by Bermudians. And maybe that will reduce the size of government. It is not xenophobia; it is just loving yourself first before you love your neighbour. And we love Bermudians first.

So I would like those numbers, if it can be provided, as to the size and the amount, in terms of finances that are expended on the contract workers, in

our government. And I would appreciate that, Mr. Premier.

Mr. Chairman, I would now like to move on to page B-51, Head 80, Project Management and Procurement. Project Management and Procurement. Well let us take a look at the Mission Statement:

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

There is that fairness and transparency again. Man! And that tells me that we are going to have to look a little bit deeper into this particular Head, Head 80.

Let us also for the public's consumption state the Department Objectives of this Office:

- To embed a consistent approach to procurement through the development and implementation of a Code of Practice.
- To assist Government Departments in developing and implementing procurement strategies that leverage the purchasing power of the Government to achieve the best value for expenditures.
- To monitor compliance with [applicable] procurement rules, policies and procedures.
- To provide assistance to Government Departments and Ministries to help maximise efficiencies and achieve overall cost savings in managing capital projects.

Mr. Chairman, you see these principles of transparency and accountability? They are mere words. They are worthless if they are not applied. They are mere words.

So in reading these statements and objectives let us cast our mind back to the previous Head, the Cabinet Office whose overall responsibility is accountability and transparency. Earlier I spoke of the poor record of the OBA in this regard—in fact, the poorest in our modern history some observers would say.

This is the Department where we will see the evidence of why these observations of the OBA being the worst Government in our modern history resonate through our community. This is the Head right here that will give some type of anecdotal evidence as to why there is a lack of transparency and accountability in our Government.

A few days ago, again, we had a Public Accounts meeting where our Accountant General admitted to having at least 50 requests from Government—at least 50—to forego (my words, not his) proper or prudent tendering or procurement processes. Then he went on to say, in fact, that burden has been shifted on his head as the Accountant General because the

proper code of practice—proper tendering rules—are not in play.

That made me think, *Well, if that is the case then what on earth is this office contained in Head 80 where we expend \$913,000 a year . . . what have they been doing if the burden of making decisions like that has been laid at the feet of the Accountant General?*

Is the responsibility of procurement with this Office and not the Accountant General? But yet the Accountant General found himself between a rock and a hard place because of a lack of information, a lack of work, apparently by this office, or a lack of rules.

Well some may say some of these 50 projects are minor—between \$5,000 and \$50,000. But I could tell you one project that is not minor, which is a bone of contention, and it is like that proverbial noose around the OBA's neck, and that is the Airport development. That is not a minor project. That is roughly \$250 million to \$400 million. Yet the same burden our Accountant General has had for the other 49 projects he has been burdened with the Airport project.

Where did the Office of Procurement and Project Management . . . at what point did they participate in the process of the Airport redevelopment? It appears as if they *never* participated. So again why are we spending almost a million dollars on an office that seems to be . . . not being used (that is the parliamentary word)—not being used?

Mr. Chairman, the function of 50 requests and proper tendering is not the Accountant General's responsibility. We just read the Mission Statement and Department Objectives of this Office. So if you do not believe me, let us take a look at the Performance Measures contained on B-53. Look at these numbers, Mr. Chairman:

- Number of compliance audits on projects, revised forecast for this fiscal year—1; the target outcome for next year—4.
- Number of compliance audits on the procurement process, this year—1; target outcome for next year—6.
- Number of compliance audits on contracts, this year—3; next year—12.
- Number of requests for procurement documents (RFP, RFI, EOI) reviewed, this year—12; next year—24.

So you have seen 100 per cent, 200, 300 per cent increase in what is forecast from what they actually did this year to what they expect to do next year. What is going to bring about this change? New rules? Because I see that the Minister of Finance has tabled legislation that apparently might be addressing this gap in practice.

But what makes you think that we can actually trust this statement and these numbers? In fact, if you have not been [doing] anything all year—you know, 1 compliance order for a project, 1 for the procurement process, 3 for the audited contracts and 12 reviews of

documents—and that cost us a million dollars? And you think we are going to believe that you are going to double, triple or quadruple your output next year? Why? Why?

If we judge and go by the facts and figures presented to us why should we be confident that there will be a change of attitude and action in regard to procurement? Because the evidence shows that they have done nothing. And it is not their fault. It is not the Accountant General's fault that he is burdened with 50 requests. The fault lies solely at the top, and that is why I said at the beginning that transparency and accountability has been the most elusive principle in the history of modern government under the One Bermuda Alliance. [Those are] not my words, you know. The facts speak for themselves. Be at Public Accounts Committee meetings.

Now as we analyse Head 80 of this Department and we wonder why there is no transparency, because it appears there has been no attempt for transparency and accountability. Aided and abetted . . . aided and abetted by your favourite *Royal Gazette*. But do not worry, we are not concerning ourselves on that too much anymore because eventually when you avoid principles of sound governance it comes back to haunt you. It is a source of self-destruction on you. It is a double-edged sword, whereas you have decided to grip it by its handle. And it is nothing to do with the Opposition. Our job is to try and shine the mirror. But, trust me. You have been poor when it comes to transparency, absolutely poor.

Under the former Premier Paula Cox this same office tied the hands of Cabinet. That office drove my Cabinet colleagues crazy. In fact, if you ask former Cabinet Ministers they would tell you that they felt that that office had more power than ministers. That office was controlling us, they neutralised us for the last year of Government. We had more rules put on us by Paula Cox than any other Minister of Finance ever.

Where have those rules gone? Did they just disappear? Or were they just wilfully ignored? Because I know before she left she went beyond her means, beyond herself, to try and show that the PLP Government would have the rules and the processes in place to safeguard the public purse and to be transparent and accountable, okay?

And I will tell you what. That office of Project Management and Procurement, they made us sick. Not because we had the desire to do anything untoward; but when you are the Minister and you have some external, non-elected or appointed body saying no to you, that is a problem. And I think every Minister, even those today, would not accept that type of situation. But that is what we were dealing with.

But today we see the complete opposite end of the spectrum. We have an Office that does not even do anything! The evidence speaks for itself. The evidence speaks for itself.

Mr. Chairman, again, this just speaks to this widened trust deficit that is irreparable between the people of this country and the One Bermuda Alliance. Where is the transparency, One Bermuda Alliance? Where is the information about contracts and who the recipients are? Under Paula Cox they were gazetted on a weekly basis. Under Paula Cox they were gazetted, contracts and who received them, on a weekly basis.

Now to be fair I think I have seen one or two advertisements by Government stating who got contracts, one or two. But yet the Accountant General said over 50 requests were made. So you mean to tell me that 48 other contracts have been issued and no one in Bermuda knows who got them except those who gave them? And you call that accountability and transparency?

I think not.

I think not. Where is the transparency? It has been clawed back by this One Bermuda Alliance. A lack of transparency and accountability has become a political cancer that has infested the OBA's body politic.

It is an indictment, Mr. Chairman, because it is contrary to their promise. Their word has not been honourable. They have said one thing and then done the complete opposite. But will we see an improvement? The Premier indicated that there will be an improvement. Will the people believe him? I do not.

Say what you like, I judge a man by his deeds. Not you in particular, but I am talking about the Government that you lead.

Now let me move . . . how much time do I have left? Or how much time do we have left?

The Chairman: Member, there are about 40 minutes remaining—

Hon. Marc A. R. Bean: Okay, good.

The Chairman: Under these Heads.

Hon. Marc A. R. Bean: The Premier, and I am grateful, I wish I had a copy of your brief so I could have looked at it more in depth, but the Premier mentioned something about SAGE recommendations and there were a few that stood out.

One was the Ministerial Code of Conduct. When the Premier said that, I perked up. The Ministerial Code of Conduct? You mean the Ministerial Code that the previous AG stood up in this Honourable Chamber and said did not exist? You mean the Code that when I was a Minister of Government I had to adhere to, and now we are talking about taking the recommendation of SAGE to improve or amend the Ministerial Code?

How on earth can you amend a Code that you never adhered to in the first place? What type of nonsense is this?

The Ministerial Code could have been applied at least 5 or 6 times over the last 12 months, and not once has it been applied—not once—by the OBA Government. And then they have got the audacity to get up and say SAGE recommended an improved or amended Ministerial Code of Conduct policy, and you are going to do just that? And you could not even follow the former rules? Again, that just adds to the trust deficit. The OBA says one thing but their actions reveal something different. That is all it says.

What is remarkable is . . . because Jetgate is an example of the Ministerial Code. If they had adhered to the Ministerial Code all they had to do, when we first ask the question was say, *Hey, in fact we stepped outside the Code and to get back inside the rules all we had to do is compensate Mr. Landow for a business class ticket for us riding up on his plane.* That is all they would have had to do. And then the Ministers would have told their PS's to send some money to Mr. Landow. That would have been the end of the story, although we would have still probed and asked them questions, it certainly would not have been as intense if they would have just adhered to the Ministerial Code in the first place.

Mr. Chairman, what is the most remarkable aspect of this disrespect and disregard for the Ministerial Code of Conduct is that a Premier resigned based on acting outside of the Ministerial Code. And then a few months later our Premier appointed that Minister, or former Premier, back into a ministerial post. Can you believe . . . you cannot make it up! You cannot make it up.

That is the greatest evidence of having no regard for the Ministerial Code of Conduct. That is the greatest evidence that the Premier is only paying lip service to amending a SAGE recommendation. Minister Cannonier resigned in disgrace over Jetgate over the Ministerial Code, but was brought back into the Cabinet by the current Premier. Why?

Who knows?

Mr. L. Craig Cannonier: Point of order, Mr. Chairman.

I know he is not attempting to mislead the House, but to say that . . . resign—

The Chairman: The Chair recognises—hold it, hold it—Honourable Member.

The Chair recognises the Member from constituency 12.

You have the floor.

POINT OF ORDER

[Misleading]

Mr. L. Craig Cannonier: That I resigned in disgrace is far from the mark.

Thank you, Mr. Chairman.

Hon. Marc A. R. Bean: No problem. If one did not feel disgraced, then that is not my problem. That is not my problem. But I would think that when we make decisions it is based on our conscience.

History has recorded it and no amount of revision will change it. But the fact of the matter is this is the indictment of his Ministerial Code. The Premier will actually say one thing and actually do one thing and then get up in this House and talk about how he is going to amend it? When he just flouted it as the Leader? What a joke . . . what a joke.

Some leadership we have got right here. I tell you. But then again if people are going to be fooled and the OBA says things and does things without being held to account, then it is not the OBA's fault, you know, it is the people's fault. They put them there. They got what they asked for.

The other item that SAGE recommended was independent negotiators. Well that sounds good, but over the last few weeks we saw where that has already got us. The level of . . . the trust deficit between union and government negotiators, independent or not, is at an all-time low. They are still asking (the unions that is) to play the tapes of the meetings that they had over this furlough day. Okay? Not hearing these vile, dutty op-eds by silent backbenchers who do not contribute anything any other time, attacking the Union, and questioning what is their membership and what are their dues.

Hon. Michael H. Dunkley: Point of order, Mr. Chairman.

The Chairman: Take your seat there, Honourable Opposition Leader.

Honourable Premier, you have a point of order?

POINT OF ORDER

[Imputing improper motives]

Hon. Michael H. Dunkley: I appreciate the Honourable Member's strong need to be emotive on this subject, but I will not—

Hon. Marc A. R. Bean: Okay—

Hon. Michael H. Dunkley: Mr. Chairman, do I have your attention on a point of order?

Mr. Chairman, I will not allow him—the Honourable Member—to come up here and impute improper motives on my backbench colleagues. That is unacceptable. If he wants to continue with personal attacks, then he had better be very careful in where goes with that.

Hon. Marc A. R. Bean: Well we are talking about value for money—

The Chairman: Thank you, Premier.

The Chair recognises the Opposition Leader—

Hon. Marc A. R. Bean: —we are talking about value for money—

The Chairman: Opposition Leader—

Hon. Marc A. R. Bean: —we are talking about value for money, and I can speak about whoever I like.

Hon. Michael H. Dunkley: Not in this House.

Hon. Marc A. R. Bean: Okay? I could tell you . . . I could speak . . . we are talking about a SAGE recommendation, all right?

So do not try to distract me.

The fact of the matter is the negotiators who went and negotiated with the Union came back and said one thing. And then, after that negotiation had ended, what did you have? The OBA launched a public campaign attacking the Unions.

An Hon. Member: No, no, no, no.

Hon. Marc A. R. Bean: This is your form of negotiation. If you do not want me to talk about it you should have never mentioned it in your brief. But then again you probably never read your brief. I understand that too.

An Hon. Member: Come on.

Hon. Marc A. R. Bean: One thing, one thing, they cannot handle fire, you know. They quickly call and act like they are the victims, whereas as far as I am concerned they are on the front foot when dealing with the people of this country.

The Chairman: Member, return to the—

Hon. Marc A. R. Bean: I am.

The Chairman: —can we return to the Head, please?

Mr. Michael A. Weeks: I am—independent negotiators—independent negotiators . . . somebody is chirping. I think a moveable minister, somebody is chirping.

Now let us go to the other item—duplication of roles. Now I did not get the gist of the duplication of roles, all right? I did not get—

[Inaudible interjections]

[Gavel]

The Chairman: Let us restore some order here, Members.

Hon. Marc A. R. Bean: I understand. They do not like me. They do not like me, because their conscience gets crushed every time I talk.

[Inaudible interjections]

Hon. Marc A. R. Bean: Patricia Gordon-Pamplin calling me a liar.

[Inaudible interjection]

Hon. Marc A. R. Bean: Wow! Boy, do not cast pearls—

The Chairman: Let us—

Hon. Marc A. R. Bean: —do not cast your—

The Chairman: Let us keep some civility in the House, Members, please.

Hon. Marc A. R. Bean: —you will get embarrassed.

The Chairman: That is unparliamentary language there.

Hon. Marc A. R. Bean: So we are talking about a duplication of roles, and I would think that would be led from the top. I do not know exactly what the Premier was discussing, details in terms of duplication of roles and SAGE's recommendation, but if we are going to lead from the top, why is it that we have two Junior Ministers sitting in the same place as the substantive Minister? Why is that?

Now, I understand the concept of political patrimony. But in terms of structure and organisation of Government I will let you Junior Ministers who do not know yet, I guess, that you have no functionality as a Junior Minister from a legislative perspective. They are getting \$11,000 extra for being a Junior Minister for being a photo-op Junior Minister. Do you know why? And I am sure they have not told you this, Junior Ministers on the backbench. Your job as a Junior Minister is to represent the substantive Minister in another place. But for some reason a core component of organising Government escapes the current Premier, why? For patrimony, that is why.

The Chairman: For the sake of clarity, Member, we are referring to which Head at this point?

Hon. Marc A. R. Bean: Head 80.

Again, if you read the Premier's notes, the Premier referred to SAGE recommendations. I am referring to the same recommendations. If you do not want us to talk about it, tell the technical officers not to put it in your brief.

So, as I said, value for money on Junior Ministers is non-existent because it is a patrimonial post. It

is not functional, and it reflects poor leadership . . . poor, poor leadership on behalf of the Premier. Poor leadership. He obviously does not know how to organise Government.

Now let us go to the last statement, CARICOM.

[Inaudible interjection]

Hon. Marc A. R. Bean: Easy Bob. Bob Richards is asking . . . you still have not explained why your bet lost.

[Inaudible interjection]

Hon. Marc A. R. Bean: So look in your crystal ball, look in your crystal ball—

[Gavel]

The Chairman: Come on, Members, come on.

Hon. Marc A. R. Bean: —okay? Because I know the *Royal Gazette* avoided that too. But you stood up here beating your chest like you know everything. I asked you why your bet lost; you still have not answered me. Because you do not know why because you have been mis-educated, that is why.

CARICOM, the Premier—

[Inaudible interjection]

Hon. Marc A. R. Bean: I dare you to touch my batting shot I dare you—

The Chairman: Talk to the Chair, Members.

Hon. Marc A. R. Bean: I dare you, okay? I did not hear what you said, I will pass. No I do not want—

[Inaudible interjections and general uproar]

[Gavel]

The Chairman: Come on! Can we talk to the Chair here?

Hon. Marc A. R. Bean: I do not worry about that. See what happens? They are weeping and wailing and gnashing their teeth.

The Chairman: Members, the other thing is, can we also, as much as we can, refer to each other by the constituency number of the representative in question?

Hon. Marc A. R. Bean: Now let us talk about CARICOM that was mentioned by the Premier.

I do not know what or why Dr. Binns put that in there, but Dr. Binns knows that the OBA could care less about CARICOM. In fact, let me give you an example.

Last year the Bahamas celebrated their 40th Anniversary of Independence, and when I got to Nassau Airport I met Perry Christie, he was coming from Trinidad [and] the Heads of Government meeting. And then when we got there he said, *Your Premier, Canonier, is in the Bahamas for the Independence celebration. But why was he in the Bahamas but never came to the CARICOM Heads of Government meeting?*

I said, *Oh, that is the OBA.*

[And he said], *Oh, I understand . . . I understand.*

The OBA is not interested in CARICOM, right? But if you do not believe me, guess what? Guess what? Last Thursday and Friday was the Heads of Government meeting in the Bahamas for CARICOM. And do you know who was conspicuous by their absence? Bermuda!

It was conspicuous.

[Inaudible interjection]

Hon. Marc A. R. Bean: I apologised. I mean you pronounce Bermuda as *Bermuder*, and no one holds you up, so what is the difference, man?

But where is . . . did anyone represent—

The Chairman: Talk to the Chair, Member.

Hon. Marc A. R. Bean: Did anyone represent Bermuda at the Heads of Government meeting?

Premier? Premier?

Can the Premier answer that question? Is there anyone from Bermuda, because I know Minister Fahy is in the Bahamas now for an ILO meeting, did anyone go to the Heads of Government meeting in the Bahamas last week? Yes? No?

No one attended. And that has been a pattern under the One Bermuda Alliance Government. But do not worry every Head of Government in the Caribbean knows it already, so it does not bother them, they do not take it as a slight, they do not find it to be disrespectful. If Ralph Gonsalves did not show up . . . you see it? If Portia Simpson [Miller] the Prime Minister of Jamaica did not show up, people would feel slighted. But when an OBA Government does not show up, people care less because they understand—a leopard cannot change his spots, neither a zebra his stripes.

So why are you mentioning CARICOM when you have no intent . . . actually, you are. Because the Minister mentioned reviewing our tax base with some IMF Caribbean institution. Ain't that something?

So that just speaks to, again, the overarching theme which permeates throughout Government and we will find throughout our Budget debate over the

next two weeks. There is a lack of transparency and accountability, and the level of governance under the OBA is the worst we have had since 1968. History will record it.

And no amount of spin or censorship by the *Royal Gazette* or other lazy media outlets can hide it. The people have been awakened. The people have been awakened. And that is why you take offence. They take offence when I speak about it being elusive and you cannot offer what you do not possess. They say it is personal. No, it is not personal, Mr. Chairman. It is all business. This is the real business. This is not Mickey Mouse business, the type of business they would like to reduce this Legislature towards. No, our job is to hold this Government to account for more transparency. And we would hope that there would be a change of mindset so they—*they*—can exemplify at least a mid-level of good governance for the sake of this country. But if not, no worry, I am not stressing myself because, again, I already said, the people are now awake.

The Chairman: Thank you, Honourable Opposition Leader.

The Chair now recognises the Member from constituency 17.

Mr. Walton Brown: Thank you, Mr. Chairman.

Mr. Chairman, I would just like to direct a few questions to the Honourable Premier. If you can turn your attention to page B-33, just to do the comparison of the Washington office and the London office. The Washington office has a budget that is about two-thirds of the budget of the London office. The Washington office, based on the objectives, seems to have a much more activist role to be a lobbyist, to be . . . and actually that is meant to promote and sustain our interests within the United States. So I see it as a lobbyist entity.

In contrast, the London office seems to be confined to merely administrative procedures. If you look at the intended outcomes there is just a focus on attending meetings. So I would like to hear the Premier's take on whether we are getting good value out of these two offices, given the range of challenges that we face. The London office could be doing a whole lot more.

The Premier will know, the Government will know, we face a multitude of challenges in the UK and yet there does not seem to be reflected in the work of the London office that it is meant to champion Bermuda more so than what we see taking place within Washington.

So I would just like to hear the Premier on what he sees as the future intended role of the London office, whether it is going to be changed in any way, shape or form. Whether the Premier is certain that we have all requisite (shall we say) skill set to move into a new type of activist role for the London

office. But given the challenges we are facing these challenges are going to get more severe, more intense.

I am happy with what I see in the Washington office, I am happy with the overall approach. But I think we need to have a much more activist office in London. So I would like to hear the Premier speak on that matter.

The Chairman: Well, thank you, Shadow Minister of Immigration and External Affairs Mr. Walton Brown.

Any other Member that would care to speak?

The Chair once again recognises the Opposition Leader.

Hon. Marc A. R. Bean: One question that I forgot to ask regarding the Washington, DC office.

Premier, you mentioned that the scope of the DC office extends to Asia and Latin America—does that include Latin America? Okay, fair enough.

Now I can see how Asia could be included in either the London office or the DC office. Is there any intention to set up a satellite or smaller office directly in Asia, for instance, at Hong Kong or Singapore or China? Because I noticed that BVI has been doing it for some time for promotion of financial services and tourism, and I know that the Bahamas just set up, or has had a London office in China for some time, too. And right now what they are trying to do is facilitate, not just tourism of Chinese into Baha Mar, but the Chinese have seen Latin America as a market they want to tap into and they are looking to use the Bahamas . . . or the Bahamas is looking to position themselves as that go-between between Latin America and China. So is there any intent or consideration (and I understand the fiscal constraints) to perhaps extend or create a satellite office in Asia proper?

ANNOUNCEMENT BY CHAIRMAN

HOUSE VISITOR

The Chairman: The Chair would also like to take this time to recognise the presence of former Senator Toni Daniels who is in the House.

[Committee of Supply continuing]

The Chairman: Are there any other Members who would care to speak to these Heads?

The Chair now recognises the Honourable Minister for constituency 12, the Honourable Craig Cannonier.

You have the floor, sir.

Hon. L. Craig Cannonier: Thank you, Mr. Chairman.

I want to thank the Premier and his Cabinet Office for a fine job that they have done thus far with the financial records in the Budget for this fiscal year.

But only because we only have just a few moments left and I know that the Premier would like to get up and allow the Opposition to have some answers to some of the questions, I will move very quickly to . . . there was a lot of concern that I heard coming from the Opposition about the Head 80. And if you were to go over to B-53, the Honourable Opposition Leader, Honourable Member, had brought up about the performance measures on page B-53. And that there seemed to be some concern about whether or not the Office of Procurement actually was doing a job and working. And that it appears as if, based on these measurements, that they are not really doing much at all.

I want to remind our listening members that if we were to go back to the period of 2013/14 where there actually were no performance measures in there at all, it was a budget that at the time the OBA Government had assumed and no fault of anyone's, but if you go back even further to 2012/13 . . . and I am just quoting this as I am taking a look on page B-110, and which you probably would not have in your hands, under the same Head you will find that the performance measures are extremely, extremely vague—50 per cent it says of those will be covered.

Sorry?

[Inaudible interjection]

Hon. L. Craig Cannonier: Sorry? Under Head 80 in last year's [Budget] Book. I am just going back into the history of the Office of Procurement when it came about.

And what concerns me is that when we take a look at some of those records (I am just going to pull it out there) it concerns me of some of the things that—How can these be proper performance measures when it says "a minimum of 50 per cent of projects will be delivered"? Well, 50 per cent of what? Nothing? It does not tell how many projects or anything to that effect, [it is] extremely vague. We could have said the exact same thing in reference to the Office of Procurement.

We know for sure, Mr. Chairman, when the Office of Procurement puts out projects they are gazetted. And so the public does know that they are available.

Now, as far as the record is concerned as to who is awarded to do these things, that is public information that can be gotten at any time, whether it is gazetted or not. You can get that information because that has already been put out there in the public.

[Inaudible interjection]

Hon. L. Craig Cannonier: The fact that the contract has been put out.

[Inaudible interjection]

Hon. L. Craig Cannonier: Well, you can call the office, you can call the office. You can call Cabinet Office to get that information if it has not . . . I am saying "if" it has not been gazetted.

[Inaudible interjection]

Hon. L. Craig Cannonier: That information is available, all right?

So what I want to go back to again, Mr. Chairman, is that we get into this nickel and diming situation here, and really, we are not getting anywhere with this kind of nickel and diming over whether or not Procurement is doing its job. We all know that they are working and they are working hard and they are working well because of the number of projects that are out there.

What I am thankful for as I look at the targets, the target as he said already, these targets are a 300 [per cent] to 400 per cent over and beyond what was there before. That means that work is getting done and that progress is happening. And so I wanted to really bring that up.

And one of the other areas that I feel a bit . . . we went into no man's land there, and I will end there because I know the Premier wanted to get up and give some answers, [when] we started assigning shame to certain people and Ministers of the past that may have resigned. But we just need to go back just [a short way] and we can see a number of the Opposition's Ministers, when they were Ministers who resigned, and then came back within a couple of months. So we need to be very, very careful about when we start casting these aspersions out there onto people. I thought basically after Friday that we were not going to be heading in that direction, but it seems that you have asked us not to go in that direction and you have gone ahead and violated the very thing that you said that you did not want to do. So we will see how things go on further from here.

Thank you, Mr. Chairman.

The Chairman: Are there any other Members who would care to speak to the Heads under consideration?

The Chair now recognises the Member from constituency 6, the Honourable Wayne L. Furbert.

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

Mr. Chairman, I just want to ask the Premier, I know for years that the OBA (at least for the two years I was) they talked about a Contractor General. And when do they hope to move towards a Contractor General? I know we still have the Procurement Office, but they were very loud. I mean, very loud when it came to talking about how they wanted a Contractor General. But yet I do not see anything in this Budget to move towards that direction. Now will it be moved

some time in the next Budget? Maybe the Premier can talk about that.

We also talk about—and I am concerned about some of these numbers here because as the Minister of Finance finds out—

[Inaudible interjection]

Hon. Wayne L. Furbert: I am talking about . . . this is Head 80. I am talking also about Cabinet Office, Head 9.

We know very clearly when it comes to the numbers . . . and I know the Premier had mentioned that, I believe, he was trying to say that actual 2013/14 went from \$24 million down to \$23 million, roughly. [He] talked about how they had saved \$2 million. But if you look at, Mr. Chairman, that they budgeted for \$25 million in 2014 but the revised—in fact, it is pretty well the same number. And so the question I would ask the Premier, and as most Ministers of Finance are quite aware, it is very nice to put these numbers down and to make it look like they are having decreases, but when you look at the actual, when you compare the revised with the original, it is always going back to like the year before. And I will give you an example, Mr. Chairman. When we talk about on Head 80, Professional Fees, Mr. Chairman—

The Chairman: You are referring again to which Head?

Hon. Wayne L. Furbert: I am looking at Head 80.

The Clerk: Where? What page?

Hon. Wayne L. Furbert: Head 80, they can find it. I am not going to help them over that part.

Head 80, we are talking about looking at Training for Project Management and Procurement [and] the actual was \$14,000 in 2013/14; the original was \$20,000 for 2014/15; but the actual revised figure is still \$20,000; and now they are going down to \$9,000. Now, that means some very tight, tight checking within the Ministry itself that the actual Government will have to [do]. And that means every, and we are talking about the directors, particularly the directors in charge of the financing portion, will have to . . . the accounting officer, that is who I am talking about, will have to be really close on watching these numbers.

I am very concerned. When you are talking about the actual was \$5,000 in Repair and Maintenance, but you had \$32,000 in revised figures for 2014/15. What I am pointing out, Mr. Chairman, is whether Government will . . . and we will be watching again when next year's budget comes out and we will see the real numbers, but every year we get up and talk about the comparison of numbers and whether the Government can really keep track or hold to these

numbers as they would like to have it. Now, if they do, then it will be good. It is very important that the numbers be kept within line.

Mr. Chairman, the other numbers I was talking about were the numbers for—I know the London [office] and the Washington office. I know everybody . . . it is one of the famous areas that the Opposition, now the Government, but the Opposition when they were the Opposition, always used to cry down the London office and the Washington, DC office. But now all of a sudden, Mr. Chairman, these are good offices. You know, they talked about the . . . and I do not think it is in this Ministry. I think that is the television station that we have up there. You know, they cried down those offices for years. And I now recall certain Ministers talking about how they would get rid of those departments when they become the Government. Well, those [offices] are still there. And we support them. We think that there is a purpose there for the London office, particularly in the Ministry of Economic Development having people over there. I believe that there are some benefits for having the office there in London.

[Inaudible interjection]

Hon. Wayne L. Furbert: Well, there are . . . I know the aircraft and shipping are there, but there are some benefits for having that office there. I believe the . . . I forget her name now, but she is doing extremely—Ms. Durrant is doing an extremely good job over there. The Washington office, we look at the—how much time do I have left, Mr. Chairman?

The Chairman: There is approximately five and a half minutes left.

Hon. Wayne L. Furbert: I will give the—

[Inaudible interjection]

Hon. Wayne L. Furbert: No, I do want some answers, so I will give the Premier . . . because if he wanted to answer he would have answered before the Honourable Member Craig Cannonier stood up. He had sufficient time. We understand how that works. So I will sit down so that the Premier will answer some questions.

The Chairman: Thank you, Member.

The Chair now recognises the Member for Smith's North, constituency 10, the Honourable Michael Dunkley.

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

I am happy to answer questions. But before I answer some of the questions in the limited time remaining, let me say a few things, Mr. Chairman.

I came to this place today to deliver the budget for the Cabinet Office and the three Heads under that. But before I get to answer those questions I just have to remark a bit about some of the non-sense—errant nonsense—that I have been listening to.

Hon. Wayne L. Furbert: Point of order, Mr. Chairman.

Hon. Michael H. Dunkley: There is no point of order I have not started speaking yet, Mr. Chairman. Come on.

Hon. Wayne L. Furbert: Point of order, Mr. Chairman.

I would like to know what Head the Premier is speaking to.

The Chairman: Take your seat, Member.

Hon. Michael H. Dunkley: Thank you. Thank you.

I am responding to comments from the other side. When I hear “the worst Government in history,” well, you would expect the Opposition to say that. But to come out with blatant prevarication (I will not say “lies” because that is not appropriate language, but I will say prevarication) and twisting—twisting?

Now let me . . . we talk about the Office of Management and Procurement, and I had to stop myself from laughing because it is not Saturday Night Live, but I thought it was. I really thought it was. The reason why changes were made is because the former Premier had to do something because those guys on that side were pilfering—

An Hon. Member: Whoa!

Hon. Michael H. Dunkley: Those guys, Mr. Chairman! I refer to the Dame Lois Browne[-Evans] building. I refer to TCD. I refer to Port Royal. I refer to BLDC. Should I go on?

Mr. Walter H. Roban: Point of order, Mr. Chairman.

The Chairman: Have your seat, Honourable Premier. Point of order?

POINT OF ORDER

[Imputing improper motives]

Mr. Walter H. Roban: The Honourable Premier is clearly imputing improper motives on former Members of Cabinet of which he has no evidence to present to this House today. And he should withdraw the term “pilfering” from his comments.

The Chairman: Thank you, Member from constituency 15.

Premier, I think that language was a little over the top.

Hon. Michael H. Dunkley: Okay, fine.

The Chairman: The term “pilfering.”

Hon. Michael H. Dunkley: Okay, well what about missing assets, what about the Auditor's Report . . . missing assets—

The Chairman: Premier.

Hon. Michael H. Dunkley: There is a point of order on that from that side. Point taken, Mr. Chairman, point taken.

The Chairman: Premier, Premier, I am asking you to withdraw the comment—

Hon. Michael H. Dunkley: I withdraw that comment.

The Chairman: —the “pilfering.”

Hon. Michael H. Dunkley: I withdraw the “pilfering.”

The Chairman: Okay.

Hon. Michael H. Dunkley: But what about missing assets? Is that fair? Misappropriated assets! Unethical! What about that stuff? That is not my language, that is somebody else's.

But, Mr. Chairman, if the shoe fits, you have to wear it. Honourable Members on that side have to wear it. And in 2011 the former Premier changed just because of this reason, and that is why we are here today—cleaning up the mess.

[Inaudible interjection]

Hon. Michael H. Dunkley: What about the 21-year lease (oh, minus one day) that did not get the light of day, by a former Minister?

What about putting all your cronies in charge of the BLDC and paying them as consultants, Mr. Chairman?

[Inaudible interjections]

[Gavel]

Hon. Wayne L. Furbert: Point of order. Point of order—

Hon. Michael H. Dunkley: Now Mr. Chairman, here is the *coup d'état*—

Hon. Wayne L. Furbert: Point of order, Mr. Chairman. Point of order.

All right. It is absolutely wrong for the—

The Chairman: Hold it! Hold it!

The Chair recognises the Member from constituency 6.

Hon. Wayne L. Furbert: It is absolutely wrong for the Premier to be standing up saying that the Government put cronies in place and paid them for consulting. The Government did not pay for those, the board decided . . . made the decision—

The Chairman: Okay.
Premier?

[Inaudible interjections]

Hon. Wayne L. Furbert: —and it was based on the advice by lawyers, too.

[Gavel]

The Chairman: Hold it! Hold it!

Okay. Now I just want to inform the Members that there are five minutes left for consideration of these Heads.

Honourable Premier, you have the floor again.

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

Look up “cronies” in the dictionary, and it says “friends,” Mr. Chairman.

I do go on, Mr. Chairman. What about Ministers approving plans for their friends? What about firing up Ministers because of these types of details? What about—

Hon. Wayne L. Furbert: Point of order.

Hon. Michael H. Dunkley: —Heritage Wharf, Mr. Chairman?

Hon. Wayne L. Furbert: Point of order, Mr. Chairman.

Hon. Michael H. Dunkley: That is not a point of order, it is just that Honourable Member trying to fill time.

Hon. Wayne L. Furbert: Point of order.

The Chairman: Again, the Chair recognises the Member from constituency 6.

Hon. Wayne L. Furbert: Mr. Chairman, the Premier is . . . I sat down based on they were supposed to be answering some questions that the Leader of the Opposition—

The Chairman: Yes, okay. Sit down, Member.

Hon. Wayne L. Furbert: —and he is not doing his—

The Chairman: Okay, Member, okay.

Premier, can we move on to at least address some of the questions that were posed to you—

Hon. Michael H. Dunkley: Yes.

The Chairman: —under those Heads.

Hon. Michael H. Dunkley: Let me deal with—

[Inaudible interjections]

The Chairman: Sit down, Honourable Member, sit down.

Hon. Michael H. Dunkley: He looks like he is moving a little slowly today, Mr. Chairman.

The Chairman: You have five minutes left, Premier, need I remind you.

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

So to answer some of the questions, allegations cast about the . . . and I am still getting answers here, but I do not know if I can read all those papers, if there is time.

So the Office of Project Management and Procurement: Do you, Mr. Chairman and honourable colleagues, realise that when the changes were made in 2011 the former Government was paying \$500,000 for a consultant to do that job?

Some Hon. Members: Ooh!

Hon. Michael H. Dunkley: Point taken, Mr. Chairman—\$500,000 for one company consultant! Ooh, that is a little rich for everybody’s blood, Mr. Chairman. And so the former Premier, and give the former Premier credit, tried to tighten it up and we had to go finish the job.

So, Mr. Chairman, the Honourable Member who spoke for an hour and just was all over the place casting aspersions left, right, and centre is not even here to hear the questions he wanted answered.

Now, in regard to gazetting contracts, yes, they are gazetting every month. Every single contract is gazetted every month. Honourable Members, if they have got a problem with the *Royal Gazette* or other papers, then they will not read them. They will not see them. That is simple. I can help you on that.

I had to bite my tongue on the Ministerial Code of Conduct as well because, obviously, as I know now, and my colleagues know, as I said in my brief, in 2002 it was a new Code that started to be worked on. But for . . . let me see, 2002 to 2012, that is 10 years, nothing happened—nothing happened.

I would sit down and ask the Opposition Leader if he wanted to tell me what happened, but he is not in the Chamber. And I will not yield if he comes back in, if he comes rushing through the door. For 10 years nothing happened.

We are going to put a Code in place to make it into 2015 script, Mr. Chairman. And Ministers will sign off on it and it will be tabled in this House. That is putting up, Mr. Chairman. That is what the other side did not do. They could not even talk when they were the Government, they were ducking and weaving and trying to cover up things. The Auditor's Report said all of it, over and over and over again. And so the Honourable Member who is not sitting in his seat, I do not know where he is, he has gone out for a coffee break or something, to talk about transparency and accountability? Nonsense! He does not know what those words mean, Mr. Chairman. He does not know what those words mean. We know what they mean because we live them and we abide by them.

Mr. Chairman, the Honourable Member should know because he sat in Cabinet, Junior Ministers are allowed, and they can sit in either place. So we are following the rules, they can sit in either place.

Now he made a big deal about consultants and asked questions about whether there was a pay cut for this person and that person. Let me give you some facts. Talk about travel, well, budgeted travel for this financial year coming up is \$3.6 million. In 2006 under the PLP it was \$5.6 million. In 2007 it was \$6.4 million. And in 2008 it was \$6.5 million.

An Hon. Member: Oh, Lord!

[Inaudible interjections]

Hon. Michael H. Dunkley: If the shoe fits, wear it. I mean, it is amazing. In December of 2012 they lost the election and all of a sudden—boom! They forgot everything that happened and they forgot what they did. You cannot push out what you did.

Now let us talk about consultants for a second. The former Premier had seven consultants. Now, that is no problem because policy allows the Premier [to] hire any consultant he wants. He had seven consultants, Mr. Chairman. The next PLP—

The Chairman: Honourable Premier, you have one minute left.

Hon. Michael H. Dunkley: Thank you very much. I am just in good timing. I will answer the last couple of questions. Point taken.

The next PLP Premier had five consultants.

The Chairman: Thank you.

Hon. Michael H. Dunkley: Under the OBA, the Premier Cannonier cut it to four. I have cut it to two. Wow!

They do not want to talk about that. They want to talk trite about transparency and accountability. Look at the size of Cabinet, Mr. Chairman. There are 10 people in Cabinet. It has never been that small before. Ministers are working harder, doing more under more scrutiny, and that is why we need the Junior Ministers to give support.

So, Mr. Chairman, I listened to trite all afternoon. This Government is accountable, transparent and we are getting the job done. And that is why we are here and we are going to stay here.

Mr. Chairman, with that I will move all Heads under the Cabinet Office be approved.

[Desk thumping]

The Chairman: Members, we are now prepared to move the relevant Heads—9, 26 and 80.

Are there any objections?

Hon. Michael H. Dunkley: Mr. Chairman, we should move all Heads under the Cabinet Office so they are done. So that would be 9, 14, 26, 43, 51, 80, 84, 96—all should be moved.

The Chairman: Honourable Premier I am informed that a motion will be made at the end of the Committee debate with respect to those other Heads, those remaining Heads.

Hon. Michael H. Dunkley: This is the end of that section. The motion at the end, I believe, will cover departments that are not debated. I just want to make sure we cover them all in here because between now and in two weeks time we could have a miss. And the people's business must go on so the money must be accounted for.

The Chairman: Point taken. Let me just take a . . .

[Crosstalk]

The Chairman: Okay, Premier, you have the floor again.

Honourable Premier, can you again name the Heads? We will proceed in that manner.

Hon. Michael H. Dunkley: Thank you.

I ask that this House move and approve Head 9, Cabinet Office; Head 14, Department of Statistics; Head 26, Department of Human Resources; Head 43, Information Technology; Head 51, Department of Communication and Information; Head 80, Project Management and Procurement; Head 84, E-Government; and Head 96, Sustainable Development.

The Chairman: Members, we have been asked to move Heads 9, 14, [26], 43, 51, 80, 84 and 96.

Are there any objections?

No objections.

[Gavel]

The Chairman: So moved.

[Motion carried: The Cabinet Office, Heads 9, 14, 26, 43, 51, 80, 84 and 96 were approved and stand part of the Estimates of Revenue and Expenditure for the year 2015/16.]

The Chairman: Members we are now going to move on to address National Security. The Heads that we will be considering are 83, 6, 7, 25, 88 and 12.

The Minister for National Security, the Honourable Michael Dunkley, from constituency 10, has the floor.

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

I am pleased to have the opportunity this afternoon to present briefs on the Ministry of National Security. I will start by doing Head 83, Ministry Headquarters, Mr. Chairman.

HEAD 83—MINISTRY OF NATIONAL SECURITY HEADQUARTERS

Hon. Michael H. Dunkley: Honourable Members, the current accounts estimates for—

[Crosstalk]

[Gavel]

The Chairman: Premier, you may proceed.

Hon. Michael H. Dunkley: Yes, thank you.

The Ministry of National Security Headquarters, Head 83, can be found starting on pages B-284 to B-287 of the Estimates of Revenue and Expenditure Book.

Mr. Chairman, the Mission of the Ministry of National Security Headquarters is "to protect and enhance the welfare of our community effectively, efficiently and equitably."

The Ministry's departmental objectives are to direct policy implementation and oversee programme management and departmental operations within the Ministry. This includes but is not limited to providing leadership, oversight and coordination of the Department of National Drug Control, the Department of [Corrections], HM Customs (as of 1st April of last year), the Bermuda Post Office (as of December 2013) and the Bermuda Fire and Rescue Service.

Mr. Chairman, the Ministry also facilitates the delivery of the policing strategy of the Bermuda Police Service and promotes the role of the Bermuda Regiment.

The Parole Board, the Treatment of Offenders Board and the Police Complaints Authority also fall under the Ministry of National Security Headquarters remit.

The Ministry of National Security Headquarters' budget allocation of \$1,360,000 for this coming financial year represents an increase of \$165,000 or a 13.81 per cent increase over the current financial year. This increase is due to the ministry having inherited the electronic monitoring programme which was previously under the Ministry of Legal Affairs. Mr. Chairman, the programme has been in the Ministry of National Security for the entire fiscal year 2014/15 as well, but the departments were able to realise savings to fund the programme from within.

Expenditure Overview

Let me take a short opportunity to reflect on Expenditure Overview.

The Ministry of National Security Headquarters' has seven full-time staff members. Salaries consist of \$734,542 or a decrease of 2.6 per cent when compared to financial year 2014/15 which had a budget of \$754,000. This net decrease is due to the abolishment of a post throughout the year.

Mr. Chairman, Board and Commission fees, included in professional services have increased from \$235,000 to \$460,000, an increase of \$235,000 over the current fiscal year. This simply reflects the additional funding provided to the department for the electronic monitoring programme. And this programme (I might add) Mr. Chairman, has been working quite effectively and we will get to that more through the presentation of this brief.

Each of the following budget items remained the same in the 2015/16 budget year as compared to this current year:

- Local training—\$1,000;
- Travel—\$50,000;
- Advertising and Promotion—\$50,000;
- Communications—\$11,000; and
- Materials and Supplies—\$29,000.

Major Achievements

Mr. Chairman, I take this opportunity to reflect a bit on some of the work that is done and some of the achievements for the Ministry.

I would like to say that first off the Ministry continues to fulfil the potential of the Inter-Agency Gang Task Force beyond cooperative enforcement to include greater community engagement.

It has continued to implement a gang mediation programme—Team Street Safe. Mr. Chairman, you will recall that this programme was implemented as a means by which to intervene in the destructive cycle of the gang lifestyle. The grass roots, street interaction is the strength of this programme, and to

date it continues to work on providing much needed alternatives to the gang lifestyle. This is a public/private partnership, Mr. Chairman, and through the assistance of those in the private sector we will continue to positively impact the lives of this target population and the community in general.

We continue to enhance the Neighbourhood Watch system which is called "Neighbourhood Watch 2.0" technology.

The Ministry Headquarters has provided the legislative foundation for Cash Back for Communities by amending the Proceeds of Crime Act. Mr. Chairman, it will also be recalled that last fall the Government fulfilled the promise of this legislation and made significant presentations to The Family Centre, Team Street Safe, North Village Community Club, Pembroke Hamilton Club, and Focus Counselling Services.

The Ministry along with other colleagues reintroduced the Gang Resistance Education And Training initiative known as G.R.E.A.T. into Bermuda's Primary Schools in partnership with the Bermuda Police Service and, of course, the Ministry of Education.

And we tabled the National Drug Commission Act 2013.

Mr. Chairman, through a firm hand in this budgetary process and the vigilance of the Ministry team and the department heads, I am pleased to advise this Committee that the Ministry of National Security has realised significant savings over the past two years against budgeted numbers.

And if you will allow me, Mr. Chairman, I will just take a few minutes to reflect back to the Budget for 2013/14. And the reason why I do that, Mr. Chairman, is because in the Budget Book that was released a couple of weeks ago the actual numbers for 2013/14 are numbers which we [are seeing] for the first time.

So if you look at the Ministry of National Security in Headquarters, the budgeted number in Headquarters was just over \$3.2 million. The actual number finished at just under \$1.1 million, Mr. Chairman.

In Defence it was \$6.9 million and it rose to \$7.7 million.

In Police the budgeted number was \$71 million, the actual number, Mr. Chairman, finished at \$66.1 million.

Customs, the budgeted number was \$20 million; it finished at \$19 million.

In the Bermuda Post Office the budgeted number was \$13.6 million; it finished at \$12.6 million.

Corrections' budgeted number was \$27.5 million and finished at \$25.2 million.

Bermuda Fire and Rescue Service [was budgeted at] \$13.8 million and finished at \$12.6 million.

And the Department of National Drug Control [was budgeted at] \$4.1 million and finished at \$4.5 million. The reason for that increase, Mr. Chairman, is because of the programmes up at the Nelson Bas-

come Treatment Centre which opened during that year.

So, Mr. Chairman, the original budget for the fiscal year 2013/14 was \$158.3 million, now it has finished at \$149.2 million, or \$9 million under budget. And I would hope that the *Royal Gazette* and all the media pick that up too, Mr. Chairman.

So those are the budget numbers as it relates to 2013/14, which are final.

Mr. Chairman, in keeping with its policy formulation and coordination role, the Ministry Headquarters will oversee a number of initiatives in this coming year. These include but certainly are not limited to:

- i. The continued implementation of Cash Back for Communities;
- ii. The implementation of mandatory ID checks;
- iii. The implementation of the G.R.E.A.T. Middle School Programme;
- iv. The creation of a best practice call-in version in Bermuda that engages community and moral voices to directly challenge those men and women who are on the cusp of exiting the gang lifestyle;
- v. Mr. Chairman, Honourable Members will recall the Security and Defence Review conducted by a Committee appointed by the Governor. The report has been debated in this Honourable Chamber and those recommendations that the Government is prepared to advance formed part of the 2014 Speech from the Throne. I am pleased to advise that as progress continues to be made on the implementation of those recommendations we will continue to update you.

Mr. Chairman, obviously as you know, that was a pretty deep list that was in the Security and Defence Review, and the Ministry has a summary of all of the recommendations. Ones that are completed, ones that are being worked on, and ones that we have taken no action on to date for a number of reasons: (1) we do not feel those are priorities; (2) we do not have the funding to do them; or (3) the jury is still out, we are deciding which way to go.

Mr. Chairman, this completes the presentation on the Ministry [of National Security] Headquarters, Head 83.

I would note, Mr. Chairman, that we are not debating the Bermuda Fire and Rescue Service and the Bermuda Post Office, but I want to take the opportunity to thank the Chief of the Bermuda Fire Service, Chief Lloyd Burchall, for the excellent work that his team has done. And also take the opportunity to thank Postmaster General Major Wayne Smith for the excellent work that he has done within the Post Office dealing with the challenges of narrowing the gap between revenues and expenses. They do good work and we will continue to work with them.

And last but not least I would like to take the opportunity to thank Major Marc Telemaque for his excellent leadership within the Ministry of National Security. And he joins us here this afternoon in Chambers.

HEAD 6—DEFENCE

Hon. Michael H. Dunkley: So Mr. Chairman, I turn now to Head 6—Defence, which colleagues can find on pages B-267 to B-271 of the Estimates of Revenue and Expenditure.

Head 6 comprises the Bermuda Regiment. The Regiment's role is to provide operational capacity to support the civil authority. It performs a number of critical functions including natural and man-made disaster relief, internal security, state ceremonial activity, routine and specialist support to the Bermuda Police Service, military training, manning, social cohesion and, of course, youth development. The primary legislation affecting the departments are: The Defence Act 1965 (including amendments), Bermuda Regiment Governor's Orders 1993; His Excellency's Directive to the Commanding Officer dated 4 July 2009; the Bermuda Volunteer (Reserve Force) Act 1939, and the Bermuda Cadet Corps Act 1944 (which is not active).

Mr. Chairman, the estimate for the current financial year is \$6,948,055, a decrease of \$365,686 from the fiscal year that we are currently in.

Mandate

Mr. Chairman, the mandate of the Bermuda Regiment, under the authority of the Defence Act 1965, is to be a military force maintaining the necessary standards of manpower, training, and equipment, to enable it to perform its assigned roles efficiently and effectively. The Bermuda Regiment is continuously training to remain at a state of readiness in order to accomplish its missions and tasks.

Mission and Roles

The mission and roles of the Bermuda Regiment were confirmed by formal reviews in 2000, 2006 and 2014. The extant mission is: "The Bermuda Regiment is to support the Civil Authority with the security of Bermuda, its peoples, property, livelihood and interests in order to maintain normality."

To support this mission statement there are four main roles:

- a. to provide Regimental Assistance to the Civil Authority [RACA]. Consisting of unarmed assistance to the governing authority—for example, disaster relief and routine support to the Bermuda Police Service including Maritime Support—but also general contingency for the unexpected as Bermuda's 'insurance policy.'

- b. to provide Regimental Assistance to the Civil Power [RACP]. Comprising assistance to the governing authority that makes use of the Regiment's ability to act as an armed military force in order to provide assistance in preserving, maintaining, or restoring law and order—for example, internal security such as Public Order and Key Point Defence.
- c. to provide Regimental Assistance to Bermudian Society [RABS]. This includes social cohesion, through the shared military experience, youth development, state ceremonial activity and support to tourism.
- d. to provide Regimental Assistance to the International Community [RAIC]—for example, regional disaster relief and promoting Bermuda internationally.

Funding

Mr. Chairman, the funding for Defence for this coming year I have already stated is a decrease of \$365,000, or 5 per cent, in line with the savings that Government has been trying to attain. This has led to a scaling back of programmes, and much critical assessment and thought [went] into it, and communication. The funding has come from a couple of areas: withdrawing the funding of the Bermuda Regiment Junior Leaders from April 2015, reducing recruiting incentives and some training, with the aim—as far as possible—of protecting core operational capability. I will come to the junior leaders more in my presentation, Mr. Chairman.

Let us look at the cost centres.

Defence Services—Cost Centre 16000

Mr. Chairman, Defence Services manage the processes for registering, selecting, calling-up, and deferral from service of Bermudian men. Recruitment, provides the administrative support, and services to Regimental Headquarters, the Defence Board, Defence Exemption Tribunal, Defence Promotions Board, and Defence Medical Board. Financial support and budget control round out this cost centre's responsibility. There are three full-time staff paid in this cost centre, two of whom are civilian, Mr. Chairman.

Regimental Headquarters—Cost Centre 16010

All command and control functions and associated costs are collated in this cost centre. All administrative and policy functions in support of military activities (less logistics), are funded through this cost centre, which includes six full-time staff members.

Quartermaster—Cost Centre 16020

The Quartermaster's Department provides all material and logistic supply to the Regiment. All procurement is funded through this cost centre. In addition, this department is responsible for the maintenance of all military assets—from buildings to weapons. The Regiment is in urgent need of a new rifle weapon system as the current Ruger rifle is well beyond its acceptable life span, and at this point negotiations are ongoing with the UK Ministry of Defence to procure at no or minimal cost, surplus UK weapons. Mr. Chairman, there are ten full-time staff paid in this cost centre, including one who is civilian.

Ceremonial—Cost Centre 16030

The Bermuda Regiment Band and Corps of Drums, along with Guards of Honour provided by C Company, will continue to perform at the high standard required during parades and state occasions that are expected and enjoyed by our visitors and residents. There are two full-time staff in this cost centre which also captures costs associated with routine state ceremonial occasions including:

- a. the beating Retreat Ceremonies from April through October;
- b. the Peppercorn Ceremony which is held in April;
- c. the Queen's Birthday Parade in June;
- d. the convening of the Legislature in November or whenever it is ordered;
- e. the Remembrance Day Parade in November.

The costs of various community supported activities carried out by the band in Bermuda throughout the year are also reflected in this cost centre. These include: leading the Bermuda Day Parade; performing at the annual Senior Citizens Tea; leading the Labour Day Parade; performing in support of the Bermuda Junior Leaders Camp and Bermuda Regiment Recruit Camp; performances at the request of community organisations such as the Bermuda International Business Association [BIBA]; supporting the Department of Tourism and convention groups, and this year supporting the Regiment's 50th anniversary celebrations which culminate in [Bermuda] Tattoo at Dockyard in October 2015.

Local Training—Cost Centre 16040

This funding is for the local training costs of all part-time personnel in A, C and Support Companies for the training year. Training begins with the annual Recruit Camp (14 days)—

The Chairman: Excuse me, Premier, which Head are you on right now? What page are you on rather?

Hon. Michael H. Dunkley: I am on the Regiment.

The Chairman: Page?

Hon. Michael H. Dunkley: Page B-268.

The Chairman: Thank you.

You may resume, Premier.

[Inaudible interjection and crosstalk]

The Chairman: He is reading from his brief.

Hon. Michael H. Dunkley: Got it now?

The Chairman: You may resume, Premier.

Thank you.

[Inaudible interjections]

Hon. Michael H. Dunkley: As I was saying, Mr. Chairman, it consumes approximately 14 man-days of time per soldier per year. The number of training days has decreased since 2008/09 proportionally with the reduced budget.

The training commitment is higher for senior ranks and for specialist capabilities. Costs associated with the junior non-commissioned officers cadre are included. This cadre concentrates on developing leaders and managers. Those who complete this course go on to become non-commissioned officers in the Regiment. Many soldiers also find that their employers reward their enhanced skills in the civilian workplace. This year, personnel on the cadre will attend the "Battle Camp" in May 2015 along with the remainder of the Regiment (less C Company and elements of Support Company) at the United States Marine Corps Base in Camp Lejeune, North Carolina. There are seven full-time staff paid in this cost centre.

Bermuda Regiment Junior Leaders—Cost Centre 16060

As I go on to cost centre 16060, Bermuda Regiment Junior Leaders, we are still on the same page, Mr. Chairman.

This is a youth development program maintaining the same goals and objectives as its predecessor unit the Bermuda Cadet Corps. The cost centre captures costs of the adult staff and the overall support for the junior leaders throughout the training year. Sadly, from April this year, budget reductions mean the programme will be scaled back and the full-time staff post re-invested elsewhere, although attempts will be made to continue the programme on an all volunteer (unpaid) basis similar to other youth organisations.

Overseas Camp—Cost Centre 16075

This cost centre captures the costs associated with taking approximately 180 personnel overseas for a mandated 15-day camp annually. Significant items of expenditure within this cost centre include the cost of the aircraft charter, soldiers' camp pay, and the provision of all resources to facilitate and support this training. In May 2015, the Regiment will deploy to Camp Lejeune, North Carolina to undergo its annual training. The overseas camp is essential in order to allow training not possible on Island and to help ensure the Regiment keeps pace with international best practice.

[Crosstalk]

[Gavel]

The Chairman: Members, bring your volume down a little bit. Thank you.

Premier, you may resume.

Courses and Attachments—Cost Centre 16080

Hon. Michael H. Dunkley: Overseas courses offer an opportunity, often the only opportunity, to acquire specialised skills and to maintain those skills that may be required for operations in Bermuda, whilst also ensuring the Regiment conforms to modern military best practice. This cost centre is for the continuation training, additional training, and special training of all officers and non-commissioned officers; both locally and overseas throughout the training year. Depending on the availability of personnel, the Regiment may send up to 15 officers, warrant officers, senior NCOs, or potential officers, to the UK, USA, Canada or Jamaica to attend a variety of military skills or military knowledge courses. Subject to available funds, in previous years the Regiment facilitated volunteers to participate in various camps and exercises organised by affiliated units such as the Royal Anglian Regiment. In 2013 three individuals deployed to train in Kenya for six weeks.

Personnel

Mr. Chairman, the Regiment employs 29 full-time staff; of which all but three are military personnel. The three civilian staff are employed in the administration of recruitment and accounts payable, and grounds maintenance at Warwick Camp.

Due to historic reductions in cash limits since 2008/09, the total strength of the Regiment is being held at just over 400 full-time and part-time personnel. Wages are the Regiment's greatest expenditure.

Output Measures and Objectives

Mr. Chairman, the Regiment successfully completed its preparations for the past hurricane sea-

son. In October, the Regiment participated in the joint services exercise Joint Venture 14. The joint exercise conducted with other agencies had a disaster relief theme.

Major Achievements—2014

Mr. Chairman, the Bermuda Regiment demonstrated its enduring utility and relevance in October 2014, when in the wake of Hurricanes Fay and Gonzalo, 2,140 man-days of disaster and hurricane relief were devoted to getting Bermuda back on its feet. This included clearance of routes for emergency service access, helping householders directly, and joint patrolling with the police, as well as enabling the deployment of HMS Argyll.

Mr. Chairman, a record high level of volunteers took part in this year's recruit camp with a total of 61 persons in the first intake, 35 of which were female—exceeding the target set and in line with the Government's commitment to phase out conscription.

The Regiment continues to work closely with the Bermuda Police Service, including with the Joint Service Explosive Ordnance Team and in developing the concept of selected soldiers trained as time-bound special constables.

And this year, Mr. Chairman, the Regiment celebrates its 50th anniversary on the 1st of September this year, and a series of nationwide events with the theme of reunion, and culminating in music [Bermuda] Tattoo in Dockyard in October 2015 are planned.

Mr. Chairman, the Bermuda Regiment plays a vital role in the life and safety of the country. The values it stands for—duty, service and patriotism—are the values that help make Bermuda strong.

The Regiment maintains very high standards of training and discipline and prides itself on being ready and able to answer the call of duty at anytime. It also continues to provide the people of Bermuda with a wide array of social benefits. These include bringing people together from different backgrounds through the shared military experience helping to promote unity, whilst also exposing young men and women to a disciplined and structured environment which requires team work and selfless commitment. This experience of military service helps build better Bermudians.

Mr. Chairman, its service in times of emergency is especially appreciated by one and all. Bermudians are proud of the Regiment and rightly so. As the Minister of National Security, I am impressed by the work that is done. The Bermuda Regiment has given 50 years of valuable service and this was no more evident than during the back-to-back hurricanes of Fay and Gonzalo in April of last year.

In the Budget Book, Mr. Chairman, on page B-268, you can see that Hurricane Fay is expensed out at \$182,000 and Hurricane Gonzalo at \$610,000 for the direct costs during that embodiment.

As I said on 23 October 2014, at the height of the post-Gonzalo recovery effort:

"I know I speak for all of Bermuda when I say that the men and women of the Bermuda Regiment have done incredible work restoring the Island to normality after the recent storms. The superior planning, readiness and quick deployment of teams tasked in various areas was evident and significantly contributed to the speedy response to the calls for assistance immediately following the events.

"It was a sense of some pride to see young men and women performing every task assigned without complaint and to the best of their ability and training. I have personally heard from many residents for whom the Regiment's assistance proved invaluable.

"Please convey my sincere, personal thanks and those of the Government and people of Bermuda to all ranks of the Bermuda Regiment for their tremendous contribution to the restoration effort."

Mr. Chairman, those conclude my remarks on Head 6—the Bermuda Regiment/Defence. And as I close, I would like to take this opportunity to thank Lt. Col. Foster-Brown for his work, which will be coming to a close in January of this year with the announcement that next year David Curley will be assuming the position of Commanding Officer.

HEAD 7—BERMUDA POLICE SERVICE

Hon. Michael H. Dunkley: Mr. Chairman, now I turn my head to the Bermuda Police Service which can be found on pages B-272 to B-276 of the Estimates of Revenue of Expenditure.

Mr. Chairman, the mission statement of the Bermuda Police Service is "Making Bermuda Safer" by engaging in three priority areas of operations:

- tackling crime and antisocial behaviour;
- engaging with the community; and
- improving road safety.

Priorities

Mr. Chairman, the Bermuda Police Service (BPS) continues to operate in austere times, along with other sectors of the community, meaning that [limited] resources must be used and deployed strategically. It is important for the police to be sharply focused on the things that present the most significant threats to public safety in Bermuda, and to those things that most impact on the feeling of community confidence in the police to keep us safe.

Accordingly, Mr. Chairman, the BPS acknowledges that it cannot do everything that everyone might like them to do, and they cannot do very much at all without the full support of and cooperation from the wider public. To that end, Mr. Chairman, the police have committed to the following priorities for the next fiscal year:

Tackling Crime and Antisocial Behaviour

Strong enforcement must be complemented by strong education, prevention and diversion efforts. The police will continue to deliver the Gang Resistance And Education Training (G.R.E.A.T.) programme in partnership with our Island's schools to weaken the grip of the gang culture on young people.

The BPS will continue to work with partners within the framework of the Interagency Gang Task Force [IGTF] and its associated levels: the Interagency Gang Enforcement Team [IGET] and the Interagency Community Response [ICR] Team. The work of the IGTF combines strategy with enforcement and community support.

The police will remain highly visible and accessible to the public and they will continue to target those criminals that pose the greatest threat to our community.

Community Engagement

Troubled neighbourhoods and those being affected by gang violence will continue to be the highest priority. Community Action Teams [CATs] are already embedded in these neighbourhoods to tackle antisocial behaviour, improve community relationships, and to help to solve problems and enhance public confidence.

The Problem Oriented Policing and Partnerships [POPP] strategy is the cornerstone of police operations. CAT officers rely on partnerships to build stronger communities and the BPS will make efforts to provide greater consistency in providing local community officers so that relationships at the neighbourhood level are strong and enduring.

Good communication sits at the heart of strong relationships, Mr. Chairman. The BPS will develop media strategies and expand the use of their website and social media sites to keep the public informed and engaged with the latest news from the police.

Road Safety

The BPS Road Safety Strategy is a community collaboration that is designed to save lives, make our roads safer and increase public confidence.

The police will deliver operational plans to reduce the total number of traffic collisions with an emphasis on reducing the number of deaths on the road. Patrols will be targeted to disrupt criminal use of the roads and combat antisocial driving behaviours. The police will aim to calm the roads and reduce the frequency of impaired driving.

The approach to road safety will include intelligence-led data analysis to determine traffic "hot spots" and areas that are needed for attention. The police will raise awareness of poor driving behaviour

though education in concert with key stakeholders. The BPS will engage in enforcement that is combined with professional judgment and discretion, so that punishment is balanced with prevention.

Staff

The BPS relies on trained, competent people to deliver efficient, quality service at the highest professional standards. This year's training budget will be invested in the development of staff as leaders and problem solvers. The commissioner and his team will deliver a programme of transformational leadership that builds a culture of shared leadership and decision-making at the lowest possible levels.

Considerations of safety, health and welfare are priorities for the people engaged in our workplaces. The BPS seeks to foster a safe and healthy work environment with a strong focus on preventative measures. They will continue a series of upgrades to the Welfare Office to form an Occupational Health Unit that will provide a multidisciplinary approach to delivering complete physical, mental and social well-being environments for all BPS staff.

In the age of shrinking budgets and critical assessment of how every dollar is spent, the police are increasingly required to do more with less. The police will take a close look at the organisational structure to ensure that all police officers are engaged in police work. They will avoid using officers for jobs that do not require police training to perform, and they will make recommendations to the Government for alternate service delivery of any non-traditional roles that they may still be carrying out.

Technology

The collection, analysis and dissemination of intelligence form the basis of intelligence-led policing, which is critical. The BPS will implement the final phase of the MEMEX RMS [records management system] with new hardware and software applications that will ensure the right information reaches the right people at the right time.

Use of new technologies, most notably the new CCTV infrastructure, will be incorporated into operational policing plans. By making effective use of technology the police seek to enhance efficiency, increase capacity, and create greater accountability.

Technology is, indeed, the future. The police will conduct an assessment of current technology capabilities and anticipated technology requirements for the future. The BPS Strategic Plan 2015–2018, currently being finalised, will benefit from a separate technology strategy that will position the service for a longer term approach to keep in step with the ever changing technological world.

Allocation of Staff—Cost Centre 17000

Mr. Chairman, in regard to allocation of staff, for ease of accounting, all salaries for police officers are allocated to the Commissioner's [Office], cost centre, 17000. Police salaries for 2015/16 have been set at \$38,100,000.

The full establishment for the BPS is adjusted from time to time by the Government and is currently set at 477 [police] officers. The actual strength as of today is 436 police officers, comprised of: 1 commissioner; 1 deputy commissioner; 2 assistant commissioners; 3 superintendents; 8 chief inspectors; 27 inspectors; 71 sergeants; [and] 321 constables. Additionally, 13 police cadets are employed on a full-time basis and they are at varying stages of completing associate degree programmes at the Bermuda College, with the option later of receiving a subsidy to obtain a university degree from overseas. These cadets represent part of the future of the BPS.

Mr. Chairman, the service employs 91 support staff members out of a total of 98 funded positions (both BPSU and BIU posts) for a total workforce of 540 full-time employees. Another 100 volunteers make up the ranks of the Bermuda Reserve Police. I would like to take this opportunity to thank the Bermuda Reserve Police for the work that they have done in our community.

Officers and support staff are divided into four main divisions, and the commissioner has the authority to move staff between divisions according to the programmes that he would like to put in place within the service.

The 2015/16 Budget for police salaries and overtime has been adjusted to reflect the 5 per cent reduction target set by the Ministry of Finance. Accordingly, the Ministry of National Security is working closely with the Commissioner of Police and the Bermuda Police Association to find cost savings and reductions in labour costs to ensure that the available funding is sufficient to maintain police officer numbers around their current level. Additionally, the Ministry will examine other cost-saving options across the Ministry in order to assist in this regard.

The allocation of police officers is generally made according to the following areas:

Community Policing Division (300)

- Hamilton Police Station, 90;
- Southside Police Station, 60;
- Somerset Police Station, 55;
- Police Support Unit (PSU), 70 (including Gang, Firearms & K9 Units);
- Roads & Marine Policing, 25.

Serious Crime Division (65)

- Serious Crime Unit, 25;
- Criminal Investigation Unit, 25;
- Drugs & Financial Crime, 15.

Intelligence Division (35)

- Intelligence Operations; 35.

Support Services Division (35) [*sic*]

- Operational Support, 25 (Courts, COMOPS & Forensics);
- Training and Administration, 11.

Mr. Chairman, this is a total of 436.

Additional Resources/Specific Initiatives

Mr. Chairman, the variances to be observed in most of the cost centres reflect operational considerations that fall strictly within the remit of the commissioner whose internal submissions for funding are mission driven.

However, I wish to take this opportunity highlight for Honourable Members, key additional elements of the 2014/15 Budget that indicates this Government's support for the BPS and the role we ask them to play in this community.

Overseas Investigative Assistance is allocated \$1,034,538.

Mr. Chairman, in response to the rapid escalation in 2009 in gang violence and associated gun crime, the BPS implemented a number of strategies to build the extra capacity needed to cope with the higher caseloads of serious crimes. This initiative has run for five years and has resulted in a significant clearance of current and cold cases. Gun crime has been reduced by more than 50 per cent year on year, partly attributed to this increased capacity. The BPS has been able to reduce this budget by more than 50 per cent since its original grant in 2010. Additionally, the service continues to look for more opportunities to employ Bermudians in an effort to further decrease reliance on this overseas assistance.

The funding, Mr. Chairman, allows for the employment of temporary additional staff with specific expertise that is not currently available in the service. The roles that these temporary staff fill are: financial investigators, intelligence analysts, cold case reviewers, digital forensic examiners, and crime scene investigators.

Mr. Chairman, the CCTV Project is allocated \$1.5 million for this fiscal year.

The BPS entered into a 60-month contract with BAS-Serco in 2014 to provide an Island-wide CCTV system comprised of a combination of fixed, pan-tilt-zoom (PTZ) and Automated Number Plate Recognition (ANPR) cameras, with a total of 150 cameras providing coverage in 85 locations.

Unfortunately, Mr. Chairman, the implementation of the system was met with a series of significant delays meaning that full operation will not be in place until sometime in the first quarter of 2015. Significant progress has been made in recent months and the installation is currently at about 80 [per cent] to 85 per cent complete. The disadvantage of this delay has been the lack of full coverage. But clearly this is a vast improvement over the former number of cameras we

had which were limited in scope throughout the Island. Now, while there was a disadvantage in getting the full system up, the advantage has been that there has been a significant savings of funds in the current financial year as the BPS has only paid partial monthly costs while the system continues to be set up.

These cost savings have realised an additional benefit in that Cabinet has been able to use some of the money to fund an immediate upgrade to the system that was originally not budgeted for. Since the cameras work on a line-of-sight system, Bermuda's topography prevents the deployment of cameras in certain areas without the support of additional "repeater" poles. The savings have been used to purchase six cameras and repeating equipment to provide coverage to six additional areas that would otherwise have been vulnerable. In addition, Mr. Chairman, these areas include critical junctions along Ord Road in Paget as well as on Deepdale [Road] in Pembroke.

Mr. Chairman, it is important for the Committee to note that in keeping with this Government's Throne Speech pledge, the negotiating team is in discussions with the Bermuda Police Service with a view to negotiating those changes to the Conditions of Service Order, or more commonly known as COSO, required to modernise that benefit structure for the BPS and consequently realise savings necessary to make this budgetary allocation effective. As Honourable Members of the House might not be aware, and as indicated by the Honourable Member, the Minister of Finance, in his Budget Statement, that includes the requirement for officers to at least consider payment of some portion of their GEHI because at the present time health insurance premiums are not covered by the officers in any way. This would be consistent with much of the public service and, certainly, the private service. So these negotiations take place and we are pleased that the BPA appears willing to discuss these very important issues.

Mr. Chairman, there are several items that are no longer necessary under the Order and which have been accounted for in the 2008 Award which was actually implemented in 2011. So those discussions are ongoing and I am confident that, working together, we will achieve a modern agreement, reflective of these times but one which sets the BPS on a sound footing for the future.

Mr. Chairman, as I close out my remarks for the Police Service, in times like this it is obviously very clear we need men and women in whom we can have confidence and to whom we can look to for decisive action in the face of any criminal activity. The Bermuda Police Service rises to the challenge each and every day. The Senior Command, led by Commissioner De Silva, and the men and women of every rank have made keeping Bermuda safe more than a slogan. Mr. Chairman, it is indeed a calling for them.

I would like to take—I hear the Honourable Opposition Leader saying something.

[Inaudible interjection]

Hon. Michael H. Dunkley: I hear the Honourable Opposition Leader say they need a pay cut and that . . . we are talking about looking at it in an appropriate way, and we let the negotiators take a look at it. But I would like to take this opportunity to thank the commissioner and his team for the work they do.

Mr. Chairman, as you know when many people sleep, if something happens the police have to be at it. We have high expectations in Bermuda and I think they have done a very commendable job at meeting the demands and needs of the community, and it is a pleasure to have the opportunity to work with such experienced personnel who do the job, such as the commissioner and his colleagues. And I look forward to the continued relationship.

HEAD 12—CUSTOMS

Hon. Michael H. Dunkley: Mr. Chairman, I now return to the Department of Customs—Head 12, found on pages B-277 to B-301 of the Estimates of Revenue and Expenditure.

[Inaudible interjection]

Hon. Michael H. Dunkley: The [Budget] Book is Estimates of Revenue and Expenditure, yes.

The Customs department is responsible for: assessing and collecting customs duty and fees on imported goods; enforcing customs laws, administering other statutes controlling the international movement of goods and people, and preventing the smuggling of drugs and other illegal commodities; in addition, it provides information and assistance to the public regarding customs laws and regulations.

Mission

Its mission, Mr. Chairman is “To promote compliance with Bermuda's Customs Laws through quality service and responsible enforcement, thereby contributing to the economic and social stability of our community.”

Mandate

The mandate of the department is as follows:

- to facilitate legitimate trade;
- to assess and collect revenue; and
- to interdict drugs and other contraband.

In carrying out the mandate, Mr. Chairman, they will:

- encourage and promote voluntary compliance;
- communicate and cooperate with our clients and stakeholders;
- adhere to high standards of integrity and professionalism; and
- treat the public and each other with respect.

Mr. Chairman, the department operates under nine cost centres which can be found on page B-277 of the Budget Book. The objectives established for each cost centre are as follows:

Airport Commercial—Cost Centre 22020

The objectives of this area are to:

- authorise the release of imported goods;
- to carry out inspections of courier cargo;
- interdiction of illicit goods and control of restricted goods;
- maintenance of prescribed service levels to clients; and
- acknowledgment of correspondence within three working days and responding within ten days.

Airport Shift A—Cost Centre 22030

Airport Shift B—Cost Centre 22040

The objectives of these shifts are:

- the examination and control of all civil aircraft, passengers and air freight arriving in Bermuda;
- primary immigration control of all arriving passengers;
- enforcement of customs laws and regulations with respect to passengers and their baggage;
- collection of customs duties and fees;
- supervision and control of all in bond exports of liquor/tobacco by air;
- agency work for the Departments of Health, Environmental Protection and the police; and
- the prevention and interdiction of all restricted and prohibited goods entering Bermuda. These goods include plants, fruit, animals, firearms, pornography, prohibited weapons and, of course, illicit drugs.

Investigations and Audit—Cost Centre 22050

The following objectives in this section are:

- the investigation of all suspected revenue offences, completion of case files including recommendations for the disposal of the case and, where applicable, the level of penalty to be applied;
- they carry out the inspection of imported and exported cargo; and

- they audit declarations of imports and exports for accuracy and compliance with a particular focus on bonded operators and local inland clearance agents.

Hamilton Commercial Operations—Cost Centre 22070

The objectives are to:

- authorise the release of imported goods;
- interdiction of illicit goods and control of restricted goods;
- maintenance of prescribed service levels to clients;
- providing guidance to the public with customs laws and processes.

Administration—Cost Centre 22080

The objectives of this section are as follows:

- to process all entry declarations in accordance with our prescribed quality service levels;
- to ensure that all customers' correspondence is dealt with in accordance with our prescribed quality service levels, i.e., a two-day response time is aimed for; and
- to provide all personnel, legislative, financial, budgetary, administrative and general operational services to the department.

Vessel Clearance—Cost Centre 22090

Vessel clearance has the following objectives:

- the examination and control of all sea-bound vessels arriving in Bermuda, including private yachts, cruise ships and cargo carry vessels;
- primary immigration control of all individuals arriving in Bermuda via the ocean;
- enforcement of customs laws and regulations with respect to cruise ship passengers and their baggage; and
- the collection of customs duties and fees.

Interdiction—Cost Centre 22100

The objectives include:

- the collection, analysis, and the managed dissemination of intelligence on the cross border movements of illicit items, suspected persons and data on suspicious activities to enable a risk-based, focused Customs enforcement environment;
- carrying out inspections of courier cargo and postal packages; and
- the interdiction of illicit goods and control of restricted goods.

Seaport Enforcement Team—Cost Centre 22110

The objectives include:

- the examination and control of all cargo containers arriving in Bermuda;
- interdiction of illicit goods and control of restricted goods; and
- the verification and matching of declarations of imports to the contents of imported containers.

Operational Budget

Mr. Chairman, in regard to the Operational Budget the total budget for the coming fiscal year found on page B-277 is \$17,267,000 [and is] broken down as follows:

- Airport Commercial Operations—\$308,000;
- Airport Shift A—\$1,961,000;
- Airport Shift B—\$1,961,000;
- Investigations and Audit—\$1,011,000;
- Hamilton Commercial Operations—\$1,214,000;
- Administration—\$5,070,000;
- Vessel Clearance—\$1,011,000;
- Interdiction—\$3,984,000;
- Seaport Enforcement Team—\$747,000.

The budget allocation for the coming year is \$908,000 less than the current fiscal year, or 5 per cent.

Employee numbers, full-time numbers, Mr. Chairman, can be found on page B-278 and the department's estimated staffing level has remained consistent at 202 employees this year and [for the] next financial year.

Mr. Chairman, I would like to take the opportunity to do a bit of line item analysis of Head 12, Operational Budget, on page B-278.

Salaries of \$14.8 million are a decrease of \$13,000. This remains consistent with the original budget from 2014/15.

Other Personnel Costs of \$26,000 is a decrease of \$127,000, Mr. Chairman, or 83 per cent. The decrease reflects the department's commitment to remain within its cash limits by reducing expenditure on long service awards and call-out allowances. In addition, the allowance for canine handlers has been reduced to three due to the death of one of the canines.

Training of \$23,000 [is] a decrease of \$7,000, or 23 per cent. The decrease is a reflection of the 2014/15 revised budget. This reduction in expenditure is primarily due to the department reducing the number of sponsored training courses, utilising more in-house training (such as our "lunch and learn" sessions), utilising the training offered by the Department of Human Resources at no charge to the department,

and collaborating with other departments to share training classes.

Transport of \$10,000 is a decrease of \$1,000. Transport costs for the Customs department represent air freight, shipping costs and Customs duty and, for the most part, these costs are the result of the importation of uniform items. The decrease in the allocation is related, therefore, to the reduction in the planned expenditure for uniform items.

Travel—\$18,000 is a decrease of \$15,000, or 45 per cent. The main reason for travel by Customs staff is to attend conferences hosted by International Customs and Law Enforcement bodies. Mr. Chairman, attendance at some of these conferences is essential to maintain membership (or executive membership) of the relevant bodies. Membership of these bodies brings with it many benefits including: access to international best practice guidance, statistical information, legal advice and training materials. Attendance at these international conferences afford staff members rare opportunities to develop contacts vital for the intelligence gathering from which Customs benefits. The decrease in budget allocation represents the department's commitment to minimising expenditure by reducing the number of attendees at conferences and minimising the number of conferences attended.

Communication has a budget of \$154,000, a decrease of \$51,000, or 25 per cent. The original budget for 2014/15 included a contingency amount of expenditure which may not be covered by the Capital Budget allocation but [was] required to install a new Internet protocol telephone system. The IP phone system has now been completely installed. The replaced telephone system required many periodic repairs which became increasingly challenging and costly. The IP system has contributed to a reduction in communication costs since it allows Customs to make free calls within the existing standard Government telephone network.

Professional Services, Mr. Chairman, has a budget of \$331,000, an increase of \$32,000, or 11 per cent. Professional Services costs consist of the services of a consultant who advises on legal and policy issues faced by the department, and assists with the drafting of Customs legislation, other local consultants and contractors, and membership fees for the World Customs Organization [WCO] and the Caribbean Customs Law Enforcement Council [CCLEC].

Mr. Chairman, the reasons for the increase in allocation are as follows:

1. an increase in the membership fees of CCLEC of \$1,750;
2. an increase in the membership fees of WCO of \$602;
3. an increase in fees proposed by the overseas consultant of approximately 3 per cent or \$5,000;
4. the remaining \$25,000 represents a provision made to use, on a seasonal basis, Mr. Chair-

man, qualified consultants (retired immigration and Customs staff) to perform the primary immigration function at the airport. It is anticipated that these local hires will help ease congestion at the airport during the peak periods in the summer. It is planned that this will allow the Customs officers to focus on their primary duties and allow for a reduction in the overtime required. It is expected that this programme will result in a net reduction in expenditure.

Mr. Chairman, as you are well aware, when the busy flight schedule kicks in there is a real crunch between eleven and three on a daily basis. And so we have identified the need to move people through the hall, we have to keep the airport running efficiently, and we feel with this extra funding it will not only help people move, but we should save money in the long term on overtime.

Rentals—\$499,000; a decrease of \$75,000, or 13 per cent. The decrease in budget provision is a reflection of reduced actual expenditure. Due to market conditions, Mr. Chairman, rental costs have decreased and we anticipate a further decrease during 2015/16 for the department's Magnolia House property. Further, during 2014/15, Customs transferred the lease of a storage facility from a private vendor to available storage space at the airport. The Department of Airport Operations offered a much more favourable rent for this new storage space.

Repair & Maintenance saw \$726,000; a decrease of \$455,000, or 35 per cent [*sic*], Mr. Chairman. The decrease in the allocation is reflective of the actual expenditure, year to date, of repairs and maintenance in 2014/15. Thus, we believe it will be much more accurate going forward.

Energy of \$226,000 is a decrease of \$23,000, or 9 per cent. This is reflective of the actual expenditure, year to date, of energy expenditure during 2014/15. And we believe with the reduced oil prices we should be in a good position to make this number work.

Clothing, Uniforms & Laundry—\$158,000 is a decrease of \$76,000, or 32 per cent. This decrease is a reflection of the department's commitment of remaining within its cash limit by reducing issues of uniforms.

Materials and Supplies of \$249,000 is a decrease of \$29,000, or 10 per cent, [and] is very manageable under the improved oversight that will take place in this area.

And finally, Equipment is \$11,000; a decrease of \$43,000. This decrease is simply an allocation within the available cash limits by reducing expenditure on fixtures and fittings and there is nothing that pressing of a high cost that we need to budget for this coming financial year.

Mr. Chairman, since Revenues will be covered at another time, I do not need to go into the Revenue section of the brief, which is right in the middle of the Custom pages. But if you turn to page B-279 and B-280, I am pleased to provide the following results on output measures.

Output Measures

First, in Airport Commercial, [cost centre] 22020, the Airport Commercial Operations achieved 95 per cent compliance with its prescribed quality service levels and, therefore, exceeded its target of 90 per cent. It is forecasted that 95 per cent compliance will be achieved again in 2014/15 and of course the target in 2015/16.

The Airport Commercial Operations processed 11,307 Bermuda Customs Declarations [BCD], during 2013/14. It is forecasted during 2014/15 that 9,262 Bermuda Customs Declarations will be processed. And the target for 2015/16 is 11,300 BCDs.

Mr. Chairman, Airport Shift A collected forced duty in the amount of \$45,287. It is forecasted that during the current financial year that forced duty in the amount of \$34,924 will be collected. And the target is \$40,000 for the next financial year. Forced duty, Mr. Chairman, is for a traveller that has failed to declare something.

For the 2013/14 year, Airport Shift A seized illicit items on 55 occasions. It is forecasted that they will seize illicit items on 70 occasions this current financial year and the target is 50 for the next financial year. But, obviously, the targets are set there but they will continue to do their jobs and I am sure that they will exceed those targets.

In regard to Airport Shift B, they collected forced duty in the amount of \$43,512. It is forecasted during the current financial year to collect \$50,610. And for the next financial year the target is set at \$40,000.

In relation to illicit items seized, [Airport] Shift B seized illicit items on 53 occasions. So far this year they predict that on 70 occasions they will seize illicit items. And the target has been set at 50 for the next financial year.

Mr. Chairman, in regards to Investigations/Audit—[cost centre] 22050, they completed 160 investigations during 2013/14, resulting in, amongst other things, the collection of \$44,772 in additional duty. By the close of the current fiscal year, it is forecasted that the Investigations unit will have 68 cases resulting in \$7,573 in additional duty. And the target for the coming fiscal year is 140 cases and \$70,000 in additional duty.

In Hamilton Commercial Ops—cost centre 22070, the Hamilton Commercial Operations complied with the prescribed quality service levels in 95 per cent of all declarations processed [and] 37,712 were processed during this same period. In 2014/15, it is

forecasted that the Hamilton Commercial Operations will meet the quality service levels 95 per cent of the time and 37,000 declarations will be processed. In 2015/16, the target outcome is that, as a minimum, they will make the 95 per cent compliance and 37,000 declarations will be processed.

In regard to Administration—[cost centre] 22080, in 2013/14 the Administration section met its established goals and ensured that BCDs were processed in compliance with prescribed standards 100 per cent of the time, Mr. Chairman. The average time between receipt of purchase invoice and authorization or rejection of payment was five days. In 2014/15 it is forecasted that BCDs will be processed in compliance, again, 100 per cent of the time and that authorization or rejection will be done in five days again. The targets for the coming financial year will be 100 per cent of the time and we will stick within our target authorization or rejection of 10 days, which we have done much better over the past couple of years.

In regards to Vessel Clearance—[cost centre] 22090, the Vessel Clearance section processed 100 per cent of cruise ship passengers and prepared and issued invoices with a value \$1,390,853. In 2014/15, it is forecasted that the Vessel Clearance section will also process 100 per cent of cruise ship passengers and the amount will be \$1,040,406. In 2015/16, of course, the target is going to be 100 per cent and the estimate of issued invoices will be just over \$1,000,000.

In regard to Interdiction—[cost centre] 22100, Mr. Chairman, the Interdiction section made 87 seizures [*sic*] in 2013/14 and had a 60 per cent success rate of positive results from all search and detentions. In 2014/15 it is forecasted that 234 seizures will be made and a 76 per cent success rate with search and detentions. And in 2015/16, the target is 80 with a 60 per cent success rate. Obviously, those targets will continue to be pushed to do the job we have at Border Control.

In regards to the Seaport Enforcement Team—[cost centre] 22110, the Seaport Enforcement Team, or SET, inspected and reviewed 100 per cent of import cargo manifests and used the Hamilton docks Gantry X-ray scanner to scan 60 per cent of containers imported into Bermuda. In this current financial year, it is forecasted that SET will inspect and review, again, 100 per cent of the cargo manifests and scan 80 per cent of the containers into Bermuda. In addition, the target for the next financial year as set by SET for inspection and review will be 100 per cent and a scan of 65 per cent of cargo containers, Mr. Chairman.

I would now like to provide you, Mr. Chairman, with a brief summary of the ongoing capital projects which will be active under the department during the next fiscal year, namely the Customs Automated Processing System (CAPS) as listed in Customs IT Developments which can be found on page C-14.

Mr. Chairman, CAPS is the core computer system used throughout the whole of Customs. It is the central database of all information collected from Customs declarations from both traders and travellers. It serves an integral part of the control processes used within Customs as it expedites data analysis for the purpose of making risk assessments. This allows Customs to focus its efforts more efficiently and productively.

CAPS has enabled the automation of a number of preliminary checks including, but not limited to, assessing the internal consistency of declarations, and, identifying whether sufficient funds are available prior to the release of dutiable imports.

CAPS also plays an important part in the initial collection of statistical data as used by the Department of Statistics in monitoring economic and commercial trends.

An ever-increasing number of our major traders who normally submit many large record Bermuda Customs Declarations [BCDs] are now submitting them all electronically thereby removing a huge strain from our data input section. Customs is actively engaging traders to utilise the electronic processing capabilities of CAPS. At this point in time, Mr. Chairman, over 80 per cent of all Customs entries are processed via CAPS.

Due to the complexity and unique nature of the Bermuda Customs environment, CAPS is, by necessity, Bespoke software owned by the Government of Bermuda. To keep pace with changing technologies, legislation, and security needs, as well as providing enhanced services and functionalities to our customers, it is necessary that we invest in and maintain the development of this system. The efficiency benefits combined with the improved statistical information, controls, customer service, and intelligence gathered by this system outweigh the costs of development.

[Mrs. Suzann Roberts-Holshouser, Chairman]

Hon. Michael H. Dunkley: The budget for this project this coming year, Madam Chairman (as we have had a change in Chair), is \$250,000.

It is anticipated, Madam Chairman, that Customs will spend a further \$20,000 on purchasing computer equipment. Most of this expenditure will be for replacements of desktop personal computers.

It is anticipated that Customs will use the duty van allocation of \$80,000 to replace two vehicles which have been written off as economically unviable to continue to run and maintain.

Achievements

In 2015/16, Madam Chairman, I would like to inform Members of some of the important achievements that we had in 2014/15 as we look forward to 2015/16.

During the first week of November of last year, 2014, the Caribbean Customs Law Enforcement Council [CCLEC] selected Bermuda as the host of the 2014 Executive Committee Meeting. This honour conferred upon Customs Bermuda the responsibility to organise, amongst other things, a welcoming committee for the visiting delegates from 11 countries across the Caribbean and Europe, the meeting venue, and the accommodations for the visiting delegates.

The meeting proved to be a great success as a number of important agenda items were discussed and consensus was reached on these important issues, including a ratification on a treaty with respect to the organisational structure of CCLEC, its strategic plan, and future financing. As the Chair of the Executive Committee, Bermuda played an integral role in providing direction for the future of this highly influential body in the protection of the borders of the Caribbean and Bermuda.

In addition, Madam Chairman, to the executive committee achieving its objectives for the meeting, it also highlighted to the visiting delegates the stunning beauty, the warm hospitality and the rich culture of Bermuda. The Collector of Customs was very pleased to accept on behalf of the Customs department, expressions of gratitude and commendation for hosting this well organised event.

A major challenge faced by Bermuda during 2014, as I referred to prior in this brief, was the impact of Hurricanes Fay and Gonzalo. The Customs department takes the safety of its employees and the wider public extremely seriously and, on becoming aware of the probability of an impending direct hit, immediately formulated and instituted a contingency plan with the intent of ensuring that the Hamilton docks were cleared of containers prior to the arrival of Hurricane Gonzalo. Customs designed and implemented special procedures for the clearance of imports which allowed the expedited release of goods whilst retaining many of the important checks and controls. By means of these innovative procedures, good communications with importers and declarants, cooperation with and from our Stevedoring partners, and the diligence and hard work of the Customs staff, all containers were safely cleared from the Hamilton docks well before Gonzalo made its landfall in Bermuda.

Following the storm, Customs promptly assessed the damage to its facilities. Despite incurring substantial damage at its Airport Courier Facility, Customs was able to quickly relocate to an alternative location and resume normal operations.

Madam Chairman, at some point during 2016 [financial year], it is expected that an assessment will be undertaken of Bermuda's anti-money laundering environment by the International Monetary Fund (IMF). As a benchmark, the IMF will undoubtedly use the recommendations of the Financial Action Task

Force [FATF] to assess the Bermuda Financial Environment.

Their assessment will involve a review of all of the policies and operations of Government departments. It is anticipated that part of this review will encompass an examination of the policies and procedures applied by the Customs department with respect to monitoring and controlling the cross border movements of cash and monetary instruments. Customs recognises that the financial services sector is an especially important part of the economy of Bermuda and, therefore, takes extremely seriously its role in protecting the reputation of Bermuda as an ethically responsible financial jurisdiction within the international community. Consequently, the department has created its own task force, which meets on a weekly basis, to:

- document and analyse current practices and policies and compare these to the recommendations of best practice as identified by the Financial Action Task Force;
- update existing policies and develop new policies to bridge the gap between current working practices and international best practice;
- identify and procure any necessary assets to allow the new policies to be put into action;
- in addition, it communicates and trains staff on the revised policies; and
- continues to monitor and review the application of the revised policies and procedures.

Madam Chairman, the progress of this task force is indeed encouraging and Customs is on target to have the revised policies and procedures in place in fiscal year 2015/16.

On a related note, Customs has enjoyed considerable success during 2014/15 in making cash seizures of the proceeds of crime. During this current financial year, Customs has seized cash in the amount of \$205,000.

Following the announcement that Bermuda had been successful in its bid to host the America's Cup, Customs has been busy in making preparations for its role in making the event a success. Naturally, Madam Chairman, in the lead up to this event, Customs anticipates an influx of related imports and has, as a result, assigned a committee to focus on the related preparations and administration. Already, Customs has reached out to the major stakeholders of this event to offer advice and assistance with their imports and transition into Bermuda and all relevant information is on the Customs website. A working plan has been devised to handle efficiently and effectively all of the imports related to the America's Cup.

Madam Chairman, that ends my comments on the Department of Customs and I would like to close by thanking the Collector of Customs, Ms. Pearman, and her entire team for their dedication and commitment to the work. And I know that over the next cou-

ple of days they will be operating with a heavy heart at the loss of their Senior Customs Officer, Mr. Colin Smith.

HEAD 25—DEPARTMENT OF CORRECTIONS

Hon. Michael H. Dunkley: I would like to take this opportunity now to move on to the Department of Corrections. Head 25 can be found on pages B-286 to B-289 of the Estimates of Revenue and Expenditure.

Madam Chairman, the department's mandate is to administer sentences imposed by the courts under conditions of safe custody and well-ordered community life so that convicted persons can lead good and useful lives upon discharge. The main objectives being:

1. to protect the public by holding inmates securely, reducing the risk of re-offending, providing safe, humane, well-ordered and lawful regimes;
2. to provide a humane but demanding regime aimed at reducing re-offending by presenting inmates with a range of opportunities in which reward is linked to effort (incentives and earned privileges), and to prepare for life after release.

Madam Chairman, the departmental outcomes are as follows:

1. The Government of Bermuda endorses the aim of the Department of Corrections to achieve, and where practicable, to exceed the United Nations Minimum Standards for the treatment of prisoners; and
2. The people of Bermuda are satisfied that the Department of Corrections makes an effective contribution to public safety and the rehabilitation of offenders.

The principle functions of the Department of Corrections fall into two categories:

1. Custody. The Department of Corrections is authorised to accept and detain all persons who are lawfully ordered to be detained by the courts. The main functions under custody include inmate reception, release, security, visits, court escort security, safety and general daily operations.
2. Treatment and Rehabilitation. This function is the treatment (intervention) rehabilitation/habilitation of offenders. This function can be challenging as offenders, based on their mindsets, attitudes and sometimes irrational thinking, often consider programmes unnecessary and irrelevant. However, this is achievable through the provision of offending behaviour programmes, cognitive interventions, life skills training, educational classes, skills and recreational development which are

aimed at addressing offending behaviour and of course promoting positive change.

Madam Chairman, the department is divided into 13 major cost centres which comprise of: Corrections Headquarters (35000), Farm Facility (35020), Co-Educational Facility (35030), Westgate Correctional Facility (35060), Transitional Living Centre (35070), Therapeutic Community—Right Living House (35090), Psychological Services (35105), Social Services & Case Management (35106), Health Services (35107), Educational Services (35108), Vocational Services (35109), Recreational Services (35110) and Chaplaincy (35111).

The department's mission statement is clear, "To empower inmates to be responsible and productive citizens." Madam Chairman, the department's core beliefs are set out as follows. They believe that:

- i. Those in our custody have the potential to change. I know we all believe that as well.
- ii. Our staff are our greatest asset in the achievement of our mission, and that they have the potential to bring about change.
- iii. The Bermuda Department of Corrections is an integral part of the entire Bermudian community.
- iv. We should operate the department cost-efficiently while retaining our mission.

The department has a responsibility for adhering to the following legislation:

- Treatment of Offenders Board Act 1979;
- Prison Act 1979;
- Prison Rules 1980;
- Young Offenders Act 1950;
- Senior Training School Rules 1951;
- Prison Officers (Discipline, Etc.) Rules 1981;
- Sections of the Mental Health Act 1968 and portions of other Legislation;
- Sections of the Parole Board Act;
- Sections of the Criminal Code Amendment Act.

Madam Chairman, the total current expenditure which can be found on page B-286 is estimated to be \$24,866,000 for the coming financial year, which represents a decrease of \$1,308,000, or approximately 5 per cent over the current budget. This reduction is a direct result of the mandate by the Government to look at efficiencies and cost savings.

The 2015/16 budget provides funding for 233 full-time employees as shown on page B-287. In addition to full-time employees it will fund facilitators and teachers for inmate programmes.

Headquarters—Cost Centre 35000

Madam Chairman, cost centre 35000, Headquarters, represents \$4,488,000, or 18 per cent of the

budget. Corrections Headquarters under the general direction of the commissioner and assistant commissioners provides directives to a decentralised organisation. Staff administer and coordinate the training, security strategies, human resources, financial resources and policy direction for the department. This budget will fund salaries and operating expenses for Corrections Headquarters.

Farm Facility—Cost Centre 35020

Cost centre 35020, the Farm Facility, represents \$3,489,000, or 14 per cent of the total budget in that department. The budget will allow for staffing of the Farm Facility, operating expenses and inmate care.

Madam Chairman, the Farm Facility is an adult male minimum security facility with a capacity to house 93 inmates. Currently there are 38 inmates housed at the Farm Facility. The prerequisite for inmates housed at this facility is completion of their core sentence plan requirements and classification of minimum (low risk) security.

Treatment continues to be provided focusing on relapse prevention. Inmates are also involved in work release programmes, charity programmes, increased activities and other ongoing projects within the facility. This year 18 inmates were enrolled in the work release programme and 37 inmates participated in the Charity Work programme.

Co-Ed Facility—Cost Centre 35020

Cost centre 35020, Co-Ed Facility, represents \$3,213,000, or 13 per cent of the total budget and provides funding for 40 staff and operational costs. This facility with a capacity of 56 cells has separate and distinct provisions to house 40 adult females and 16 young male offenders between the ages of 16 and 21. Currently, there are 12 adult females and one young male offender in the facility. The programmes provided are similar to other facilities based on the assessment of needs and the available resources. Madam Chairman, it must be noted that currently there is just one trainee at the facility; however, as the need arises, young males can prepare for their General Education Diploma [GED], gain skills in carpentry and computer classes. The females are provided with computer and sewing [classes]. Cognitive programmes such as anger management and substance abuse are provided as needed as well, Madam Chairman.

A [personal] officer scheme will be introduced in this budget year; the scheme is designed to allow officers to build a rapport with assigned inmates. In addition, the assigned officers will help inmates access services and address issues that may arise and provide input and advice whenever required on inmates in their charge.

Westgate Correctional Facility—Cost Centre 35060

Cost centre 35060, Westgate Correctional Facility, represents \$9,332,000, or 38 per cent of the total budget. Westgate Correctional Facility is an adult male establishment with the design capacity to house 208 prisoners in conditions of maximum, medium and minimum security, and represents over 60 per cent of the entire Department of Corrections total inmate population. Currently at Westgate there are 142 inmates. The majority of inmates fall within the medium security classification. The majority of assessment and treatment programmes for inmates take place at this facility. One of the main interventions at the facility has been to address inmates with gang affiliation. The facility has partnered with other community agencies to provide gang intervention workshops and assistance for inmates with gang affiliations who are being released back into the community. The initiatives will certainly continue in the 2015/16.

One of the highlights from the last budget year was the department's entry in the Bermuda Day parade. Inmates, including those from the Lifeline group, a support group for inmates serving life sentences, constructed a float representing Bermuda's gun powder plots. Additionally, the Lifeline group continued the bike refurbishment programme and presented students from various schools with "new" bikes. An activities day for inmates and their children was held prior to Father's Day to assist in the fostering of strong relationships between inmates and their children, which is so badly needed in any community.

Transitional Living Centre—Cost Centre 35070

Madam Chairman, cost centre 35070, Transitional Living Centre, has not been allocated funding as it has not been operational for a couple of years.

Therapeutic Community Centre—Cost Centre 35090

Cost centre 35090, Therapeutic Community Centre (TCC), represents a budget of \$1,354,000, or 5.5 per cent of the total budget. The Therapeutic Community, also known as the "Right Living House", is located on the northern perimeter of the Farm Facility and is a segregated residential substance abuse programme with a capacity of 18 residents. Currently there are 13 enrolled in the programme. The programme is developed for adult male offenders with a history of substance abuse and associated criminality. The mission of the Right Living House is to provide a drug-free, safe and structured environment characterized by two central qualities—mutual peer support and mutual peer accountability. The treatment environment is one where residents live and work together within a supportive and rehabilitative framework of mu-

tual self-help. Residents move through three phases; Orientation, Primary Treatment, and Re-entry which transitions the offender through an intensive 9 to 12 month treatment wholly dependent upon their demonstrated clinical progress. Aftercare treatment is provided to the residents once they leave the structured Right Living House and while fulfilling the conditions of their sentence or parole.

To date there have been an average of 14 residents in Right Living House every month. The goal of the Therapeutic Community is to return residents to the broader community with an increased potential for a life free of drugs and crimes by providing them an opportunity to realise their potential for change, as well as the inherent potential for health and success in every person. This funding provides for staffing, operational costs and inmates programmes.

During the current budget year, residents participated in a variety of community projects including:

- partnered with St. Paul's Anglican Church in Paget and assisted with the restoration of the church and grounds after the hurricane season, and ongoing projects at the church;
- they assisted with the cleanup in the Ferry Reach community; and
- there were 18 inmates involved in the Charity Work Release programme and six inmates have participated in Work Release.

Madam Chairman, currently the Right Living House inmates are housed at the Co-Ed [Facility] because their dorms on the Farm Facility are in a poor state of repair. So we are putting them in better conditions at Co-Ed where we have many rooms over there for them. The programme is still going on with no hitch in the programme.

Madam Chairman, Inmate Services and Programmes are designed to meet the needs of inmates that are identified in their individual case plans. The programme team is multi-disciplinary and provides various services/programmes including psychological, social and case management, health, educational, vocational, recreational, and chaplaincy. Funding for inmate services is necessary as the programmes provide tools and resources for offenders to assist them in returning to society as positive, productive and contributing citizens.

Psychological Services—Cost Centre 35105

Cost centre 35105, Psychological Services, represents a budget of \$473,000, or 2 per cent of the total budget. This funding provides for salaries for three psychologists who provide psychological services to offenders at each of the three facilities: Westgate Correctional Facility, the Co-Educational Facility, and the Farm Facility (including the Right Living House). I currently note, Madam Chairman, that the department only has two psychologists; however, we

will be recruiting to fill the other post. The psychologists complete various assessments on offenders including assessments of criminogenic need (areas of risk associated with their re-offending potential), emotional well-being and adjustment, personality factors and cognitive functioning. The findings of these assessments assist in determining the holistic needs of the offender, the motivation for change, treatment priority and treatment interfering factors, evaluating the best fit for treatment options, adjustment concerns and risk management approaches. In addition to the assessments, Madam Chairman, the psychologists focus on the provision of intervention to meet offender needs. This can be both group and individually based, utilising expertise in the application of research into what works with offenders.

Interventions can include, but are not limited to, substance misuse programmes, i.e., drug and alcohol education, drug and alcohol treatment and relapse prevention, Violence Reduction Programme, Sexual Offender Programme and Cognitive Skills Programme (Thinking for a Change).

The psychologists bring an evidence-based approach to working with offenders which assists with making more objective and risk-focused decisions. Interventions can include, but are not limited to, drug education, short-term substance abuse treatment and maintenance, Violence Reduction Programme, [Sexual] Offender Programme and, of course, cognitive thinking skills.

One of the programmes implemented during the 2014/15 fiscal year, Madam Chairman, was the Sycamore Tree Project. The programme is a restorative justice programme that brings together convicted offenders and unrelated victims from the community. The programme is facilitated by Prison Fellowship Bermuda and comprises of eight sessions delivered once per week. In conjunction with the Sycamore Tree Project, 12 inmates participated in the Victim Empathy programme which introduces inmates to the types of cognitive distortions used to justify offending. Using the “ripple effect” exercise, inmates are encouraged to identify those directly and indirectly affected by their offence.

Madam Chairman, the intent for the 2015/16 fiscal year is to deliver a variety of offending behaviour programmes/services to our inmates which include:

- Drug and Alcohol Treatment Programme;
- Drug and Alcohol Education Programme;
- Drug and Alcohol Relapse Prevention;
- Violence Prevention Programme (VRP);
- Survivors of Abuse Recovering Together (SART);
- Reflective Practice group and individual sessions for programme facilitators;
- Individual Work and Assessment including Parole Board assessments, mental health assessment and one-on-one therapy;
- Peer Support Groups/Lifers Group;

- Restorative Justice Conferencing (in partnership with the Bermuda Police Service).

Madam Chairman, one thing I will say before I get off the programme section is that it is important to note that there are many demands on psychologists throughout the world, and Corrections and the Human Resources Department have worked hard to get the number of psychologists up to three. I know the former Government is well aware of the challenges of getting psychologists in because they are in demand. So, we are pleased to have two on board now and we are actively searching for the third.

Social Services and Case Management—Cost Centre 35106

Madam Chairman, cost centre 35106, Social Services and Case Management, represents \$743,000, or 3 per cent of the total budget. Funding provides for staffing of two social workers and five case managers/assessment officers and, of course, inmate programmes.

The goal is to improve the well-being of those inmates and trainees who have deviated from the norms of society and are in dissension with the law. The department’s social workers, who are members of the department’s multi-disciplinary team, assist inmates and trainees with offence-specific associated problems and help to address behavioural, social and financial problems and provide a variety of services to the inmates and trainees including the following:

- Thinking for a Change/Cognitive Skills Programme;
- Anger Management—Controlling Anger and Learning to Manage It (CALM);
- Parenting Programmes (Fathers and Children Together (FACT));
- Job Readiness/Employment Assistance;
- Housing;
- Life Skills Training;
- Risk Assessments;
- Individual Counselling (financial, stress, adjustment, coping and grieving).

Key activities that took place during the current fiscal year included:

Bridging the Gap VIII was held at Westgate Correctional Facility. This is a community reintegration fair aimed at bridging the gap between community services and Corrections, providing offenders with an opportunity to learn more about community resources prior to discharge, and linking offenders to resources such as employment agencies, potential employers, housing agencies, support services, etc.

The fair continues to be very successful and proves to be a benefit for those inmates who attend.

Father's Day activities were also held for inmates housed at the Farm Facility and Westgate Correctional Facility.

The aim, Madam Chairman; Case Management is an integrated system involving initial screening and assessments, case planning and monitoring, discharge planning and preparation of programme case documents.

The five case managers/assessment officers provide case planning that is a key element in managing inmates as this process ensures that inmates are placed in the appropriate environment for treatment; the main objective is to prepare them to return to the community as law abiding, responsible and productive citizens.

Initiatives for 2015/16 include:

- Bridging the Gap Reintegration Fair [IX];
- Breaking the Chain4Life (a pilot programme) will take place as well. This is a Prison Fellowship re-entry programme in which inmates will undergo a mentorship programme prior to release. The programme is designed to enhance re-entry of inmates into the community and reduce inmates' re-offence risks.

There is certainly a lot going on in those areas.

Health Services—Cost Centre 35107

Cost centre 35107, Health Services, represents a budget of \$1,040,000, or 4 per cent of the total budget. This funding provides for staffing and health care services for inmates. Health care services include:

- Physical examinations;
- Dental treatment and hygiene;
- Chronic disease management—diabetes, asthma, hypertension;
- Physiotherapy;
- ECG;
- Phlebotomy;
- Drug detoxification;
- Drug screening.

Health services is staffed by a senior nurse and five registered nurses responsible for providing services to the inmate population at all facilities. The extent of services, i.e., basic to comprehensive, provided to inmates is based on the inmate's level of need and length of an inmate's incarceration. All inmates are seen upon reception by a registered nurse within a 24-hour window. This process assesses the initial physical and mental health of all inmates who are received at the Co-Educational and Westgate Correctional facilities, our main reception facilities. The mission statement of Health Services is "To respect human dignity and provide the highest standard of healthcare within the correctional setting."

The Correctional medical officer usually sees the inmate within three to seven days after his/her arrival and the psychiatrist sees those persons assessed by the nurse or doctor within one week.

Some of the goals of Health Services in 2015/16 are:

- Continuation of monthly Mental Health Clients in Corrections (MHCC) meetings with external partners with the aim of 100 per cent of the mental health inmates to be seen by the Mid-Atlantic Wellness Institute prior to their release into the community;
- The extension of a co-pay system for inmates receiving medical attention;
- Certification of up to 25 per cent of inmates in Basic Life Support including CPR, AED and first-aid;
- Certification of all nurses as Certified Correctional Healthcare Professionals (CCHP); and
- Continuation of the Annual Summer Oral Hygiene Programme, which is a joint initiative between Department of Corrections and the Department of Health.

Educational Services—35108

Cost centre 35108, Educational Services, represents a total of \$316,000, or 1 per cent of the budget. This allocation provides for salaries and educational supplies. Educational Services provide educational programmes at all Correctional Facilities to those inmates who wish to pursue their General Education Development [GED] certificate as well as to those who wish to strengthen basic numeracy and literacy skills. Educational Services are designed to enable inmates or trainees to achieve a higher level of education, enables inmates or trainees to participate in other programmes, daily life activities and to prepare them for a vocation. The Educational coordinator assesses each inmate/trainee in order to place him/her in the most suitable academic or basic programme. A range of educational programmes are offered to inmates/trainees and these include:

- Basic English;
- Basic Math;
- Basic Computer Skills;
- Social Science;
- General Education Development Certificate (GED);
- College Level Courses.

During the year 2014/15:

- The introduction of two new 12-week programmes; Personal Development (at the Co-Ed Facility) and Public Speaking (at the Westgate Correctional Facility).
- There was also the implementation of a music studies class as research shows a direct cor-

relation between inmate conduct and music intervention.

- Approximately 40 have been actively engaged in educational classes and programmes. Programmes extend to Westgate Correctional Facility, Co-Ed Facility, Farm Facility and Right Living House. These numbers take into consideration that some inmates are involved in more than one class, in fact, quite a few of them are.
- Eleven inmates/trainees were successful in obtaining their General Education Development [certificates], and a recent ceremony was held where Senator Baron attended.

In addition to the continuation of classes that were held in 2014/15, in 2015/16 we will see in the budget year:

- Computer usage for inmates to engage in technological learning in preparation for their return to the community and for those who require an alternative style of educational learning.
- A general knowledge class utilizing a DVD series. This class will familiarize inmates with the details of world and science related events in an effort to increase overall general knowledge while encouraging inmates to engage in constructive dialogue.

Vocational Services—Cost Centre 35109

Madam Chairman, the next cost centre 35109, Vocational Services, represents \$325,000, or 1 per cent of the total budget.

Vocational Services functions as an integral part of the programmes and services afforded to inmates and trainees. These services are designed to assist inmates/trainees in pursuing vocational interests with a view to increasing their employability upon release. Persons enrolled in such programmes may develop new or enhanced skills. Additionally, persons may engage in vocational classes for therapeutic or personal interest purposes. Funding allocated for this cost centre provides for staffing and vocational programmes (including some materials and supplies). The vocational programmes and services that will be offered in this fiscal year at Westgate, Farm and Co-Educational Facility based on the population and needs include horticulture, enhanced graphics, carpentry, life skills, sewing, crochet, correspondence/distance learning courses, culinary arts, drywall, auto body and mechanics. During the 2014/15 budget year, a culinary arts programme was offered at the Co-Ed Facility with eight inmates completing it. Also, a jewellery making class was introduced for the female inmates at the Co-Ed Facility.

Other highlights for the current financial year, Madam Chairman, include:

- completion of community projects including construction of a plinth for the Bermuda Paralympics Association;
- introduction of a drywall programme at Westgate Correctional Facility. This groundbreaking initiative is instructed by two professionals on a volunteer basis;
- the re-introduction of the National Centre for Construction Education and Research (NCCER) Core class;
- an arts and crafts display at City Hall during the Proclamation of Corrections' Week 2014.

Madam Chairman, the vocational classes are designed in workshop, classroom and independent/self-study formats. Participants are assessed for base-line skills and aptitude levels, and further assessment is conducted during or at the completion of each programme as necessary. Inmates participating in vocational programmes have assisted with the maintenance, repair and fabrication of departmental property. This affords the department expensive services at low cost. The prioritised initiatives are not only targeting vocational skill development, but are also intended to generate internal and external resources and create revenue-generating products.

Madam Chairman, I continue to be pleased on my visits to the facilities to see the work that has been done in this area and how delighted myself and the team at the Ministry are with the effort taken by some inmates on the work they do. And I do not want to name any inmates because I might miss some, but the work that I see down in the workshops and out and about in the facilities just goes to show that many inmates are on the right path, and it is gratifying to see. I love going into the workshop just to see what they have fixed up and what they have done, it is amazing how they can do things and they take great pride in doing them. So I thank them for it and I thank the commissioner for continuing to give them the support they need to do it.

Recreational Services—Cost Centre 35110

Madam Chairman, cost centre 35110, Recreational Services, represents \$52,000, or 0.2 per cent of the budget. The role of Recreation Services is to provide structured leisure time activities in sports, hobbies and cultural events at Westgate, Co-Ed and Farm facilities to promote constructive leisure time activities for offenders. Allocation of funds will provide for activities such as: art, ceramics, wood sculpture, sports and Penn Foster Correspondence Courses (Health and Fitness). This also includes the organising of annual arts and crafts shows to display inmate/trainee artwork to the public. The aim is to address the inmates' social, physical, intellectual and emotional needs in socially useful ways, according to their interests.

The major [decrease] in the budget of 65 per cent represents a decrease in staffing and other minor operational costs. The facilitation of daily recreation for facilities is currently being managed by the individual facilities and incorporated into their daily operations.

Chaplaincy Services—Cost Centre 35111

Cost centre 35111, Chaplaincy Services, represents \$41,000, or 0.2 per cent of the budget. This provides funding for two part-time chaplains who continue to offer much needed spiritual enrichment and guidance for our inmates. The chaplains coordinate services and religious instruction from the various denominations and also provide counselling to inmates. Prison Fellowship, whose focus is on restorative justice and religious programming, continues to partner with the Department of Corrections in providing programmes for inmates. Two of these programmes are:

- Angel Tree—a programme which provides Christmas gifts for children of inmates;
- Back to School Programme—supports children of inmates to acquire necessary resources and tools for school.

Madam Chairman, in regard to recruitment, training and development, the Department of Correction's strategy for the fiscal year is to limit the training to the local arena as a cost-saving measure. And we believe we can do that effectively.

Highlights of the 2014/15 budget year include:

- The deployment of 12 correctional officers (recruits) who completed their initial training. I had the pleasure of going up there to celebrate on the passing upgrade. These officers were a welcome addition to facilities which in some cases have been understaffed due to retirements and resignations.
- There were promotions of senior officers to the ranks of divisional officers, principal officers, chief officers and assistant commissioner.
- And in preparation of upcoming inmate programmes for the 2015/16 fiscal year, Madam Chairman, a number of staff have been trained to facilitate programmes, and staff awareness presentations were made. This includes:
 - Victim Empathy, Group Skills and Sex-offender Facilitation Training;
 - Restorative Justice Conferencing Training;
 - Staff Presentations on Restorative Justice;
 - Restorative Justice Conferencing Training; and

- Level of Service/Case Management Inventory LS/CMI Training.

Madam Chairman, the department's performance measures forecasted for 2015/16 are outlined on page B-288, and you will see some of the highlights:

1. The average daily inmate population for the current financial year, 262, but currently we are at 206 and the trend has been like that over the past couple of months. I believe the electronic monitoring programme is working quite effectively and that is why we intend to continue to try to find more funding to put in that to expand that programme.
2. The 97 admissions for this year were first-time offenders who received custodial sentences.
3. The forecasted outcome of inmates released on parole is 33. To date, 32 inmates were successful in achieving parole. Madam Chairman, as you are aware parole provides an opportunity for inmates to return to the community under supervision and receive the necessary support during their re-entry. I want to take this opportunity to thank the Parole Board, ably led by the chairman, for the fantastic work that they do on that. They put in a lot of time, a lot of energy and are very efficient at what they do, and I would like to thank them for that.
4. There was one minor assault on an inmate during the current financial year, and one minor assault on staff. I note, Madam Chairman, that staff are continually challenged by inmates' negative behaviour, and the department has a zero tolerance for any assault in any category.
5. [There were] 675 inmates enrolled in development and treatment programmes aimed to address the offending behaviours, address educational and vocational needs and to improve skill development.
6. Eleven inmates achieved their General Education Development (GED) certificate and this brings the total to 171 who have achieved their GED over the past 11 years. That is quite amazing.
7. The Department of Corrections calculates its recidivism rates according to internationally accepted practices. And based on these standards, Madam Chairman, the rates include persons who have a conviction for a new offence within one, two and three years of their release. The actual outcome for 2013/14 are as follows:
 - a. Year 1—57 inmates or 12.05 per cent;
 - b. Year 2—92 inmates or 19 per cent;
 - c. Year 3—104 inmates or 22 per cent.

I think these numbers are reflective of success as we move forward.

Achievements

I would like to take the opportunity to highlight some of the department's achievements in 2014/15:

- There has been continued use of the video conferencing at Westgate Correctional Facility and it has not only assisted in reducing the number of staff required for external court escorts during monthly arraignments, but it allows more efficient management of inmates with gang affiliations during their court appearance via video conference.
- In June 2014, the department held its inaugural Corrections Week 2014. A number of activities took place during the week to better educate the public on Corrections in Bermuda. Corrections celebrates all its staff and showcase and celebrate the vital role [they] play in the community.
- The department remains heavily engaged in community service and charity work and I commend them for their effort. Inmates have worked at senior citizen rest homes and charities, inmates have assisted community groups throughout the Island and, additionally, inmates have assisted in minor projects within the facilities.
- Madam Chairman, security is a major focus of our operations within Corrections and we constantly endeavour to improve security measures to combat breaches. The purchase of a specialised security vehicle has been finalised and is expected to arrive before the end of this fiscal year. In addition, Madam Chairman, Cabinet has approved upgrades to the current CCTV system, which are currently taking place. There are presently over 90 cameras in the facility and this will see major upgrades to the facility security system, which will put them in a much better position to have some extra eyes on the ground.

Madam Chairman, despite the many challenges faced by the Department of Corrections, staff remain dedicated and seek ways to address them including working with union representatives and other stakeholders and partners in order to achieve their mission and mandate.

- Security breaches remain a big concern as there have been breaches to the outer perimeter that have been intercepted by Corrections staff.
- Maintaining staffing levels due to resignations and retirements is also a bit of a challenge. The department has taken advantage of legis-

lation which allows officers to be rehired based on the needs of the department.

- Management of high-risk inmates, particularly those who are gang affiliated, continues to be a challenge, but we make progress.

In the 2015/16 budget year we will undertake:

- The continued implementation of recommendations from the Security Review Committee. These recommendations will not only enhance the safety of staff, inmates and visitors, but they are aimed at reducing security breaches.
- We will also finalise the new management structure, implementation of succession planning and the development of a training plan for the department.
- There will be a completion of a structural review of the physical plants which will assist in determining the necessary upgrades to the physical plants and equipment. Obviously, after the last hurricane, the facilities, like every place throughout Bermuda, were hit quite drastically.
- There will be a broader expansion of the restorative justice programmes.
- All programmes including industries and work programmes and facility regimes will continue to be examined and revamped as necessary to ensure programmes are relevant as necessary to ensure that they stay to a sufficient level of quality that is expected to be maintained. Changes will be made to the facility operations to improve the daily regime of inmates, particularly for the long-term inmates and young offenders. As you can imagine, there are a number of long-term inmates at the facility who require special attention to make their life more meaningful as we move forward.
- Activities are being planned to celebrate Corrections Week 2015 again.

Madam Chairman, this brings to a close my presentation on the Corrections Head. I would like to take this opportunity to thank Commissioner Lamb and his team for the work they do under very difficult circumstances. I take every opportunity I can to visit the premises to see first-hand the work that has been done, and while we have some challenges, I feel very comfortable with the direction that we are moving and I look forward to continued progress.

HEAD 88—DEPARTMENT OF NATIONAL DRUG CONTROL

Hon. Michael H. Dunkley: The last Head, Madam Chairman, in debate today under the Ministry of National Security is the Department of National Drug

Control, Head 88, which can be found on pages B-293 of the Estimates Book. For the fiscal year 2015/16, the department has been allocated \$3.921 million dollars, which is a 5 per cent decrease.

Madam Chairman, the Department for National Drug Control presently plays a key role in the Ministry for National Security with respect to addressing one of the foremost social issues affecting Bermuda today—substance misuse and abuse. The Department for National Drug Control provides leadership and policy coordination for the planning, development, implementation, and evaluation of a comprehensive national system of alcohol, tobacco and other drug (ATOD) prevention, treatment and, of course, rehabilitation services. In its leadership role the DNDC is charged with facilitating collaboration with all agencies involved in the national drug control effort, including supply reduction and demand reduction efforts.

The department is also responsible for establishing targets and standards of performance for initiatives supporting the National Drug Control effort. Subsequently, the mission of the department is to lead efforts to reduce alcohol abuse and drug misuse.

The strategic goal of the department is to advocate for the adoption of effective measures to support substance abuse prevention and treatment of drug dependence on the Island, and the employment of a balanced approach to supply and demand reduction efforts. In support of the strategic goals, the Department of National Drug Control has the following strategic initiatives:

- a. Guided by the National Drug Control Master Plan, the DNDC will coordinate the development, management, implementation, and the monitoring and evaluation of all national-level drug control efforts including the formulation and implementation of national drug control policies and national strategies [Master Plan], incorporating supply and demand reduction activities through a balanced inter-agency/departmental approach.
- b. To strengthen and develop sustainable drug prevention and drug treatment services by providing policy direction and technical oversight guided by the National Drug Abuse Prevention and Treatment Strategies.
- c. To continue the development and maintenance of the national drug information network (BerDIN) to provide comprehensive information on the drugs phenomenon in Bermuda and drug-related issues affecting specific community groups and society overall.
- d. To provide support, advocacy, and resources to stakeholder Ministries, departments, and community partners to enhance efforts in achieving goals identified in the National Drug Control Strategy.

Madam Chairman, the DNDC manages and administers both grant funds to partner agencies providing prevention and treatment services as well as a budget for core administration functions, drug prevention, drug treatment, community development and, research/policy initiatives. Funds are also allocated to assist in the implementation of the National Drug Control Master Plan and its action plans.

The department employs 27 staff. The National Office is presently staffed by a director, six technical officers, and one full-time administrative assistant. There is presently one vacant post within the office. The treatment coordinator post will be funded in 2015/16 and utilised to support the operations of the Nelson Bascome [Centre for] Substance Abuse Treatment facility in Dockyard. Direct staffing support to [the] Nelson Bascome facility is provided by 19 clinical and support posts currently assigned to the Women's Treatment Centre and the Men's Treatment programme. There are five vacancies within the treatment programmes, several are in active recruitment and the remainder are awaiting approval of a restructuring effort to create more efficient utilisation of clinical staff.

Over the next financial year the DNDC plans to:

- Continue to monitor active initiatives identified within the revised National Drug Control Master Plan 2013–2017 and provide an update to the public on relevant activities, progress and challenges.
- Over the next year we will continue to promote and disseminate public information about the health and social consequences of alcohol, tobacco and drugs via all forms of media including Facebook, YouTube and text messaging.
- Will continue the implementation of drug prevention programmes (AI's Pals and Teen Peace) in collaboration with the Ministry of Education within schools in support of the National Prevention Strategy.
- It will continue to move towards the creation of a National School Drug Policy to assist in the management of drug-related issues within schools.
- Continue to operate the male and female residential drug treatment programmes at the Nelson Bascome [Centre for] Substance Abuse Treatment facility in support of the National Treatment Strategy.
- It will ensure that both programmes gain and maintain international accreditation with CARF International as per the National Drug Control Act 2013.
- It will develop and implement regulations addressing licensing and registration for drug treatment and drug prevention facili-

ties/centres/programmes to support the National Drug Control Act 2013.

- It will continue to support efforts to implement TIPS Regulations within the Liquor Licence Amendment Act 2014.
- It will support the implementation of cross-Ministry initiatives within the Police Service and HM Customs in support of the National Drug Control Master Plan (e.g, anti-gang initiatives, community club development, and border control).
- It will continue to report on alcohol, tobacco, and other drug-related research and surveillance data via the Bermuda Drug Information Network [BerDIN].
- It will lead efforts in implementing initiatives to address underage drinking.
- And support efforts to address drunk/drugged driving.

Madam Chairman, key policy focuses will be on alcohol abuse and road safety (driving under the influence) with a continued emphasis on underage drinking.

Key legislative initiatives will include amendments aimed at the management of drunk/drugged driving along with the implementation of regulations to support the Liquor Licence Amendment Act 2014 as it relates to TIPS and to the National Drug Control Act 2013 as it relates to licensing and registration of facilities, centres and programmes.

Madam Chairman, during the fiscal year 2014/15, the DNDC concentrated its efforts on the continued implementation of the National Drug Control Master Plan, its action plans and the implementation of elements of the Demand Reduction Strategies for Prevention and Treatment in alignment with the National Drug Control Act 2013.

The following achievements can be highlighted to date:

- Solidification on the implementation of the After-School Drug Prevention Programme for middle school students, *Teen Peace* at five middle schools. The programme includes the Botvin Lifeskills drug prevention curriculum along with Adventure Education. Both are evidenced-based programmes with [proven] positive outcomes among students for making healthy choices.
- The Al's Pals programme has continued in collaboration with the Department of Education, with the majority of public and private pre-school teachers and P1 and P2 teachers in the public schools, providing the programme in their classrooms. A commitment of continued collaboration and support for the Al's Pals programme has been given by the Department of Education.

- Drug prevention education and training included: presentation for physicians on cannabis-based medications and their use; education of parents and young people about the facts of marijuana and the negative consequences of adolescent marijuana use; and displays of drug facts in public buses. Drug Prevention Week was held for the first time in Bermuda and involved participation of school age students and information booths manned by "The Prevention Partners." Dissemination of drug information within the community included participation in the Santa Parade, health and school fairs and television/radio advertisements.
- There was continued provision for the residential substance abuse treatment programmes for both adult males and females.
- During 2014/15, they provided supportive housing for females through the Women's Treatment Centre for nine clients, and the males for 20 clients, and they continued to be provided by Focus Counselling Services who were assisted by the Department of National Drug Control.
- The Women's Treatment Centre/Supportive Housing unit underwent a CARF survey for continued international accreditation and gained the "gold star" status of a three-year award for the period 2014–2016. The Bermuda Hospitals Board, Turning Point Substance Abuse Treatment Programme also gained the "gold star" status of a three-year award for the same period. CARF Accreditation is spearheaded and funded by the Department of National Drug Control in support of the National Drug Control Master Plan.
- The Men's Treatment programme has completed the process of developing and implementing programme policies and procedures to meet CARF Accreditation standards and will be surveyed in April 2015.
- The DNDC has solid working relationships with the Bermuda Police Service and HM Customs as partners in the National Drug Control [Master] Plan with combined efforts in the areas of strategic planning, data collection and analysis, training, community education and the provision of materials, books and presentations to officers.
- The Bermuda National Drug Information Network (BerDIN) continued with the collection of data from key stakeholders. The annual meeting was held with all network [members] in October 2014. This annual event has greatly increased understanding and information sharing within networks. The 2013 Annual Report of BerDIN [Bermuda Drug Information

Network] was released to the public in October 2014.

- Consumer satisfaction surveys, stakeholder feedback surveys and quality records reviews were completed within the DNDC, Women's Treatment Centre, Men's Treatment programme and the Right Living House operated under the Department of Corrections.
- TIPS Regulations were developed and provided for drafting with the Attorney General's chambers and work has commenced on the development of regulations to guide licensing and registration of substance abuse treatment centres/facilities and drug prevention programmes in accordance with the [National Drug Control] Act 2013.

Finally, the DNDC, Madam Chairman, has provided grants to five stakeholder agencies to support efficient and effective delivery of prevention and treatment services. Agencies included: PRIDE, CADA, Focus Counselling Services, Salvation Army Harbour Lights/Salvation Army Community Life Skills and the Bermuda Addiction and Certification Board [BACB].

Now I will deal with cost centres and compare the estimates for 2014/15 and 2015/16.

Administration—Cost Centre 98000

The Administration allocation is \$677,000 and covers employee expenses (salaries) and other operational expenses (facilities, utilities, maintenance costs, supplies and training). The 41 per cent decrease in this cost [centre] is representative of the elimination of grant funding to Focus Counselling Services, PRIDE and Salvation Army Harbour Light and Life Skills programmes. The Ministry understands clearly the importance of the programmes and services provided to the community by our grantees and will ensure that some level of funding support will be provided.

As you know, Madam Chairman, last year we realised funding through the continued Cash Back for Communities programme, and those proceeds were disbursed from the Confiscated Assets Fund. We anticipate we will use the same approach this year to help them fill their mandate going forward.

Community Development—Cost Centre 98010

Turning to the allocation for Community Development, [cost centre] 98010 which was merged with the allocation for Prevention 98020, under cost [centre] 98010, in the combined amount of \$501,000 as evidenced on page B-293 in the Budget Book. This year's budget has been segregated again to provide a clear delineation between the functions of the unit. This change may create some confusion with the comparison from the previous year in the Budget

Book for both, Community Development, cost [centre] 98010 and Prevention, cost [centre] 98020.

The allocation for Community Development is \$270,000. Funding is to facilitate activities that are primarily targeted towards public education, community development, information dissemination, and to support CADA.

The goal of this unit to educate the public about the harms of alcohol and drug use; to ensure the provision of clear and sustained messages to our young people that *no use of alcohol, tobacco or other drugs is acceptable* and to involve families, schools and community organisations in alcohol and drug prevention efforts.

CADA works in collaboration with the DNDC to provide community education on alcohol as well as to provide the server training programme (TIPS), which I have mentioned a couple of times already, which is mandated under the Liquor Licensing Act Amendment 2011. A grant of \$100,000 is allocated to CADA to support these activities within this cost [centre].

Other initiatives for the Community Development unit will be to assist highlighting drunk/drug driving and road safety initiatives through public education and to continue awareness campaigns directed at underage drinking and adolescent drug use.

Prevention—Cost Centre 98020

Prevention, Madam Chairman, on page B-293.

An allocation of \$229,000 is provided to support the Prevention Unit efforts in the budget under cost [centre] 98020. Funds will be utilised to improve coverage of drug prevention measures within the community, to improve opportunities for school-based prevention interventions, and to increase access for young people to targeted prevention programmes.

Currently, the Prevention Unit facilitates the Teen Peace programme in five public schools, and also supports the implementation and integration of the Al's Pal Programme at the pre-school and primary 1-2 levels. Funding is allocated within the cost [centre] to support facilitators and the purchase of resources to sustain these programmes.

The successful implementation of the Prevention Unit functions will be based on the performance indicators on page B-296 of the Budget Book.

Treatment—Cost Centre 98030

Treatment, cost centre 98030, on page B-293 of the Budget Book.

Madam Chairman, the Treatment Unit is allocated \$397,000, a 28 per cent increase from the previous fiscal year. The increase represents the funding of the previously vacant Treatment coordinator's post. The funding of this post will assist in planned efforts to

re-structure [staffing] for the Nelson Bascome [Centre for] Substance Abuse Treatment [facility], to make it more efficient and more cost-effective. The Treatment funding allocation will also facilitate the implementation of key activities geared towards achieving the goals of the National Treatment Strategy and to support the grant allocation for the Bermuda Addiction Certification Board (BACB).

This fiscal year focus will remain on achieving and maintaining CARF Accreditation for the Men's Treatment programme, the Women's Treatment Centre and Turning Point (which is operated by BHB), as required under the [National Drug Control] Act 2013. Continued efforts will be directed at consolidating the use of the AccuCare Client Management system in all drug treatment programmes. The \$100,000 grant provided to BACB provides international certification testing for both prevention and treatment professionals, and some funding to support addiction specific training to enhance workforce development in this specialty area.

Madam Chairman, let me pause for just a short moment and observe that the provision of treatment services, whether by Government or by the private sector, is a fiscally challenging proposition. More often than not the clientele do not have the independent means to pay for the services, and insurance coverage for the intensive treatment required is certainly limited.

Madam Chairman, this is an area that simply cannot be neglected. Treatment must continue to be provided in this way as it is the responsibility that the Government bears towards their citizens.

And I say that because we have seen over the past number of years that Government has taken a focus to expect the public community to deal with treatment. The commitment was made by the former Government probably in 2010/11 to fix up the treatment centre in Dockyard which is now the Nelson Bascome [Centre for Substance Abuse] Treatment [facility], and this Government fully supports the mandate that they have up there to take care of our men and women who need that help because clearly the private sector, through the work and the support they get from the public, is strained to meet these demands. As a Government we are not willing to allow treatment to not be provided, so we will step to the plate and do what we have to do.

Research and Policy Development—Cost Centre 98050

In regard to Research and Policy Development on B-293, the cost [centre] 98050 has an allocation of \$320,000. The funding allocation remains the same as the previous fiscal year. Funds will be used to facilitate information gathering and analysis, monitoring and evaluation, as well as any relevant legislation and policy development initiatives prioritised

within the Ministry. The primary activities of the Research unit will be geared towards collection and dissemination of reliable data through the Bermuda National Drug Information Network (BerDIN), identifying any emerging trends and patterns of drug use, evaluation of current drug control efforts, and providing coordination and implementation of the revised National Drug Control Master Plan and Action Plan.

Men's Treatment—Cost Centre 98060

Men's Treatment, cost centre 98060, on B-293 has an allocation of \$890,000. [This] provides the operational and staffing cost required to provide outputs to meet the treatment needs and goals for adult males needing residential treatment at the Nelson Bascome [Centre for] Substance Abuse. The 22 per cent increase in funding in this cost [centre] will accommodate on-call allowances which provide added staffing coverage for staff leave and sick time. The 22 per cent increase also includes real costs in utilities and maintenance incurred at the facility for daily operations. [Because] 2014/15 was the first full year of the occupation and operation of the Nelson Bascome [Centre for] Substance Abuse Treatment [facility], we are just now getting a clear understanding of costs and what is required to run that facility.

Women's Treatment Centre—Cost Centre 98070

The Women's Treatment Centre, cost centre 98070, has an allocation of \$1.103 million for the fiscal year coming up to meet the outputs to meet the needs of women in residential substance abuse treatment. The Women's Treatment Centre provides both residential treatment for women at the Nelson Bascome [Centre for] Substance Abuse Treatment [facility] as well as nine beds for supportive residency at a separate site. This programme, as I said earlier, has been Accredited by CARF since 2009 and currently holds a "gold star" international accreditation ranking for the period 2014–2016 after recently completing the re-accreditation survey in March 2014. The 3 per cent increase will accommodate on-call allowances which provide added staffing coverage for staff leave and sick time. The 3 per cent increase also includes real costs in utilities and maintenance incurred at the facility.

Madam Chairman, I am sure we are all we aware, but just for the highlight of the listening public, those facilities operate 24 hours a day so there has to be coverage 24 hours a day.

National Drug Control Master Plan—Cost Centre 98080

Hon. Michael H. Dunkley: The National Drug Control Master Plan, cost centre 98080, on page B-293 has a cost allocation of \$35,000. The cost goes towards the

effective implementation of the Master Plan; cross-Ministry initiatives with the Police, Customs and Corrections; evaluation of the Master Plan and to encourage cooperation and involvement of other government departments and civil society in the implementation and the success of the Master Plan's initiatives.

The \$35,000 in this fiscal year will be utilised to support efforts to address drunk/drug driving, an action item in the National Drug Control Master Plan

It is certainly anticipated that funding will be allocated accordingly in the next fiscal years to ensure the implementation of priority initiatives identified within the 2013–2017 National Drug Control Master Plan, thus ensuring its success.

Grants and Contributions

Madam Chairman, the Department of National Drug Control Grants and Contributions can be found on page C-20. It is established in part as a service delivery unit but cannot provide all of the needed services within the community. Therefore, the DNDC depends greatly on purchasing services in the treatment and prevention areas to realise its mandate. It is anticipated that the allocations for [fiscal] 2014/15 of \$200,000, listed under Grants and Contributions, will be used towards providing grants to CADA and the Bermuda Addiction Certification Board (BACB). Both of these agencies provide essential activities required by legislation. CADA's TIPS programme is mandated within Section 39B of the Bermuda Liquor License Act 1974 and the addiction counsellor examinations and certification is required for registration of addiction counsellors under the Allied Health Professions Act 1973.

In closing, the Department for National Drug Control will continue to work collaboratively with other key Ministries such as Health, Education, and departments such as Corrections, Court Services, and the Police and Customs to ensure the implementation of a balanced approach to efforts made in achieving a healthier and drug free Bermuda.

And as I close down my comments, I want to say *thank you* to Director Joanne Dean and her team for their work in an area that our community relies greatly on as we make progress in turning the lives around of those who have been impacted.

This brings to a close my presentation on National Security. And as I close I would, once again, like to thank PS Major Marc Telemaque for his experience and effective support as we tackle some of the challenges in one of Government's most important Ministries.

Thank you, Madam Chairman.

The Chairman: Thank you, Premier.

The Chair now recognises the Member from constituency 15, the Shadow Minister of Public Safety, Mr. Walter H. Roban.

We are going to be clear on the rules as set out by the Standing Order: [Standing Order 40(9)(b) "[The] debate must be relevant to the head or programme under consideration" and [Standing Order 40(11)] "confined to the policy of the service for which the money is to be provided and shall not . . . [for which] that service is not responsible."

I would ask, because there are quite a few Heads and in order for me to be able to follow, if you could specify where you are, it would be a real help.

Thank you very much.

Mr. Walter H. Roban: Yes, Madam Chairman.

Thank you very much. Thank you to the Premier for his presentation. It was quite substantive. Those are very weighty Ministries with quite a bit of responsibility. And quite a bit of information was shared today which I hope the public heard. And those departments were chosen because they did reflect quite a bit of work that goes on in the community in the areas of law enforcement, drug treatment, obviously revenue and safety and dealing with issues of incarceration.

One thing that is very interesting about this particular Ministry, Madam Chairman, is that—and which I myself have found quite fascinating, is that there are somewhere in the region of over 1,300 employees, which is a substantial amount of the government's service. And they occupy numerous posts, as was said, we were talking about psychologists as well as other types of expertise that are all within and under the Ministry of National Security. So although there are eight different departments, we are only looking at six of those, and I do expect that I will get good feedback on my questions. And I am sure other Members of this House will also want to contribute.

I note the expenditure starting with Head 83, page B-263, noting that the expenditure for that Ministry is about 13 per cent of the Government's budget at \$14.3 million, revenue is just over \$5 million, their capital expenditure is \$3.9 million. And we will be dealing with Heads 83, 6, 7, 12, 25 and 88.

One of the interesting things I did notice in my examination—

[Mr. Walton Brown, Chairman]

[Inaudible interjection]

Mr. Walter H. Roban: I stated it is page B-263, Mr. Chairman.

One thing I noted in examining this, I did note that when you look at . . . for some of the departments that we are looking at, when you look at the original estimates for 2014/15 there were some interesting overspends which, I think, perhaps in a number of the departments. But I will go through each department because I did think starting with the Ministry, and just

over \$200,000 overspend based on the revised and the original number.

I would like to, perhaps, get some information as to what that accounted for in relation to that department. Because the Honourable Premier did take note . . . and when you look at the Budget Book, that department—most of the departments—faced a 5 per cent on average reduction. That is the one department that had a 14 per cent increase. The Honourable Premier did account for that, something having to do with the amount that they were taking on with taking on the bracelet programme, I believe. But I would be interested to know why in the previous calendar year that particular department had a particular overspend of just over \$200,000.

Looking at the Subjective Analysis of Current Account Estimates on page B-265, Mr. Chairman, it was interesting to note that Advertising & Promotion in that particular department was going up around 92 per cent. A question I would like to perhaps have answered is, Exactly what they are expecting to be doing in Advertising & Promotion for the next calendar year with that increase? Are there particular special promotional efforts planned? I did not hear much about that in the brief by the Honourable Premier, but perhaps I can get some specifics as to why that is going up so much in relation to . . . are there actually specific things planned that account for that expenditure?

Mr. Chairman, I did note a few other things with the Premier's presentation in relation to Head 83. Mention was made of the Inter-Agency Gang Task Force and that is a public/private partnership of a number of different agencies and members to directly address the issue of gangs and gang behaviour with a view to reducing those activities in our society.

What I would be interested to know is what has been the composition of the public and private partnership? Has this been a financial relationship or is it just in reference to a person relationship where there is outside personnel but has there been a financial component? What has been the funding, if any, to some of the programmes like Project Street Safe? Which I believe that particular Inter-Agency Gang Task Force might have some oversight on monitoring as to their activities. So what has been the funding commitment to that particular programme and particularly to some of the other programmes that have been related, specifically under the Inter-Agency Gang Task Force? I would like to, if possible, get some information on that.

There were a number other initiatives which were mentioned under the Ministry—Cash Back for Communities and the Middle School programme. I did not hear the Premier mention, the Honourable Member for constituency 11 [*sic*], how much funds were actually taken in or dispersed by Cash Back for Communities over the calendar year. I think that would be interesting to know. Certainly, it is a worthwhile programme, looking to use the proceeds of crime to do

good. There is nothing wrong with that, but I would be interested to know how much. It was mentioned as a successful programme, I would like to know perhaps what was taken in or given to it by the Confiscated Assets Programme and what was actually dispersed. I do not need to know to whom, but just how much, that would be interesting to know.

Further on with my comments about the Ministry budget, I am very interested to hear more as it relates to some of the particular initiatives that are under the Ministry. I do note, Mr. Chairman, on page B-266, as it relates to Performance Measures in the Ministry, a couple of things. One is the percentage of current year Throne Speech Initiatives that have been implemented under Business Unit, [cost centre] 93000, Administration. And I see that they have 100 per cent achieved.

I found it interesting because I think perhaps, and I know the Premier did mention . . . make some comment about that, but there are a number of initiatives that have appeared in Throne Speeches related to this Ministry. If you consider that the 2013 Throne Speech which was done in late year would be captured by the following year, the 2014 Budget, and vice versa, so I did not hear much on details as to specifically what initiatives actually had been met. And based on what is in the Throne Speech, I would like to perhaps get some answers on some of these initiatives from the Ministry to know what actually has happened. And I will just go through some of them.

Department of Marine and Ports will also review—this was in the 2013 Throne Speech—“border and port security with partner agencies in concert with the completed National Security Review.” Since, and I mention that because it is connected to the review, which came out of the Ministry. So what work has the Ministry done to deal with that particular objective on page 11 of the 2013 Throne Speech?

The other one the Premier did mention, which was concerning the Bermuda Police Association and the Conditions of Service Order. The Premier made clear that that is currently being discussed, so that is something that is being worked on.

Have we . . . has the Government completed its full implementation of Operation Ceasefire that was on page 12 of the 2013 Throne Speech?

There was a mention in the same Throne Speech of the Inter-Agency Task Force implementing a Bermuda-style call-in procedure. What work has been done or has that been completed?

Parole responsibilities for Court Services will be transferred to the Department of Corrections. Was that done? Has that been completed?

Government will complete earlier plans to strengthen border control by placing control of those elements under the Ministry of Public Safety. It does appear that those may have been done at least on the face of the fact that Customs, from the standpoint of

enforcement, we have just discussed that budget. But has that been fully completed?

Government will allocate funding to support Team Street Safe. I have asked that question, so if perhaps an answer can be given to that.

Government will introduce the elements in the Defence Act to deal with conscription to eliminate conscription. No mention of that in the Minister's presentation, but where are we on that particular measure as a Throne Speech initiative, from page 13 of the 2013 Throne Speech?

Further amendments to the Act will provide for a revised legal disciplinary system for the Bermuda Regiment in accordance with EU standards and the modern military. Where are we on that? That is on page 13 of the 2013 Throne Speech.

As it relates to the current 2014 Throne Speech, there are a number of initiatives as well, which I will mention so that perhaps the Premier can give a more detailed report on their progress. On the basis that, again, on page B-266, it is stating that 100 per cent of Throne Speech initiatives presented for the year have been implemented. So if a more clear, detailed progress on those can be given, I would appreciate it.

The Government will introduce amendments to the Motor Car Act, this has to do with breathalyser tests, authorising the police to administer. Again, because they are connected with the Bermuda Police Service I am mentioning them. So there is a role for the Ministry to be playing in making sure these are done on the basis that the police are going to be the ones enforcing it. And what work has been done on the police side to make sure that these have been done? These are in the Throne Speech. It is important that I think some report be given on them in we are now into the year 2015, or certainly if work has not been done, then the Ministry can give us a report as to where they are.

Government will better align the work of the Mirrors Programme with Team Street Safe, page 15, to ensure that there are no gaps in delivery of services and that there is meaningful alternatives to destructive gang activity. Clearly, that would be in line with the previous questions I have asked.

The Caution Policy, that was something that was mentioned, will be amended to commit greater discretion on the part of police officers when dealing with first-time offenders. Has anything been done on that up to this point?

Government will facilitate a means in which sports clubs, educators and community leaders and parents are joined in a network of constant interaction, also the national strategy to build on the recommendations of the Report of the Joint Select Committee of 2011 around a National Youth Summit. Where are we on progress on these initiatives?

Secondment of a senior police officer to the Ministry of National Security to act as a disaster plan-

ner. Clearly, this would have come out of the experience with Fay and Gonzalo. What has been the progress on this particular initiative as well?

Government will devise a means by which to devolve responsibility of the police to attend and investigate minor road traffic accidents . . . suitably qualify individuals, including existing traffic officers. I have a few questions about that. Will the Ministry be funding any particular training in relation to the persons who they desire to take on this responsibility? I can understand this may be an important cost-saving measure that the Government is seeking to do. If you can take the police and the expensive . . . and . . . you know, their time out of minor traffic offences, it potentially is a reasonable cost-saving measure. But certainly there is, you know, what sort of training will be given to, if not the traffic officers themselves who primarily seem to issue tickets, what training might they be afforded if this is going to be implemented in the reasonable future?

Again, the conscription matter was mentioned in this . . . second time in the Throne Speech, so it would be good to know where the Government is on that, having mentioned it twice in the Throne Speech with a very definitive statement as to where you are going. Where is your progress on that?

Where are we on the Marine patrolling, evolving more responsibly to the Regiment in marine patrols? That was on page 17 of the 2014 Throne Speech.

We recently had a successful conference with INTERPOL Specialists Group on Crimes Against Children in Bermuda. Now there are some . . . there was mention of some potential amendments to the Criminal Code 1907 that the Government would look at. Where are we possibly on those? And this is an area of success for Bermuda so it would be interesting to know where we are on moving those forward.

And there was also the mention of a committee to review domestic violence in Bermuda with the initial focus on protective legislation. Where are we on those initiatives?

These are things that were mentioned that might have some impact on the work of the Ministry. If some of them do not I am happy to be clarified on that. But these are things that were in the Throne Speech. I bring them to the attention of the House and to the listening audience because there is a clear statement in your Performance Measures of having met them 100 per cent. If there can be a more detailed report on where you are with them, then that is fine.

There is also in your Performance Measures a percentage of current year Cabinet papers that have been submitted in the current year and have been successfully approved. Perhaps you could tell us how many Cabinet papers the Ministry presented to Cabinet. I am not interested in hearing anything else, just

how many. That would perhaps give a better idea as to the work that is being done.

Madam Chairman, I will now move on—

[Inaudible interjection]

Mr. Walter H. Roban: I am sorry, Mr. Chairman, sorry—to Defence, Head 6, page B-267 in the Budget Book.

Defence Services, that total Head had a budget of \$6.9 million combining Defence Services with the Bermuda Regiment. I do have a question in relation to the Junior Leaders Programme as the Premier mentioned that there seemed to have been a requirement to reduce the spending to zero from \$128,000, that was the original number, and it was revised to \$135,000 in the 2014/15 Budget. Does this mean that there is not going to be any activity with the Junior Leaders at all for the year? Is there any funding that might be available to ensure their existence through the calendar year? I ask the question because certainly that gives the impression that there is not going to be a Junior Leaders Programme. So if there could be some more clarity as to what might be . . . even though the budget is not there, what is the expectation for the Junior Leaders Programme for the year? Certainly youth development is a priority in the country and the role of the Junior Leaders over the years has been quite positive, Mr. Chairman, in that. And in my discussions with some former members of the Regiment that programme did take a bit of a dip, but there has been a passionate effort to try and get it back so that it has a greater influence amongst our young people and in our schools. And so seeing the budget cut, you know, it does give cause for some concern. But if the budget does not mean that it is not going to be in existence, but that it will just run in a different way I would like to hear more about that. That would perhaps be more interesting to hear as to . . . fine you are not going to give it the money but you have ways of knowing that you can keep the programme going and meet some of the objectives until such time as you can give it more funding.

[Cost centre] 16050, Basic Training, again, it was zero. Does that mean that . . . what is going to be the change in light of that not having funding for the calendar year? What is going to be the change to that Basic Training Programme? I am assuming that that is a programme that your new recruits are exposed to when they come in, so what will be the change with that particular programme—16050—for the upcoming fiscal year?

Moving to page B-269 under Defence under Subjective Analysis of Current Account Estimates, I note that under Energy, which is a cost of \$180,000 last year and it is budgeted for \$160,000 for this year. That is the main figure that I am interested in only from the basis in that is there perhaps an opportunity for the Regiment in its quest to always be an organi-

sation that has a level of self-sufficiency and independence to perhaps look at some energy-efficient technologies that it can deploy on site to its facilities to actually save money . . . some photovoltaic or solar water heating technologies that can be deployed there?

I know that there is a cost to implementation, but certainly as the Regiment looks to save money over time and this budget is quite finite for them, obviously there are other changes which are coming to the Regiment which might affect its budget, but perhaps this is something that can be looked at. There are standing facilities up there that are always there. Perhaps some of this technology and others can help. I mean, the Regiment prides itself on being very independent and self-sufficient.

It is a way that can ultimately keep to that prerogative and also save some money in the long term. Certainly, if you cannot [eliminate] the \$160,000 altogether perhaps you can get it down, and some of that money can be deployed in another place that the Regiment can find valuable rather than giving it all to BELCO.

Moving to page B-271, performance measures, Business Unit, [cost centre] 16000, under Administration and Recruitment it is noted that your target is 80 per cent for the upcoming year. I have to question because do you generally feel that is achievable because of the cut in your budget? I was impressed with what seemed to be the over-performance of the Regiment with getting volunteer recruits this year. Having myself had the opportunity for the first time to attend the recruit camp, I will say that I was very impressed with what I saw. I was impressed with the leadership by the young Bermudians who were running the camp. I was also impressed with the general enthusiasm of the recruits. It did not appear as if they did not want to be there, but perhaps they hide it very well.

But certainly when myself and my honourable colleague here who sits in constituency 36 attended—we were pleased with what we saw. We were impressed with the leadership by the Bermudian officers who were running the camp. We were pleased with the genuine welcome of Commander Foster-Brown and his staff.

I ask that question, Do you generally believe that the 80 per cent can be achieved for this year? The budget has been cut and I have some concerns about the budget being cut. I understand why, but I have some concerns because of the genuine very interesting time the Regiment is going through right now with transitioning from what it has been doing for the past 50 years to something else—to being a more professional and volunteer organisation, so that any cuts in budget do not jeopardise them being able to handle that transition, being able to promote themselves

They have had a very impressive promotion campaign over the past year, certainly since Commander Foster-Brown has come on board, in promoting the volunteerism and trying to make themselves almost look kind of (if I can say) a sexy organisation with a lot of life and vitality, you know, from perhaps the stereotypical organisation. Which I think, unfortunately, and I say this with genuineness, that was tagged with a lot of the debate over conscription rather than the focus on the organisation as a genuine locally led, locally developed organisation that developed Bermudians. It has always done that for the past 50 years, but it got caught up in this other discussion that had nothing to do with the Regiment as an organisation that does the work that it does. The conscription issue is a different [matter] (in my humble view), and it is separate and could be dealt with differently than actually tagging the Regiment with negativity on that issue when it does so many other positive things. I ask that because I do believe that these developments and these goals are good goals to increase the volunteerism, increase the level of professional development in the Regiment, so I raise my concerns about that genuinely.

I also note under [cost centres] 16020, 16030, 16040, 16075, Training and Support, has the percentage of soldiers in the past serving their mandatory service inclusive of Long Stay Nucleus, the target is from 55 [per cent] to 60 per cent. I am also interested in finding out what actually is—is there a number goal for how many officers that you wish to have stay on? Is that a percentage number or is it just—you know, how many that number actually is? Like, again, I am also concerned that with the budget reductions that you can reach and sustain some of the others who might choose to stay on. I mean, as long as, you know, does your current budget represent reaching that goal? Because, certainly, to keep the talent you have developed is good and less expensive than developing new talent.

Because the Bermuda Regiment has made that investment it makes sense to want to benefit from it over the longer term rather than just for three years. If there are colonels of excellence amongst those recruits and officers who can become leaders, than you should have the opportunity to have them there longer, contributing to the new recruits that come in as well as contributing to the organisation. So I am concerned that that is achievable. But I would like to know if there is a number of officers that you would like to actually—if there is a number. If there is not, fine, but I am interested to know if there is a number that represents that 60 per cent up from 55 [per cent].

A question related to your capital acquisitions under Defence on page C-13, at [cost centre] 76468, Equipment, there is an allocation for \$47,000—what exactly is that for? Is that, you know, what specifically is that for? I would like to get some answers on that. Again, I stand here as a supporter of the Regiment,

not somebody who wishes it any ill will. It is a great achievement that it has been around in its form for the last 50 years and let us have many more years of its existence as a strong Bermudian organisation that is contributing greatly. It has contributed considerable—if you think as to its contribution during natural disasters in particular—Fabian and successive—Emily and other events [which] brought the country to crisis.

The Regiment has been a sterling organisation and has provided support to the utilities and other agencies that have been working to get the country back on track. Certainly, in my own district of constituency 15, I personally saw them at work assisting people, and people were genuinely welcoming their assistance in that of the officers and the members who were part of the teams that were out day in and day out helping to shore up roofs or whatever temporary repairs that they could make. So these are extremely valuable contributions outside of the civil defence that, you know, the sort of other reasons why the Regiment has been tasked with dealing with which are perhaps more unpleasant than not. When the Regiment can play a role that is generally rejuvenating to the community, that just shows its genuine value. So I raise some of the questions on things that I have because I am interested in seeing that that sustainability is maintained very much with the Bermuda Regiment.

Mr. Chairman, I have another question in relation to the current strength of the Regiment at 400. Is that close to the number to be considered to be that keeps the Regiment viably operating or is there another number that perhaps is a goal that they would like to achieve over time? But is 400 that number that at least the Regiment feels that it could meet its objectives on an annual basis or is there another number that they are interested in?

As it relates to—I note that you mentioned the, the Honourable Premier mentioned, that Mr. David Curley will be the new commanding officer. If just, at some point, confirm the date that he will be coming on board.

[Inaudible interjection]

Mr. Walter H. Roban: Okay. And so Commander Foster-Brown will be moving on so whatever positive contribution that he has been able to make certainly we as a country and Government and members of the legislature should be thankful and that he hopefully leaves the Regiment in a better state of affairs than what he [found] it—presumably that is the goal of every officer and that Commander Curley will be able to move forward in his role moving from strength to strength in this anniversary year of that organisation.

I would like to now move to Head 7, the Police, page B-273. I note that the Budget for the police is somewhere in the range of \$64.4 million. I do have a question. In the Budget Book it says employees of 535 and I heard the Premier mention a number of

540. Is that just—I am not saying that is even an error. Is there a reason why there is a different number in the Book compared to the number that the Honourable Premier outlined? He said that 436 police offers, 91 support staff (I believe) and then the final number he mentioned was 540. I am just curious as to why that number would be different in the Budget Book over what you mentioned. I am not trying to point any fingers. I appreciate that is a reduction but there is always a reason—maybe a few people have retired since the numbers were produced. Fine! But just let us know and that is fine, because, certainly, the Budget Book is a record that most people rely on. So that would be fine if that could be appropriately detailed.

[I] note that the revenue is around \$350,000 in a variety of areas that the police do collect revenue in. According to the Budget Book—and I am sure I will get clarification, but I will present the question anyway—the decrease to 535 down some so-called 28 from 563, I would be interested to know (again) I would like to know as it relates to the Budget Book but also with the change of number. Did that 28 represent—what does it represent? Does it represent retirement? Does it represent secondment? Does it represent resignations? Obviously it is good for the police because it means you are paying for less people, but it would be nice to know that reduction for year to year of the 28 or so based on the Budget Book number. I would like to know what that represents and what that change of number is.

A couple of other questions that I raise in relation to the Police Service—as it relates to there being no third quarter or fourth quarter statistics upon the BPS website, is there a reason why—I did sort of try and look for them and I could not find any. Perhaps I could get an answer on that.

Moving on to Performance Measures for the Police Service, B-276 and the Commissioner's Office, the overall—looking at your public satisfaction numbers, originally forecasted at 64 per cent for the 2014/15 year. Your target for 2015/16 is 65 per cent. I want to know if there are any particular steps that you think you can take to raise that number. Again, I happen to be generally pleased with the performance of the Police Service.

We have seen in recent reports that the overall crime statistics have gone down year over year, and that certainly is a good thing and that has obviously come from a lot of hard work with the police being appropriately funded and resourced with what they need so they can get out there and do the work that they have been tasked to do. Satisfaction at 64 per cent I am assuming that they want to push that up higher. So what else other than what they have clearly been doing—any specific measures that they think that can be taken over the next year to reach that performance number to raise public satisfaction—

I am very interested to know what they are expecting to be able to do with that.

The Honourable Premier mentioned about the CCTV camera system. I—perhaps he could repeat at a later time—you mentioned there were three different types of cameras: fixed, tilt and you mentioned another type of camera, and that there was expected to be 150 cameras at 85 locations. You did note that you have only paid the partial monthly cost—what actually was that partial monthly cost? You did not mention what the number was, so I would like to know what that exact number of the partial cost that was paid. That was obviously based on there not being full implementation. Is there an expectation, Mr. Chairman, that the camera system will be able to do a lot more than just, I guess, take pictures, but actually function in more ways [then just] speed checks. There was some talk some years ago about ShotSpotter being possibly a part of the technology that might be implemented as a part of it. Is that foreseen to be a part of this existing system going forward so that it becomes a more multi-disciplinary system? Obviously, with the recent traffic summit and with an effort to tackle, Mr. Chairman, the issues of what is going on in our roads, can this system also assist in that?

It will be interesting to know what other activities will be attached with this system once it is fully implemented. Will it have ShotSpotter to deal with the obvious issue? Will it be an effective speed camera system as well as just monitoring general activity? Certainly, I raise a question of the cameras particularly in my own area in the Island, in constituency 15, the presence of cameras has been a great topic of interest to the residents and it has been generally felt that it took quite a time to get a camera system there that has aided in the change of atmosphere in that area of St. Monica's Road and in that general area of the Glebe Road, Mr. Chairman.

I am trying to remember when we last heard of an incident there. So hats off to the leader of the Police Service for the work they have done to get it to that point in the Glebe Road and St. Monica's Road areas and also other parts of the Island. So I am not just going to focus—it is the whole Island that benefits from the use of those technologies [and] from the effectiveness that it allows even to some degree for the police to put their manpower elsewhere because they can have cameras in one place. So [I am] interested in finding out what will be the further capabilities of that camera system.

[I am] interested to know whether—in relation to the police budget—if there is a view of perhaps a question of redeployment of some of their officers? And I am not sure, perhaps the Premier cannot answer this because I am not sure that deployment of officers is a responsibility of the Government. I do not believe it is. But perhaps in light of the Government's recent traffic summit and having a strategy around that, is there room to deploy officers, perhaps more

officers to the traffic unit to assist, or is there a view that that deployment is satisfactory in light of the situation? Will there be a movement of officers from other departments to the traffic unit or to that area that will assist with that particular issue that the country is facing?

Also, in reference to how a particular department is organised (under the Police Head), Mr. Chairman, noting that in the police there are a number of different departments—Corporate Services Division, Community Policing Division, Support Services Division, [and] Drugs and Intelligence Division—and on page B-273, there is [line item] 0708, Drug and Intelligence Division, and under that there is the [cost centre] 17050, Child Victim Unit. I notice that is at zero.

Now, my question is this to the Government—I am aware that there has been some level of reorganisation. What used to be the Child's Victim Unit moved into another part of one of these divisions. Perhaps it could be identified exactly where. And I will say that I, like many other persons in the country, saw the presentation of Inspector Mark Clarke on television as it relates to what is being done and I made reference to the integral conference that we had. I was very impressed with his presentation with the member from Child and Family Services, and I do believe that a lot of misconceptions may have been debunked as a result of their persuasive presentation as to what the country is doing in that area and how we have had a very proactive approach to dealing with issues around child victimisation, and victimisation of vulnerable persons.

Clearly, we have the same problems, Mr. Chairman, that any other country has around these things. But there is the understanding that we have been leading in the region around the legislative framework and being very proactive and effective at getting the appropriate legal measures in place to deal with these situations. What I am interested in knowing is where exactly that department sits now in reference to the organisation. Certainly, I would hope that it is being appropriately funded so that that team can do what they need to do since there has been a rise in attention to cases in the courts around vulnerable persons, children and also domestic violence, and this unit seemingly is one that is tasked with addressing those issues.

I would hope that they are being appropriately funded. I would like to know where they are in the organisational structure of what is the police and the one, two, three, four, five, six different areas under the budget that is listed because I do not see it specifically mentioned and there is a zero budget. So if it has been moved somewhere—I do not think you are not funding it, it is just that it has been put somewhere else and I would like to know where it is.

Moving on from there. I know that this country has experience certainly in the latter part of last

year—and I am still speaking to the Police Head—and some serious increase in fluctuation in violence which many persons found very alarming and are very concerned about because we seem to have these lulls of violent offences being committed. But then they pop up and they then bring our alarm bells back up. I do hope—and this is of concern to us on this side—that groups like the Inter-Agency Gang Task Force and others under the umbrella of Government are going to use this period where there does not seem to be much happening—I do not know everything that is happening in the community. I am just saying that we have not heard reports of certain things—that they are using this time to construct appropriate strategies going forward that the public can feel a sense of reassurance that the work is being done by the Police Service and all their partners.

Because, as been clearly stated by the Minister and others, that this is work that is not done alone and that many others are involved with tackling these issues, and not just the work will continue to be done on reacting to the violence [but] that [the] Inter-Agency Task Force and all their partners are also looking at how we as a country can more effectively deal with the causes of these occurrences—particularly now that there does not seem to be anything happening that is quite alarmist. So I do hope that the Inter-Agency Task Force and others are working right now to come up with strategies that they can let the public know at the appropriate time what is happening in these areas and how they expect to address it in the long term.

I wish to touch just lightly on the area of Customs but not in a heavy way. I see that the Honourable Premier noted under Customs, Head 12, which starts on page B-277, in relation to [line item] 1201 and [cost centre] 22030 which has to do with the airport, that there was a talk of hiring retired officers to do the primary check at the airport. Possibly you will be hiring retired officers to do that work—

An Hon. Member: As needed.

Mr. Walter H. Roban: As needed. Okay. Is there an anticipation of how much that might cost because you know what the manpower needs are probably at the airport, and I do declare my interests having once been an Immigration Officer who worked at the airport, so I have some understanding of what the needs are down there. But I was working with the Immigration Department at the time not with Customs—that was before the change was made. Is there expected—is there a general possible estimation of what that cost might be? I mean, if you are thinking about using them you must have an idea as to how much it might cost you over time as you know when the peaks are, you know what the manpower needs are, what might be the overall cost you might have to incur if

you do use a few officers as needed. Perhaps you can let us know what that will be.

We move on from Customs. I am going to address Corrections which is B-286, Head 25, Mr. Chairman. I have a few questions in relation to that particular department. On page B-286 under, [cost centre] 35108, Educational Services, which is a slight decrease [and] also Vocational Services, [cost centre] 35109, a slight decrease, I am just wondering . . . these are perhaps two [areas] that that particular agency can be the best resource for a lot of the inmates. It is unfortunate that perhaps more monies could not have been deployed in educational and vocational services. Now, maybe what is there is based on the demand or need that exists within the actual corrections system, but certainly what one learns over time is that a lot of the challenges of those persons who find themselves in incarceration has to do with education.

With perhaps a low level of literacy and not having had the most positive educational experience of which was the leading reason why they found themselves on the other side of the law with their options, Mr. Chairman, being few and that maybe, you know, this is where we can push a lot of our resources—more resources—into assisting these inmates who ultimately, most will come out, in ensuring that they have a level of training so they can live a sustainable life, not associated with crime and/or any activity that might get them back in the prison.

Now, I am going to raise another question. Does the department work with Labour and Training and the new Workforce Development departments to perhaps design some training modules that effectively are tailored to the reality of the workplace so that in the areas that you do provide the training in for these inmates? These are the most efficient. And for those that get through and qualify for some certification, if they are there that long that they can be marketable, that they can see themselves potentially being a carpenter, being an electrician, being a mason—if they are in a programme within the prison that gets them to having the appropriate certification they are recognised by the National Training Board as somebody who is trained and they can even be linked with people like the BIU or with the construction association or any other partners that the training facilities have to place them at least even on a probationary period.

So perhaps to . . . obviously, there are limited resources, but maybe some of what can be deployed with the Corrections Department can be working with these agencies to efficiently train. Or even motor mechanics. These are areas that potentially that the Corrections Department with whoever manages their training can actually work with these agencies to even provide further support for what is being done down there. For many years this has been going on, particularly with the remedial programmes and getting men

and women to get their GEDs and ultimately do other things with their lives.

As we have seen heavily reported, those achievements by those inmates are great for their families, it brings a level of [increased] self-esteem, it brings a positive feeling that they have achieved something and that they may potentially have a pathway out of the incarcerated situation that they are in. So without the actual funding being increased potentially is there an opportunity for the agency to work with the other groups in Government to provide the support that is required for those inmates? I would hope that could be considered and if it is not already being done—perhaps it is already being done. I would say hats off to the department and those who are managing those programmes.

On page B-287 under Employee Numbers (Full-Time Equivalents), I do not know—did the Premier speak to this that there was a reduction of 12 personnel, or was this achieved through retirement or did you actually speak to this in your brief? I cannot remember. I thought you mentioned something about the Corrections Department and their personnel. But I cannot remember what was said. Did you mention something about why there was a reduction and what that was being attributed to? So if you could just repeat that at some point, I would appreciate it.

I would also be interested to know is there (from the standpoint of the size of our particular corrections facility) is there a ratio of minimum officer to inmate that we are following that is international best practise? If that is actually something that we—do we have those measures that we are following and are actually being achieved? I would be interested to know where we are with that, in particular.

Based on the performance measures as it relates to the Corrections, [line item] under 0701, Commissioner's Office—I am sorry. I am on the wrong point on my brief that I have created. Sorry about that. I did have a question in relation to the number of inmates and looking at that in the performance measures and maybe I am reading the numbers incorrectly and I am happy to be corrected if I am. On page B-288 under Business Unit, [cost centre] 35000, Headquarters, I note in that first category there is actually an original forecast for average number of inmates. I see a number there of 273. Does that number represent the number of inmates in all the facilities? And then you have a revised forecast for 2014/15 of 262 and your target is 258—does that represent at all the facilities? Or is that it? Okay.

I saw that there was a savings that was there, Mr. Chairman, which represents just over a million dollars or so in savings. I am presuming that with the reduction goal with the number of inmates, that that is a part of where you are going to find your savings? Because you are expecting that with the average number that is listed here as originally forecasted \$80,735 and revised forecast at \$76,535 per inmate—

that some of your savings you are expecting to find through the less inmates. Perhaps you can answer that for me.

Under Capital Development, page C-5 on Corrections under Minor Works, [cost centre] 75027, Prisons Minor Works—I would like to know if I could be told specifically what those minor works are, and I raise that questions because I have had a few members of the community come to me concerned—particularly people from the Sandys community as to whether damage received during—at Westgate in particular—during the hurricanes has been repaired. And this is equivalent to fencing. There was a concern by residents that there was severe damage done to the perimeter (fencing) and that has not been addressed. This was brought to me not too long ago. A clarification would be—and perhaps is this minor works going to account for some of that damage, or does it have to do with other things? But if you can answer even the question about the perimeter fencing and its integrity that might have been damaged that is or has not been repaired, I would appreciate an answer with that. That was a concern brought to me by members of the community in Sandys.

I see you mention that that \$46,000—is it \$46,000 that is going to be replacing the security system at the facility? You mentioned, Mr. Chairman, there was a mention of some work on the security system at the corrections facility and there was going to be a replacement. Is that the number? No, I am sorry, it was \$250,000 that was mentioned that you were going to do. Okay.

I do have another question in relation to the security of the corrections facility. I think we know that there has been an ongoing concern in relation to drugs getting in and cell phone activity within the corrections facilities. I have not heard much recently about it but perhaps it can be mentioned as to whether the effective equipment has been deployed that can manage that. That seems to be an ongoing issue that even despite the equipment being deployed still was a problem that the phones were getting in and they were being used. Perhaps you can give us some clarification on if anything has happened with that. Whether the issue of drug activity is still a major problem, and the measures that are being taken to combat it, if it is.

I am also interested to know in relation to the prison facility under [line item] 2502, which has to deal with psychological services—35105. The Honourable Premier said, Mr. Chairman, that the goal was to have three psychologists on staff and that they currently have two. What is the cost of a psychologist? I would be interested to know how much that is. Obviously it is a very specialised area. But what is the salary? Is it paid by the Department of Corrections or are they attached from somewhere else? Also, do you have the benefit of services from Mid-Atlantic Wellness Centre if you desire them? If you are in need of psychological

support, do you get that from Mid-Atlantic Wellness Centre and how is that dealt with?

Perhaps, Premier, you can also clarify something else that you mentioned in relation to psychological or health services under [cost centre] 35107. I heard you mention the word “lobotomy” and I was not sure if that was correctly stated because I did not think that they were still done. But it was mentioned in the actual narrative that you were reading. So are we still doing lobotomies? It just seems a little alarming to hear that word in this 21st century because it is . . . so perhaps it will just take a re-clarification of what you stated as in relation to health services or, fine, if that was just put in there. It is my understanding that those are things of the past and that lobotomies are not really . . . they would [not] seem to be necessary. I do not think they are taking off a couple lobes of people who now are—they [do not] seem to be a sensible psychological practise, but I did hear the word mentioned in your brief, Premier, so. But if I was hallucinating then, please, just tell me.

I think those are my main questions around Corrections. I think—oh, yes, I did have some questions, Mr. Chairman, in relation to Capital on page C-26, Head 25 for Corrections. I was a little concerned as to why Corrections was paying more rent year on year at the Dockyard office. It has gone up from \$302,[478] to \$310,000 and I am surprised any of our departments or any Ministries are paying more money for their rental—particularly in this market. I am surprised. But perhaps that is how the lease is designed but it would seem as if—and I had some understanding as that—I mean, it is the Government that actually renovated and made that office actually fit for purpose for the Corrections office down at Dockyard. Is there a way to find savings on some of these rents? I will just divvy back to like the Customs office down at Hamilton Hall.

They are also paying more money for rent. Is there a way to find some savings so that you can decrease your rental expenditure over time for these very important departments rather than paying out a whole lot of money for rent? I do hope, and perhaps you can give us some clarification on what you are expecting in that area going forward.

I will move now to National Drug Control which is Head 88 on [page] B-293 with a budget of \$3.9 million. I appreciate the great description that the Premier gave on this particular department. But I am really interested in a couple of things not with what they do—not so much their budget—but I am actually very interested more in matters concerning policy.

I am pleased that under [cost centre] 98050, under Research Policy, that that budget has been held the same from year to year and that is for a number of reasons. One, I do believe that the National Drug Control and its work on creating the action plan and other data that it generates around what is happening with drugs in Bermuda with a view to helping

the Government formulate effective policy is important. Perhaps it will only disappear when the scourge of substance abuse is finally defeated. That is not likely to come anytime soon, but it is clear that the NDC played a crucial role of what the Government does in this area as a policy organisation.

Clearly, what the police do is important and our partnerships with other organisations are also very important in this. But I am interested to know now that we have had a year where the discussion of the decriminalisation of cannabis was very much a part of the national discussion where a group independent of the Government commissioned and produced a report that was used presumably to lay a framework for how we are going to move forward. I am interested to know what is going to be the role of the National Drug Control agency in what we do next. It must not be forgotten—and this is in relation to Head 88, [cost centre] 98050 under National Drug Control.

Once that was taken by the Government to develop legislation around medical uses of cannabis, of which we dealt with in this House, but it must be remembered that the discussion and the energy that came behind with the discussion about cannabis and the attitude of the country and a potentially new policy around cannabis came about not so much around the medical use—but came in relation to the decriminalisation issue.

An issue that has seen for years our citizens and residents in front of the courts, some young or many young and many not so young, find themselves with records and imprisonment. This imprisonment has resulted in irreparably affecting the lives of many of these people and frustrating their ability to pursue opportunity to get jobs, to forward their lives in a positive way, even to the point where they did something when they were the age of 16 and 17 seemingly what resulted from there was an experience that has damaged them way into adulthood.

So I ask this question because if there is a commitment from the Government to address this and if we are going to move beyond—which was frankly both the low-hanging fruit around cannabis policy which was some alterations to the policy around medical marijuana. When is the Government going to get the courage to deal with the bigger issue which is the very reason why this even became a discussion? It did not become a discussion around just medical marijuana. In fact, that is not even the issue that brought it to the table. It was how it is affecting many of our young people and their lives and the fact that they often find themselves prohibited from travelling to North America, particularly the US, and having difficulty with pursuing genuine opportunity.

Perhaps they are not even remotely connected to the actual substance at all, but they find themselves hampered. I am not putting the blame of them being hampered just on Bermuda, clearly, their

being able to travel has to do with other countries and not being able to travel to that country.

But when are we going to see a genuine move forward on this? Is the NDC now, having had the cannabis review committee report, having presumably the Government made a commitment to look at this further, is the NDC going to put some of those research resources that it has available to coming up with a policy that can eventually become a level of decriminalisation? This party and this Opposition spoke about this in our Budget Reply in that we see a change in the policy towards cannabis as not only being sensible social policy but also good fiscal policy. It will take some of the huge expense that we put in interdiction and the resources—whether it be customs, whether it be police—that we can perhaps change how we deploy our resources if we decriminalise at some level. At least that can be a start. So there is some fiscal benefit to it at least from the start. Obviously, the ultimate path is to looking at ways that perhaps there can be some other fiscal benefit with cannabis as a taxed resource. But that is clearly further down the road with any steps that any Government would take, but we do have some examples to observe in the meantime.

We do not have to play guinea pig with this and I am not suggesting that we as a country play guinea pig. I am suggesting that we observe what is happening in North America, particularly in about three states in the United States. I am suggesting that we look at what has happened in Jamaica just a few weeks ago with them creating legislation that allows for them to ultimately tax the production of marijuana. It gives certain other guidelines and if that is a future opportunity that we can pursue, then it should be investigated. And the very body that can spend some time [and] energy on this particular endeavour is none other than the National Drug Control.

They are [the body] who can at least begin the actual intellectual exercise beyond the cannabis review committee report with formulating a potential future policy for us in this area. We mention it as a potential revenue opportunity in our own statement for the past couple of years. We understand that this would take some time, just like some other things would take some time to develop. But there is no reason to look at our policies now. Let the NDC dedicate some of its time and energy to looking at this and shaping what might be our future.

With a view to the decriminalisation issue in particular because I do believe that having not gone after that directly, the Government is shirking some of the responsibility that it said it would give to our citizens with addressing this issue. Fine—the medical part has been dealt with to some degree but this other part is essential, and the NDC is the appropriate organisation to start that work. It does not commit the Government to anything, but certainly you have this body that has the expertise that has the people, and

the resources to begin the policy development. To begin looking at what we can do or what we should do on the basis of what is reasonable for Bermuda.

am not saying that we cookie-cutter or that we copy anybody else but clearly what is happening around the world eventually comes to our doorstep. We should be fair and be proactive about how we are going to shape our policy going forward.

The other matter that I would like to look at under National Drug Control before I close—and I do hope someone—how much time do I have left?

[Inaudible interjection]

Mr. Walter H. Roban: And what time is it now?

[Inaudible interjection]

Mr. Walter H. Roban: That is still quite a bit of time. Maybe there are other Members who will chime in and want to contribute to the discussion. Certainly, I can get up again, if necessary, to continue going through my main queries and questions that I had around the budget, the budget for National Security.

Under page C-20, I am interested to—under NDC, and this is Grants and Contributions. Now the Premier did speak as to what the Government is looking to do here but the major concern that is around this, Mr. Chairman, is the reduction in grants to certain key organisations. Under [line item] 7048 you have Salvation Army, under [line item] 7084 we have PRIDE (Parent Resource Institute for Drug Education), and [line item] 7086 there is Focus. These three organisations are going to have zero grant allocations. [I am] a little concerned about that for some of the very reasons that we have been discussing, [which] is the concern about the effect of partnerships that the Government has on dealing with some of our social issues.

These are some very key partners in what is done in the community and they have had the support of Government over the years. So to withdraw the grants from them is really a little disturbing because it is actually during this time when the economic situation is dire for many, this brings stress to many persons and many people then succumb to substance abuse, and it is perhaps at the one time that we should be keeping certain grants and support consistent.

I am not suggesting that the Government can give everything to everyone or give a lot to everybody but some portion of support for these organisations is essential to the whole country managing some of the concerns and some of the by-products that comes out of people at an increased level of substance abuse in the country due to the stresses and anxieties and pain that comes from people losing their jobs, greater family stress, just overall anxiety about what is happening in their lives. Some people are vulnerable to this level

abuse, or find themselves homeless as is the case with how the Salvation Army gives support to many people.

They also are supposed to have programmes in place that will help people who may find themselves homeless and this may be as a result of substance abuse problems or other behavioural issues. So they clearly are an agency that is tasked with those things. They maintain the shelter. And I do know that recently they have concluded an agreement with the Government on potentially developing a publicly owned site into a facility, which is good news and hopefully that can be successful in the long-term.

We have PRIDE which is a youth organisation, primarily, which gives drug education to many of our young people in the community. Their grant seemingly has been cut. And if there is one group that we should spend some time making sure are appropriately armed for some of the severities that they will confront in their adult lives, it is our children.

Groups like PRIDE, I am sure there are others, certainly, is one group that actually has seen it as their mission to prepare our young people and their parents for the possibility of being confronted with drugs, and the choices that they have to make. So withdrawing funding from them does seem a little concerning.

And, of course, there is Focus. Focus is a treatment organisation. Once, ironically, a former Member of this House, whom the treatment [centre] at Dockyard is named after, spent a great deal of his time dedicated to their development and to the work that they do. The late Honourable Nelson Bascome. So to see that organisation now, which I know he spent a great deal of time . . . and my honourable colleague from constituency 16 also spends a great deal of time working there, [to see] that they are suffering a grant depletion at the hands of the Government is a little worrying, knowing that this is an issue for many people right now.

Many societies, just like ours, who have similar compositions, similar demographics, similar levels of development, find substance abuse increasing. So I do hope and ask that the Government can ultimately look at, perhaps over the calendar year, reconsidering if there are other ways that they can be appropriately funded in the manner that they have requested, but some sort of support can come from the Government in some way to continue to help these organisations with the work that they do.

I know that money is not everything. There are other ways that the Government can perhaps give in-kind support or services to them in what they do. But I would hope that we do not let the grant depletion for these three organisations, in particular, jeopardise the work that they are committed to doing in our community.

I do hope that the Government can give some attention under National Drug Control to actually find

other ways that they can help these organisations. If it cannot be through money, it can be actually through in-kind services or support or resources that they can dedicate to helping them.

I would like to be able to give an opportunity for some other people to contribute. Perhaps (and I do hope) there are others who are going to be happy to give some contribution to this discussion. I have presented the Premier with a number of questions that he has to answer. So I will conclude my comments at this point and perhaps others will want to contribute to the discussion that we are having on the Ministry of National Security.

Thank you.

The Chairman: Is there any other Member who wishes to speak on these heads?

Honourable Premier?

[Inaudible interjection]

The Chairman: Oh, sorry.

I would like to recognise the Honourable Member from constituency 20 . . .

Mr. Mark J. Pettingill: [Constituency] 25.

The Chairman: Twenty-five.

Minister Pettingill, you have the floor.

Mr. Mark J. Pettingill: It is all right, Mr. Chairman, I seem to be getting overlooked a lot lately, that is—

The Chairman: It is nothing personal.

Mr. Mark J. Pettingill: I have got to roll with it.

I just wanted to speak to the very interesting head, [and to the questions] which the Honourable Member that just took his seat, in his eloquent response on these issues, raised. And that is with regard to Head 88, on National Drug Control.

It was something, that if I had had the opportunity, Mr. Chairman, when I was cut short on my opening salvo the other day, restricted to half an hour—

The Chairman: Let us not revisit that.

Mr. Mark J. Pettingill: —instead of an hour. I know it is controversial. I will leave it alone. It is okay. But, you see, I knew I would get to slot it in somewhere, so here it is.

It is an interesting question. It has been raised before. I had the opportunity when I was the Attorney General to see the draft that the Opposition (someone in the Opposition) had drafted in relation to decriminalisation. Of course, it is just not as easy as that. Mr. Chairman, you have somebody now on their feet who, you know, is likely a proponent of (certainly, I am

known to be pretty liberal in my views and the things I have supported) some form of legalisation when it comes to marijuana.

Frankly, and all the research that I have done . . . I tend to be a proponent of what they did in Portugal. They legalised all drugs. And guess what happened? Crime went down. They put the money into people with the problem. They put it into social programmes, and Portugal became the test case for the world where the war on drugs is going on and everybody is saying that we have lost the war on drugs. You speak to intellectual people and they say that if you have this position on it, you just drive it underground. It is an interesting model to look at.

Now, I am not saying it would work in Bermuda. But what I am saying is, you know, it is kind of an extreme version of this polarized argument that Portugal just decided, *Look. We have this horrendous crime rate.* I think at one time, Mr. Chairman—and I think I am quoting from the Bill Marsh Show, which I watch every Friday night (and I know you do too)—it was like 10 per cent of the country was addicted to heroin. Some ridiculous number of people were addicted—

[Inaudible interjection]

Mr. Mark J. Pettingill: Maybe less than that. I forget what it was. It might be 1 in 10. But I have to tell you . . . No, you know what it was? It was one point something per cent. That is what it was. It was 1 per cent, not 10 per cent. One point something per cent. But that is still an astounding number, if you think about it. Every 1 in 100 people is addicted to heroin. So it was definitely in that range of where it was at.

And they just decided, *We cannot go like this. It is all in the hands gangsters, and so on. Look. Let's legalise it and take all the money and put in into social programmes.* So that is an extreme example of what was done. I am not advocating that here. I am just saying that there are other things to look at.

But when—and it comes from the Opposition a lot, and I heard it today—we start talking about this decriminalisation. We cannot have a Bill that is a decriminalisation Bill. Decriminalisation would be a policy. And, frankly, to some degree we have had decriminalisation here—not as a fixed policy, but as a practice (let's say) for some time, in some form. And we see that where people are not ultimately charged in relation to minor possession of marijuana, particularly if it is their first offence. It is looked at, the social issues are looked at, and somebody, somewhere makes a sensible decision.

Now, I get the point from the other side that it needs to almost be regularised across the board so that you have a system in place for doing it. But once you get into fixing rules about it, or drafting laws, you are talking about legalising it. Okay? And that is what we need to understand. Because the one thing I will

say in relation to this, no matter how we feel about marijuana (and I say “we” in the royal sense, about how I may feel about it), it is candidly, in my personal view . . . and I can say this as a person who is not a smoker of marijuana. All right? I am not saying that I have never smoked marijuana. I am not going to say I have not, like, you know . . .

No, no, I am not going to do a Bill Clinton and say . . . I am not saying that. It is not my particular vice of choice, Mr. Chairman. You know, I like to have a glass of wine and that is my thing. But I have no issue with if that is somebody’s vice of choice. Okay. Albeit, there are health ramifications for whatever you do too much of, you know, from whatever you do too much of.

Having made that confession, I lost my train of thought because I can just hear the minds worrying about but—

[Inaudible interjection and laughter]

Mr. Mark J. Pettingill: Yes, too much to smoke.

But the point is this, one has to, particularly when they sit up here, in my view, abide by the laws of the land even if we do not agree with them. Because there are a number of laws that are on our books that I do not agree with. I did not agree with them as Attorney General, I did not agree with them when I was in Opposition. I do not agree with them now. I would like to see them changed. I would like to see those things changed.

You know, it was an abomination to me that sexual orientation was not a humanised, legal issue as long as it was. I know it was for you too. It was an abomination to me. But I could not just, because of that, change it. I could not make it be a way that it wasn’t because it was my personal view. And I cannot do that in relation to marijuana or any of the other things. And it would be wrong for me, it would be wrong for anybody, it my view, but particularly as a legislator, to say, *I don’t agree with that law, so I am going to smoke marijuana all the time. [Or say] I am going to grow it, or do whatever I feel the law should be.* That is irresponsible. No matter how I feel about it, that is irresponsible.

Until the day comes where we can actually say, *I have legalised this . . .* that, in my view, is not the way to go. That is what we have to get to grips with. We either come with a policy that is a methodology of decriminalisation with a fixed approach and look at it . . . but there are constitutional issues that arise there.

I digress as I am standing here, back and forwards with myself, because the DPP [Department of Public Prosecution] is really the only one that can say they are going to prosecute or not prosecute. So there are issues that come into play.

We have already seen it where you might have one person that gets charged and another per-

son that does not, and so on and so forth. I think it is the legal aspect that one has to look at and be advocating in addressing this issue, when you start to talk about decriminalisation. Because what we have to realise is that even with decriminalisation, people that purchase marijuana are still supporting criminality.

Hon. Wayne L. Furbert: Point of order, Mr. Chairman.

The Chairman: Have a seat, Member. Have a seat.

The Chair recognises the Honourable Member from constituency 6.

POINT OF ORDER

[Relevance]

Hon. Wayne L. Furbert: Mr. Chairman, you know that normally there is a general debate. Then there is a debate on the actual heads.

The Chairman: What is point of order?

Hon. Wayne L. Furbert: The point of order is that the speaker, the Honourable Mark Pettingill, I have not heard him mention any numbers yet. I mean, we are supposed to be having a Budget Debate, not a Budget Debate on any philosophical . . . or whether they should be supporting marijuana or any other type of drugs.

The Chairman: Thank you, Honourable Member.

Mr. Mark J. Pettingill: You heard the number mentioned when I started, Mr. Chairman. I do not know where that Honourable Member was. I immediately started—

The Chairman: Proceed.

Mr. Mark J. Pettingill: —under a head. Yes. I do not know what he has been smoking but—I say that tongue in cheek.

The Chairman: Member, you know that—

Mr. Mark J. Pettingill: I did say that. That—

The Chairman: You might want to withdraw that comment.

Mr. Mark J. Pettingill: I was speaking under Head 88.

Sorry?

The Chairman: You might want to withdraw that comment.

Mr. Mark J. Pettingill: No. No. I said I was being tongue in cheek. He knows that I did not mean that. I know that he does not probably fall into that category. No disrespect at all. It was a joke. Okay?

No offense. I withdraw it. I can see it was disrespectful, so . . .

The Chairman: Honourable Member?

Mr. Mark J. Pettingill: We are all very touchy.

[Inaudible interjections]

The Chairman: Okay.

Mr. Mark J. Pettingill: I was even poking fun of myself in regard to that earlier on, so there is no fear of that.

So, one has to consider that in looking at the complexity—this is the point that really is the crux of it—it is the complexity of doing this. And I know because I had [a] pretty extensive conversation with the US Attorney General, Eric Holder, when we were at a conference together, a good sit-down on this issue. He, I could say openly here, was like-minded about a certain liberal approach to things, and legalisation, and did not have issues with the way it was being done in the States. He had a federal problem. And, likewise, we have a federal problem because the question becomes, if you get into . . . you saw the question, Mr. Chairman, where are you going to get it from? Where do you get it?

I can hear the eye rolls now. Ah! Ah! Where are you going to get it? Because you cannot grow it legally. And that is a topic for another day, because I have views on that. And you sure as heck cannot import it. You cannot even import it from the States legally because you can have federal issues if you decide to go cut a deal with Colorado and say like, *You know, we are going to try transport*. That is not going to happen.

Again, I raise this view. I have said it before. It has come up today by the Opposition in the sense that they have to start on the basis that, *I join with certain liberal views on that side about addressing this issue of marijuana*. I join with them on that. But every time it comes up, with the greatest respect, they seem to lose the plot on the ability to actually do it and make it workable. And they seem to lose the plot on all of the intricacies that are involved in the ability to do that.

I know we had debates and all the rest of it, but I can tell you, it is just not that simple a thing to do, even though you think it is the simplest thing in the world. It is not. You are going to wave the magic wand and say, *Here we go?* You know, we have seen the start from this Government, at least with regard to addressing one particular element with regard to medicinal marijuana. I heard the eyes-roll on that one. But, you know, it is like, slowly, slowly one hopes that you

get there and this is a classic case of hurry up and wait. But those are the types of issues that we face.

So when I look at this Head of National Drug Control, immediately I start going through the list. I think about things like Portugal. I think about the issue with regard to the marijuana issue in this country, and specifically how it impacts on us socially, in the sense that it is something that people want and people have done for a long time. And it is criminalised. And that is what it is. And you hear there is a large segment of the society that is saying that it should not be criminalised. It should not be criminalised. And not everyone will agree with that view.

But that is . . . you are talking about legalised. And so the point is you have to then make arguments for legalisation, and you have to look at all of the intricacies in relation to that, and problems solved from that standpoint. But just standing up, beating his drum, *decriminalise, decriminalise*, and look at that and what it would make . . . One, you are mixing concepts when you talk to them about decriminalise and legalise.

So, I rise because I hope if we are going to continue to have a look at this, or if other Members are going to speak on this particular head today, that the issue of how problematic it is and how it has to be approached and what has to be done, is a very significant thing for consideration.

Mr. Chairman, other than that, I would be remiss if I did not say, as a general premise, about . . . and I heard the Honourable Member who spoke before—

The Chairman: Have you moved on to another head?

Mr. Mark J. Pettingill: I'm sorry?

The Chairman: Have you moved on to another head?

Mr. Mark J. Pettingill: I was just looking in relation to that. But I could do it under the same head. I think, you know, . . . sorry, Mr. Chairman.

Yes, Head 7, in relation to the police.

The Chairman: Mm, hmm.

Mr. Mark J. Pettingill: You know, Mr. Chairman, one could not say that this Government, for being in power for the time it has . . . and don't forget, it is acceptable that everything going on about whether the police is controlled by the Governor, and so on and so forth, but the fact of the matter is that the Government has put the Budget together.

And the one thing with this Government, and I know because I sat on it, is that they have been actively involved in the [National] Security Council. It has not just been a *post facto* of the Peppercorn Ceremony where that [National] Security Council meets and has a chat and a glass of sherry and goes home.

It has been an active thing for this Government, so there has been involvement in relation to policing.

I think the proof is in the pudding. Again, it is all about policy and how it is applied. The Premier has now been, you know, long-serving . . . well, has served now for the duration of this Government as the National Security Minister, now as Premier, [and] also keeps that Ministry, and one can see their results. And it is a fact.

That is why when we do have things that come up these days, it is shocking. It is shocking because we are not having them with the frequency that we used to, and the difficulty about it . . . I know we have these speeches up here, I remember making one from the other side, you know, where we were just getting complacent. We were used to hearing about these things, because that is the road to ruin. That is the road to ruin. There was so much of it back a few years ago that it was almost a case of like, *Oh, is that the way we are going to go?* Well, we have turned that corner, in fairness. We have turned that corner. That is why the statistics that we have had reflect the lowest crime in more than a decade under the leadership that has happened in this Government.

And the police are to be commended for that. I know that they are happy about the leadership that has taken place here because of the policies that have been implemented. Right? Because of the way that the funds have been allocated. It is not easy when it comes to the allocation of funds. It is an expensive task, but it is the way that you use the money. I think that in that regard, when we look at it as far as the results go, it has been used very, very effectively with regard our police force.

With that, Mr. Chairman, I will take my seat. Thank you.

The Chairman: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency 6, the Honourable Wayne Furbert.

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

Mr. Chairman, I am going to begin where the Honourable Member left off. I mean, he talks . . . and it is—

The Chairman: Which head? Is that Head 7?

Hon. Wayne L. Furbert: This is head . . . Police, Head 7. Right.

When the Honourable Member talks about that this is the lowest for, I think he said a decade . . . you know, that is playing politics. We understand how that works. You know, Mr. Chairman, that there are certain times that activities taking place. And if you are catching individuals and they are causing problems and some have been, let me . . . excuse the word, some of them have actually passed away. That helps

out with the problem too, you know. And people are being locked up and also, I do not want to use the word “dying,” but there were certain situations happening during the time that the PLP was in Government. That helps out with the problem.

So those individuals are not around anymore so, of course, these things could seem to be getting better. It is not that policing has not changed. They are not happy because all of sudden the PLP is out and the UBP, or OBA is in, and they say, *Hey, we are going to stop crime.* It does not work that way. It was not that type of setup. It took place when certain things took place in the past. All right?

And we do not want these things to occur. We want a peaceful society. And the Government worked hard during those days, National Security Ministers, to put things in place. As a matter of fact, most of the legislation that counteracts those types of activities came out under the Progressive Labour Party. There are very few changes that have taken place since 2012 until now. But there were a lot of means put in to counteract the situation that we found ourselves in.

So you cannot say . . . so those were activities or legislation that the Progressive Labour Party put in place; hence, I believe that it has helped the situation that we find ourselves in.

So, you know, and look, we do not want our neighbourhoods to be up in arms. We want a peaceful society. We want to ensure, of course, because [when] we have more crimes, of course, then our tourists get to hear the news, and on and on, so that impacts international business. So, look, let's not say that all of a sudden that we . . . yes, numbers are down because of certain circumstances, and we appreciate those things. But it was because of the planting, of the seeding. You do not see the tree until later on after, when the thing starts to grow, when it is being watered and nurtured. But somebody planted that seed, and the Progressive Labour Party planted that seed.

The Permanent Secretary, who is here now, who has done a great job for the Minister, was the same Permanent Secretary that we had while we were in Government. He did an excellent job then. So if I was to give any applause, [it] would have to go the Permanent Secretary who is there now. He is the one who was doing this during the difficult times, and has given the same consultation to the Premier and Minister of National Security now, and he will give advice to us when we get back in. So let's not play that situation.

[National] Security Council. Mr. Chairman—

The Chairman: What head is that?

Hon. Wayne L. Furbert: It is the same thing. It was Police, that is [Head] 7.

The Chairman: Okay.

Hon. Wayne L. Furbert: Yes. [Head] 7.

The [National] Security Council, and I heard the Honourable Member talk about the Security Council as if all of a sudden they used to meet, and they did not have . . . it was the Governor who was responsible for national security. Many of us have . . . I have met with him several times on things when I was Leader of the Opposition during that time. But, yes, the Premier was involved in the National Security. But at the same, those meetings took place under every Premier that you can think of. Governors change, but those formalities and things went on. So let us not play those types of games.

But I want to talk about some numbers. We look at [Head] 7, I remember when the Progressive Labour Party was in Government, they kept on saying that, *You are not giving enough money to the Police Service*. Now, the Premier and the Minister may say that because of [the] drop in crime we have cut the numbers, but in 2011/12 there were 615 employee numbers allocated, 2011/12.

The Chairman: What is your page reference for that?

Hon. Wayne L. Furbert: Well, this is former numbers. You have to go back [to the] former books to look at it, 2011/12.

The Chairman: Okay.

Hon. Wayne L. Furbert: Then, 2012/13 it was 560; 2013/14 it was 563; then 2014/15, the revised number went down to 557; and now down to 535. So the Government is cutting the numbers of the Police Service. Now, I did not hear why the numbers were being cut, but maybe the Premier would answer.

It is clear that we have more manpower than they did. The amount of dollar value that we had in 2011/12 was \$69 million compared to now, \$64 million. So the amount that has been allocated . . . and I remember, Mr. Chairman, (not me personally, I was not the Minister of National Security, but I was part of the Government) being beat up, almost on a weekly basis, and with the resources we had we were still able to put legislation by the former Attorney General, Minister Scott, former Attorney General Kim Wilson, put legislation in place with the Minister of National Security to make things effective for this country.

So now that the numbers are down, we are dropping 28 commissioners or officers. I do not know why. I do not know why those numbers are being dropped. Yes, I know that the Minister of Finance says, *Every Minister, had got to cut 10 per cent*. And, of course, I remember David Saul said the same thing when I was with another group. Of course, we cut the number of staff, police enrolled, down to the minimum. We cut it right down. So we had to build it back up and so on.

I am hoping that this . . . I do not know, well, even if they are retiring, maybe because they are retiring, individuals are not being replaced. But is that the number that is conducive to help us out with our yearly or monthly or daily activities within the Police Service? I do not know. Has there been an audit that the Minister is working with that says that these are the numbers that we can work with? I do not know.

It is all right to say we are cutting numbers, but what we do not do in a lot of budgets, Mr. Chairman, is that we do not prioritise our budgets. What Ministers do, Minister of Finance does, is to say, *Everybody cut!* But Education may need more (I am not going to get into that), or Tourism may need more (like when we get into that in another head in the next couple of days), but we do not prioritise. We do not look and say, *What do we need? What is our goal? What is the vision for the country? What is our priority? What is going to make this country tick and go forward?*

I have heard the President of the [Bermuda Industrial] Union, Mr. Chris Furbert, say, *Come back and tell us what numbers it would take to run the civil service?* Nobody knows.

Now, I think the Premier mentioned earlier, I think he said that they are doing some type of (I will use the word) "staff audit" to look at these things. Maybe . . . I think I heard that. But what does it really take to run the Police Service? And, based on what the Honourable Member who just sat said, how much is being spent on, particularly, crimes when it comes to drugs? What is that number? What is the staff? They are not out hiding in trees now and trying to catch us speeding. There are a few, but they do not pop up as often as they used to, because that is where most of them used to be—hiding in trees with a little old gun, a radar gun, I should say—catching us speeding. So I do not see that much nowadays.

So, what is the budget in regard to those? Maybe in the future the Premier or the Minister of National Security will say. How much is allocated toward each department within the Police Service? Crime? Road Safety (or whatever it is)? And so on and so on. I am not a police officer. I do not know the whole detail of how the commissioner would do it. I am sure he must have some allocation on that basis. I remember when [Colin] Coxall became the Commissioner of Police, he took practically everybody off the roads. Everybody was off the road. He just said, *I am going to do away with roads*. That is when we first started seeing the increase in, maybe, traffic . . . people started speeding because you know that nobody is hiding in trees. He just took everybody off from hiding in the trees.

So, I would like to know, basically, what impact will it have on these 28 individuals? And why, if there are 28, why not 30? Why not 35? Why not 50? What is so magic about this number 28? Is it retirement? Or somebody sat down and did an analysis and said, *This is exactly what we need and, therefore,*

in the future, unless there is a real rise in crime, we will be staying at that number or we will be decreasing [that number] because we are not allocated that way.

I believe that, because it is \$68 [million], well, \$64 [million], \$65 million . . . that is a lot of money spent specifically on law and order. And if everybody was in . . . I do not want to say if everybody was in church, but if everybody, like families like ours, you probably do not need that many police officers out there. So what does it really take as far as the police department to really make Bermuda safe, secure, and people feel that we are getting some worth out of it?

Second thing I want to speak about is the Defence. We have seen a decrease in the—

The Chairman: Are we moving to Head 6 now?

Hon. Wayne L. Furbert: Head 6, yes.

We have seen a decrease in the Defence budget over the years. I am a proponent of [the] need to get rid of the conscription—me—and let individuals volunteer. As a matter of fact, I volunteered.

[Inaudible interjection]

Hon. Wayne L. Furbert: What do I mean, you volunteered? Yes, I came back from school. There was a certain age I think you had to be. I went up there because they had my name called up on some sheet of paper, so being a good individual from Hamilton Parish, I went up, did my test, they checked my heart and all that type of stuff, and then the guy said, *You have been here. You do not need to serve anymore because you are past the time.*

I said, *Look, I am here now. Take me in. I am here, take me in.* So I kind of volunteered, to a certain degree. And I had a good time in the Regiment. I learned a lot. In those days I was part of that we called the “INT” section. It was called the—

The Chairman: What section?

Hon. Wayne L. Furbert: It was called “INT” which meant “Intelligence” section. The Permanent Secretary may recall those days when we had the word “INT” in the Regiment, done by Major Bainbridge and Major Davis (I think it was). We used to hide in trees and check out and see how much people’s trash was being collected, [and] see how many people were in the houses. We did good.

I will never forget the time, Mr. Chairman, we did an exercise in Jamaica. I took things seriously. That was just how I was. In Jamaica, [in the] Blue Mountains.

The Chairman: You sure you are not roaming a bit, are you? You have gone to Jamaica—

Hon. Wayne L. Furbert: No, I am in Defence. I am talking about Defence.

The Chairman: All right.

Hon. Wayne L. Furbert: I was part of the “INT” section and I was supposed to lead the troops out in the fields. Major Oogly [or] Captain Oogly, (you know who I am talking about) Oogly, I think his name is.

[Inaudible interjection]

Hon. Wayne L. Furbert: I think it is his name. We were camping, Mr. Chairman, [and] he camped the troops out in the open field.

I said, *You are going to get us slaughtered.* (I will never forget that night.) *You are going to get us slaughtered.* And at that time, Captain Burchall (I think it was Burchall) . . . no, a gentleman . . . I think it was Captain Burchall. [He] came in, and [he said], *Kill all the soldiers.* I said, *Didn't I tell you? We are going to get killed!* So that was one exercise. The second day, I am leading the troops through—

[Inaudible interjections]

Hon. Wayne L. Furbert: I was in Intelligence, yes, I told him.

[Inaudible interjections]

Hon. Wayne L. Furbert: I was in charge of them.

[Inaudible interjections]

Hon. Wayne L. Furbert: The second time I am leading the troops through the . . . I was ahead of them, you know, got my little gun, ducking and weaving all through the trees in Jamaica. I came across at that time, it was Colonel Raynor, had an ambush. I came back and told the troops—

[Laughter]

Hon. Wayne L. Furbert: —told the troops, *We have an ambush up ahead by Colonel Raynor.* You know, because I spotted him. He still made us go through the exercise, made us go through the exercise. From there on, I left, I did not take it seriously anymore. I said, *If you guys want to play cowboys and Indians, I am not into that game.* You know, that was my job. I was supposed to lead you through.

Anyway, as the Permanent Secretary would know, our final assault at night, putting our feet all through that cow stuff, walking through the trees. I will never forget it . . . but it was beautiful time in Jamaica. The best time I found was at Jamaica recruit camp, [but] Camp Lejeune was as cold as anything. I will go to Jamaica anytime when it comes to the Regiment.

But getting back to the idea, I know what it is to be in the Regiment. In those days we had about, I think we were doing 400 or 600 a year, I cannot remember. It was not the numbers we had, everybody was out. In fact, Mr. Chairman, I was the marksman in recruit camp. I was the marksman in recruit camp.

[Inaudible interjections]

Hon. Wayne L. Furbert: Now, let me tell you how it happened.

[Laughter]

Hon. Wayne L. Furbert: I was the best marksman in recruit camp. I had my rifle on the range on the South Shore.

An Hon. Member: A water pistol.

Hon. Wayne L. Furbert: Now, I had . . . check this out, Mr. Chairman.

The Chairman: I am listening. I am listening.

Hon. Wayne L. Furbert: Mr. Chairman, I had . . . we were shooting balloons. I had one round left with two balloons. How is this going to work? Well, I know how to make twins, so I know how to take two out at one time.

[Laughter]

Hon. Wayne L. Furbert: So for some reason or another, I must have hit the sand balloons, they busted. I won it, though. I won a competition. I can show the picture of Colonel Raynor giving me my medal. But that was . . . so I, I really enjoyed it. At that time I was still involved in politics and they allowed me off early to get to meetings, [in] those early days when . . . in the 1980 election, I forget, around that time.

But getting back—

The Chairman: Yes, let us get back to the—

Hon. Wayne L. Furbert: —to this, we have decreased our numbers. Still talking about Defence.

The Chairman: Yes.

Hon. Wayne L. Furbert: I am still talking about Defence. So we decreased our numbers over the time and I am hoping that the . . . I know they have done reports on how we will make this thing work in the Defence force.

[Inaudible interjection]

Hon. Wayne L. Furbert: How do we . . . this is Head 6, Defence. I figured if everybody else is going all over the place, I might as well join them.

So how do we work with the numbers? Because we do need service individuals here, but I think conscription needs to be abolished. I personally support that, although I supported the Regiment when I was there and I still support it, but I think we can do it now off, kind of part [or] full-time, or full-time to a certain degree. I strongly believe it, whether it is people in the water, people doing other things, whatever. We need to move away from that and really take the stand to another level. So the numbers are down, and I am not sure what they are recruiting now, I think maybe a hundred to two hundred individuals per year. I think those are the numbers we are down to. So the budget number keeps on falling.

Now, I remember last time that we asked the question about the Colonel. Is the Colonel's salary included in this Budget? Because the last time I remember somebody saying that it was being paid for by the UK Government. Okay? But are there any other expenses paid by Head 8, Defence, that goes to the Colonel? Travel? Rental? Anything that comes out of this Budget that goes towards . . . or is the UK Government paying for everything? Okay? Because I know something and I just want to make sure that they . . . I hope I give the Premier enough time to answer that question. Is any money being spent by the Defence department on the Bermuda Regiment?

An Hon. Member: The Colonel.

Hon. Wayne L. Furbert: The Colonel, sorry.

I understand that we have someone lined up . . . when will his term be up? You may have mentioned that, Premier. I cannot recall. But when is his time up? When is his time up?

The Chairman: February.

Hon. Wayne L. Furbert: It is up very early next year and we have a Bermudian in place.

We have a lot of qualified Bermudians who could do that post. I speak more to the Permanent Secretary because I know he is a soldier guy and he could have done it. My cousin, Furbert, who is up there now (I think), his assistant, he could have done it. There are Bermudians who . . . all these years we have Bermudians up there and all of a sudden we have to bring somebody in from the Middle East? What were they expecting?

The Chairman: Asia.

Hon. Wayne L. Furbert: That is the Middle East, isn't it?

What were they expecting? Right? Let us make sure that Bermudians are in place for all these

top positions. For the Defence, we have got someone, Commissioner of Police now, and of course we have got somebody up there in Corrections.

Customs.

The Chairman: Yes.

Hon. Wayne L. Furbert: Mr. Chairman—

The Chairman: Head 12?

Hon. Wayne L. Furbert: Yes, Head 12.

Mr. Chairman, I know that we are friendly Bermudians. We are friendly. When I was the Minister of Tourism, if there was ever . . . and I love . . . and it is not because . . . who has come back through the airport and they ask the question, *Where have you been?* What are you talking about? Where have I been? It is none of your business where I have been. It really is none of your business.

[Inaudible interjections]

Hon. Wayne L. Furbert: There is no need for a Member coming back through the airport, that somebody checks, comes through that door and [asks], *Where have you been?* Well, one of my friends answered, they know what to answer. One of my friends told him a few things, and they did not like it. Well, not that they did not like it; but they were stung that he said it. But you should not be asking, *Where have you been?* I am back home. Let me through. You want to arrest me? Arrest me. But do not ask me where have I been and these types of things.

I have travelled to places. My friend and I have travelled to Costa Rica (the current Minister of Tourism) and other places. And let me tell you something, you speed through the airports so fast—

[Inaudible interjections]

Hon. Wayne L. Furbert: Yes, yes, yes.

We speed through the airport very, very fast. But the slowest airport I know around, as far as people getting through—Jamaica has thousands of people coming through, the Bahamas has thousands of people—but we have a hundred people coming through and all of a sudden it takes an hour.

[Inaudible interjection]

Hon. Wayne L. Furbert: You can wait outside. You can time it, Mr. Chairman. When they get off the plane, okay, *I have an hour to wait.* Plane landed, okay, an hour to wait. What are we . . . we are supposed to be welcoming . . . So I am hoping that the Minister of Tourism, the Minister of Economic Development, devises a plan, particularly when it comes to . . . there must be a way that we can do things better.

Everybody—I am not saying everybody considers . . . but that is a slow computer down at that airport, it is slow. If there is anything we change, change that. And I am not blaming the officers, but we have got some down there sitting, *What are you doing?* [And they say] *Waiting for the computer.*

What?

Change that thing! And I know that the Ministers go through another line. They get out the door fast. The Premier probably does not see it because he is right off the . . . he is not used to going through lines anymore.

But we need to find a way to clear up, or make that line down there [faster] for our tourists, because that is the first welcoming that our people get. When you are waiting in line, sweating, or whatever it is—

[Inaudible interjection]

Hon. Wayne L. Furbert: Sweating. We need to get the people through much [quicker]. I know we were setting up in particular for international business, I know we were working on something. I am hoping that the Minister—

[Inaudible interjections]

Hon. Wayne L. Furbert: Well, they must be slowing me up. You must put a special . . . the Honourable Member Grant Gibbons said that it is much faster now that they are Government. But they must be targeting me because they still go slow with me.

[Inaudible interjections]

Hon. Wayne L. Furbert: So that is the first thing. The second thing, because we have to find ourselves . . . now, the Minister, I am sure the Honourable Michael Dunkley, the Premier, most Ministers would probably know that in the States they have these lines when you leave that you do not have to take off your jacket, you do not have to take off your belt. All right?

[Inaudible interjections]

Hon. Wayne L. Furbert: That is right. Right.

And we were working on something to get it done also. I am just saying, maybe we need to . . . again, it is how do we make our customer feel welcome as they are leaving? Stop taking off all your clothes and just walking through, putting my hands up, in order . . . you know, there must be a better way. And we know it.

I do not care if we even charge a fee for it, for business people, for everybody. You get checked out by the police. You have a special card. The Honourable Michael Dunkley . . . I am not sure what he does, but former premiers have special treatment. Why?

Because they are the Premier. Okay? So why would they not think the Premier hasn't got something wrapped on him and we all do? Now we are going to blow up the plane, but the Premier is not going to blow up the plane.

[Inaudible interjections]

Hon. Wayne L. Furbert: All I am saying is that . . . I am trying to give you some, some . . . I have talked to the Minister of Tourism before as the Minister of Transport. How do we find ways to make coming to Bermuda much more friendly? And when you leave, you feel like, *I want to come back*. That is all I am saying. I know that everybody has felt the same way I have, but no one is willing to take the bull by the horns and make it work. Nobody.

I even had to take my wallet out of my pocket when I was the Minister of Transport. All right? And, you know, I . . . Yes, you know . . . I take my belt . . . Look. Come on. There are certain things . . . and I remember when Dr. Brown was the Minister of Transport, and at that time I was with you fellows. (I will never forget it.) I said to Dr. Brown—

An Hon. Member: We will not forget either.

Hon. Wayne L. Furbert: I said, *Why don't we* . . . Because at that time only Ministers could go in that special room. There is a room back there if you haven't all gone. And I said to the Premier, *Can we all get the opportunity to go into that back room?* They will know. I do not know whether all Members know they have access to it, unless these guys changed the policies. All right?

[Inaudible interjections]

Hon. Wayne L. Furbert: That is the backroom for the private meeting room that we have in the back. It was a certain code that we all put in. All right?

[Inaudible interjections]

Hon. Wayne L. Furbert: There is a room up top where you go. But you know something? I do not use it because I go in there by myself and who am I talking to? The TV. [And they] say we are having a meeting, so I stay outside and talk to—

[Inaudible interjections]

Hon. Wayne L. Furbert: Yes, I talk to people in the area, you know. But there is a room up there that Members of Parliament can go to. I do not know whether the Premier or the Minister of Transport, who is responsible, has changed that policy. If he has not, then everybody should know. All new people should know that you have a number and there is a code.

Call the person on duty and they will give you a code. You go back there. There are some little drinks, sodas, and orange juice, and TV back there. You can lay back.

[Inaudible interjections]

Hon. Wayne L. Furbert: You cut that out?

[Inaudible interjections]

Hon. Wayne L. Furbert: Television is there, though.

An Hon. Member: Budget cuts.

Hon. Wayne L. Furbert: Television. Well, you can buy your coffee and go into the room and enjoy it. All I am saying is that you can; but it is very hard to get into that room with one person, by yourself. I mean, I do not know who goes into that room and says, *Just let me look at the walls*. Right? I must have been in that room, since Dr. Brown said . . . yes, probably about three times. But you know if you are by yourself you are not going to be going. But you would have had meetings with, the meetings you are travelling with—

The Chairman: We know that this is not about Customs. Right?

Hon. Wayne L. Furbert: I am talking about Customs.

The Chairman: This is not about Customs.

Hon. Wayne L. Furbert: Yes, it is about Customs because you are restricted. You are restricted.

[Inaudible interjections]

Hon. Wayne L. Furbert: Yes. You are restricted.

[Inaudible interjections]

Hon. Wayne L. Furbert: Yes, this is about restrictions.

So all I am saying to you as far as . . . we have got to get to a place . . . and I believe that . . . because remember, people coming in will . . . and most people who are citizens of the country, *Can I look at your passport? Welcome home, Wayne*. I can go to Europe. You all have been there. I am not even . . . I got a British passport. *Welcome home, Wayne*. They do click, click, click, click, click, click, click, click. If they can do it up in the mother country, why can't we do it here?

Welcome home, Shawn. Welcome home, Burgess. Welcome.

Let me look at my computer.

For what? To see if I am on the stop list or something? Come on!

[Inaudible interjections]

Hon. Wayne L. Furbert: And we both did it. But I am saying we have got to rise. We got to rise up to another level.

First of all, we are Members of Parliament, so none of us should be treated any differently, all among us is equal. You know how Cabinet works, all among us are equal. So there are certain things, I am not saying privileges, but there is a certain respect that we should have. Right?

And now all I am saying is that you find a fee for business people who are travelling. At that time I was talking to an international businessman. I am not going to tell you which one it is. They still exist. As a matter of fact, [they do] not exist, they merged here recently. And they were giving me some good advice, working on those things, but, you know, 2012 came and I was not able to implement some things. So I am just hoping that the Minister of Tourism, Minister of Transport, particularly under his post that is where it lies, and the Minister of National Security, and the Minister of Economic Development can get together and say, *What can we do differently?* Because I know you got caught up in your regular, mundane types of things. But you know something? There was a . . . we had a consultant once, and you guys may still have this same guy. You know, the guy we used to have. You may still have him. I do not know.

[Inaudible interjections]

Hon. Wayne L. Furbert: And he said to me once, he was wondering why they were building buildings and were wondering why the people were upset, still upset because, *I'm building hospitals. I'm building this.* All they wanted off the street was the dogs. Get rid of the dogs. Because dogs were running wild on that particular island. Once they got rid of the dogs, they found the polls went up. We get caught up in a lot of things up here that a lot of people do not understand. All I am saying [is] that we need to get back down to here, some grass roots—I am talking about Police, Customs—

The Chairman: You are talking about Police? Oh, I see.

Hon. Wayne L. Furbert: I am talking about Police, Customs. I am talking Defence.

[Inaudible interjections]

Hon. Wayne L. Furbert: I am not talking about chickens. We need to get people out there shooting those chickens.

[Inaudible interjections]

Hon. Wayne L. Furbert: So we need to be dealing with . . . all I am saying is, *Let's get back to basics on Customs.* (And I am not talking about civil servants.) All I am saying is that the policies come through the Premier and his Cabinet and I . . . because I know some things that we worked on when we were there and I appreciate the Permanent Secretary. Like I said, the Permanent Secretary did an excellent job when we were there and pushed some things through for us because it made basic sense.

Do not come back and ask any Bermudians, *What are you doing away?* If you have . . . if you have something you want to arrest me for, because you think I was [away] doing something illegal, based on Bermuda laws, then arrest me on that. But do not ask me, *What did you do?* And I think most people can appreciate that.

Thank you, Mr. Chairman.

The Chairman: Thank you, Honourable Member.

Is there any other Member who wishes to speak on this?

The Chair will now recognise the Honourable Member from constituency . . . (I don't know) 11? The Honourable Member—

Mr. Michael A. Weeks: Sixteen.

The Chairman: [Constituency] 16. Honourable Member Weeks, you have the floor.

Mr. Michael A. Weeks: Pembroke East Central.

Thank you, Mr. Chairman.

I would like to start with the Police.

The Chairman: Yes.

Mr. Michael A. Weeks: That is number—

The Chairman: Head 7.

Mr. Michael A. Weeks: Okay. That is Head 7. Let us start at Head 6.

The Chairman: [Head] 6?

Mr. Michael A. Weeks: Yes.

The Chairman: Okay.

Mr. Michael A. Weeks: Now, I have a comment and a question. If it has already been answered, then you could direct me.

Like the Member who just sat down, Mr. Chairman, I too am a proud member of the Bermuda Regiment. I went in kicking and screaming, but when I

got there I enjoyed it. But what I wanted to say is that I definitely agree with ending conscription.

Now, we have talked for some time now about how we go about making this a full-time force. I have made suggestions. Other Members have made suggestions, be it a maritime force, somehow a border control. The time has come in 2015 that we stop talking about and implement it.

We are looking for jobs for our Bermudians. We have been talking about jobs for the last two years. The Regiment, if we make that a full-time force . . . and we could go back and forth of how we are going to do it, or what we are going to have them do, [but] that is not my argument today. But if we use that vehicle to make it full-time, and we could have 100, 200, maybe 300 Bermudian men and women in that force and that would go a long way in alleviating some of the job stress.

Obviously, it would target a lot of our youngsters, who at this point in time, are having trouble finding employment. A lot would jump at the opportunity because the Regiment would not only train them in military training, but they would have a vehicle to get their proper education with the Bermuda College.

So having made that comment, I am going on to Head 7, which is—

The Chairman: Police.

Mr. Michael A. Weeks: Police. Head 7, Mr. Chairman, on B-276, line item 0702, Corporate Services.

I notice here that the percentage of Bermudian officers employed with the BPS (I do not know if that has been mentioned already), but I see 61 per cent. I do not know of any other island, a comparable island to us, which has such a large percentage of foreign police officers. That is 39 per cent foreign police officers. And, again, I would like to ask the Minister of National Security, the Premier, what is in place for us to, first of all, attract more Bermudians? And if [many] Bermudians are failing the intake exam, why? How can we change this percentage from 61 per cent Bermudian to 80 per cent, 85 per cent Bermudian?

Again, we need to be creative Mr. Chairman. We have ways of creating jobs, creating employment. And our Bermuda Police Service, which is 61 per cent Bermudian, is a good place to start. You know, I have nothing against a foreign officer. But I will venture to say that [if] we did a comparative study on other islands, that percentage of foreign workers, of foreign officers, is probably minimal. Minimal, at best. So I would like to challenge the Minister to see how we can go about putting a programme together to attract more Bermudianisation there in the Police Service.

Now, Mr. Chairman, real quick, I would like to go on to Head 88. This is really the one I stood up for. Head 88, National Drug Control.

The Chairman: Which page are you on?

Mr. Michael A. Weeks: [Page] 293, Mr. Chairman.

The Chairman: Okay.

Mr. Michael A. Weeks: Mr. Chairman, page B-293

The Chairman: Yes.

Mr. Michael A. Weeks: Mr. Chairman, I would like to say right up front that I heard one of my colleagues mention that. I, like a former Member of this House, the Honourable Nelson Bascome, worked very closely with the NDC, the National Drug Commission. So it is near and dear to my heart.

[Crosstalk]

The Chairman: Proceed, Honourable Member.

Mr. Michael A. Weeks: Thank you, Mr. Chairman.

The Chairman: The Whip just needs to focus a bit more.

[Inaudible interjections]

Mr. Michael A. Weeks: I do not mind seeing him walk down the red carpet, but that was all right.

But Mr. Chairman, what I am saying is, because I have worked with it so intimately, I think we have to understand that unemployment and the recession equate to higher drug and alcohol use, higher incidences of family breakup, higher incidences of crime with alcohol and drugs. So what I am saying is, we cannot look at this here in isolation. Right? Alcohol and drugs affects every family here in Bermuda. Most of us admit it. A lot of us try to mask it. But I am here to say that alcohol and/or drugs affect every family in Bermuda. And that also [causes] an increase in domestic violence.

So what I am here to say is, Mr. Chairman, I am trying to tie it in as far as the monies that we allocate to those agencies that help to address these situations is very critical. You have an organisation like the Men's Treatment Centre, that is government run, and even that facility is underfinanced, underfunded. And we know that we are scraping for money, but I think the importance of these organisations . . . I cannot state it enough.

A charity like Focus Counselling Service is considered on the front line of drug rehabilitation and relapse prevention. They operate on a shoestring budget. And over the years, Mr. Chairman, with the recession as it is charities, like Focus Counselling, have suffered. So they rely more and more on the Bermuda Government. So we cannot minimise the fact that organisations like the charity Focus Counselling, or the family centre, even the Women's Resource

Centre, that all those charities [work] right in the heart and soul of our community. They are part of the community that a lot of people do not want to talk about. That is the drug and alcohol [problem] which creates domestic violence. And all of that is connected, Mr. Chairman.

The Chairman: Yes.

Mr. Michael A. Weeks: I have an interesting statistic. Just to make mention, because rather than just talk about problems, I have a solution that could help the Minister consider it.

Minister, I was doing some reading the other day in the BerDIN report—

The Chairman: Which report is that?

Mr. Michael A. Weeks: BerDIN [Bermuda Drug Information Network]. B-E-R-D-I-N. BerDIN report.

The Chairman: Okay.

Mr. Michael A. Weeks: Which is actually produced by the NDC (National Drug Commission).

I was reading there, Mr. Chairman, “Revenue from Alcohol Sales,” [that] in 2013, revenue from alcohol sales was \$14,654,894.13. Revenue from alcohol in 2014 was \$13,797,457.31. [This is] a grand total of \$28,452,351.

Now, why did I say that? We are looking for revenue. We are looking for ways to help these organisations, like the Focus Counselling, like the Family Centre, like the Women’s Resource Centre. Believe it or not, those centres are indirectly, and sometimes directly, linked to alcohol and drugs, *as a result* of alcohol and drugs.

In the Budget Statement last week I heard the Minister of Finance speak of looking at various ways to get revenue through taxes. My suggestion is that we must look at these organisations that are definitely on our front line. These kinds of organisations are in places that a lot of us do not want to talk about and try to avoid, thinking that it is going to go away.

But they are desperate. And if they do not get the proper support and funding, they will close and perish. But what happens to those clients that they are there to try and help and support? Some people say, *Oh, well, it is their choice to go on drugs and/or alcohol.* What I am talking about is past that. It is past that, and that is the reality that we have to address.

Again, it reminds me that there is two Bermuda’s, Mr. Chairman. It is that section of Bermuda that when they get caught up in drugs and/or alcohol, they could go away to rehabilitation centres. But this class of Bermudian, with low income, the class of Bermudian that cannot go away. So this is where Focus is doing things, and the Family Centre, and

Women’s Resource Centre, those kind of agencies, Mr. Chairman, who is really on our front line.

In saying all of that, I am saying that we have relook at creative ways to help these organisations. And as I take my seat, I would like to ask the Minister to consider taxing the alcohol industry. And we can use some of those monies and invest into relapse prevention and rehabilitation.

Thank you, Mr. Chairman.

The Chairman: Thank you, Honourable Member.

Is there any other Member who wishes to speak on this debate?

The Chair will recognise the Honourable Premier then, and the Minister responsible.

Hon. Michael H. Dunkley: I have enough questions. I do not know if I can understand my writing.

Thank you, Mr. Chairman.

I thank my honourable colleagues for participation in this debate this afternoon and the 63 questions that I was asked. Let me try to answer and—

[Inaudible interjection]

Hon. Michael H. Dunkley: No, it was not 63; I just made that number up.

First, in regard to the Honourable Shadow Member, Mr. Roban, I will try to answer some of his questions. I will just go through the various heads, one by one.

In regard to Ministry Headquarters on B-265, Advertising and Promotion, an increase of \$26,000 to \$50,000. This was devoted to the Interagency Task Force, the call-in which we are putting together. The programme that we ran on “If you know something, say something” and to great materials to use in the programme in the school.

In regard to B-263, again Ministry of National Security, the Honourable Member asked in regard to the increase of funding for the Ministry Headquarters of \$1,195,000 to \$1,426,000 for the current fiscal year. I covered that in my brief, but just to give a bit more of an explanation, that is specifically as it relates to the EMD (electronic monitoring devices). That programme was transferred over to the Ministry and the budgeting was not put in the Ministry at that time.

For the edification of the Honourable Member and Members of this House, and the listening public, the programme functions amongst a number of different departments: Bermuda Police Service, the courts (Probation and Parole), and it has been quite effective in what we believe is helping to reduce the prison population numbers. Up until a few years ago when we did not have the programme, individuals had to be incarcerated. But now for less serious offences, individuals can be released on police bail, can be released on probation, [and] the courts can put a tag on them and they can be accounted in that way.

It has been quite effective; in fact, there have been stories (maybe it wasn't this year, but late last year) where the number of devices we had in the programme had been used up and there were four individuals waiting to come out of prisons that did not have access to those devices. So we are looking at ways to do two things. First, access the need for more of those devices to be used. Secondly, and perhaps more importantly, Mr. Chairman, is to make sure that those devices are used in appropriate cases, not just be used on offenders who might not even need a device. Because, Member, the devices are not cheap, and that technology costs some money. But we feel it has been a very effective programme and so that was the increase in the Ministry there.

In regard to Cash Back [for] Communities, Honourable Member—

The Chairman: What page are you referring to?

Hon. Michael H. Dunkley: I am referring to Headquarters again. In regard to the question about money put out to Cash Back [for] Communities. It was \$243,000 in the fall of last year: Family Centre, Team Street Safe, North Village Community Club, PHC [Pembroke Hamilton Club], and Focus. The funding was taken with approval of Cabinet colleagues from the Confiscated Assets Fund when funds were available. And Honourable Members are also aware that funding out of Confiscated Assets Fund can be used for the FIA [Financial Intelligence Agency] and other regulatory agencies.

In regard to a question about the full implementation of Operation Ceasefire, let me be clear that Operation Ceasefire is a programme to stop the shooting, or to reduce the shooting. It is a comprehensive programme that steps have been put in place going back for a couple of years now. Perhaps the most well-known feature of that programme is the call-in programme. It has been deemed . . . our opinion over the past couple of years is that the call-in programme was not necessary or appropriate to do until we had a total Operation Ceasefire programme in place, which calls for front-end activation enforcement by the police and the back end to keep people out of that lifestyle. We are now working on the Bermuda-style call-in part of the Operation Ceasefire and I refer to that in my Budget Brief, again, on page 9.

That will be used at the appropriate time to have better impact on what we are trying to do. I will come back to that a little bit later as I talk about the police in some of the answers [to questions] that Honourable Members asked in that regard.

Parole is virtually complete now within the Ministry of National Security, and, as I said in my brief, functioning very well. The Honourable Member, MP Bascome, sits on that board. He knows the work that is involved and I give them credit. They take that job

very seriously and they do a commendable job in what they do.

Team Street Safe, there was some questions asked about that. Team Street Safe has been successfully funded by the Government and also by the private sector. [There has been] \$100,000 put in by the private sector over the past couple of years, each year. We anticipate in the next financial year we will still continue to get support from the private sector. We are very gratified in the Ministry of National Security that we do have this support to supplement the programme which has had a good impact with our total programme that we are trying to do to curb the shooting and stop the shooting.

The question in regard to the National Disaster Planner. That will take effect on June 1st. That was the recommendation that the Government adopted from the National Security and Defence Review. In conversations with the Commissioner of Police, over the past few months, myself and the Permanent Secretary have come to an agreement with the commissioner that on June 1st, hurricane season, we will have that individual on board. Right now they are reviewing the appropriate people for that position.

There was a question asked about attendance of police officer's at accidents. By law, there is no requirement for police officers to be at accidents where there is no injury. What we are trying to do is streamline the process because, obviously, if you and I, Mr. Chairman, get into a small fender bender, and there is no injury, one of us—or both of us—is going to call somebody to make sure that you are getting the insurance claim you need, or I am getting the insurance claim I need. We do not need to waste valuable police resources to do that type of thing. So the police are looking at other options to try to make sure that works. We will take about that more in the coming months.

In regard to Maritime Controls, and this spans not only Ministry Headquarters, but there were comments that [were] touched on in regard to the police and the Regiment as well. We will continue with the current policy and programmes within the Bermuda Police Service. Also, supported by the Regiment, as I think Honourable Members will be aware during the busy boating season, we have seen patrols supplemented with the Regiment working hand-in-hand with the police to get a better and more effective patrol out there.

Clearly, this is a budget constraint that we have. The current programme works quite effectively and based on our desire to use resources efficiently and the lack of new money that is available in the budget going forward, this is something we will continue to look at with, and it is still our intention to look at implementation when we can find the resources to do it. The Regiment is keen to work with us in that regard. Thanks to the Bermuda Police Service for continuing on, and for their efforts to try to find out a

better programme that can be worked with within the Bermuda Regiment.

A question was asked by the Honourable Member on the number of Cabinet papers within the Ministry of National Security. I do not want to say too much about this because all Cabinet Ministers work very hard, but the Ministry of National Security is a very, very hard-working Ministry as well. And there is an average of about five Cabinet papers a month from the Ministry of National Security.

Turning to Head 6, Defence. Our junior leaders, yes, unfortunately, the funding has to be withdrawn because of the need to get on top of spending and work on appropriate ways to reduce the deficit. However, the programme will still continue. Full-time staff will be looked at to see if they will volunteer their time and will work the programme through the school. But it is our initiative to try to continue with the programme and when funding becomes available, we will put it back into that. The Honourable Member has hit the nail right on the head. A few years back the programme struggled a little bit. We built it back up again. The aim of the programme is not only to grow and mature our young people, but also to try to find members from the junior leaders who will naturally progress into the Regiment. That has never really taken that much seed at this point, and so that is one of areas, as we look at how to improve the effectiveness of the programme, getting members into the Regiment, we will have to look at as we go forward.

[Line item] 16050, under Defence [Head 6], there has been no allocation for a number of years and it could come out of the Budget Book. I take the Honourable Member's comments about more efficient use technology to save energy. It does cost money, but across government we will be looking at ways to do that.

In regard to the Recruit Camp, I am pleased to see that the Honourable Members who attended the recruit camp thought it was a good experience and they were comforted by what was taking place. We feel very comfortable that we can reach the numbers of 80 volunteer recruits for the next recruit camp in 2016. We will still be able to offer some incentives in there and the current commanding officer will work extremely hard to get those numbers. It has been very successful over the past couple of years.

The Shadow Minister expressed his support of the Regiment and certainly that is heartening to see. The commanding officer changes in, I believe, January 2016 and the new officer will be on the ground before then to assure a seamless transition. In regard to the salary of the commanding officer, mentioned by the Honourable Member from constituency 6, I think colleagues will be aware that when the arrangements were made for the commanding officer who came with a great deal of experience, the Government agreed to pay the standard commanding offi-

cer's salary from the Defence Head. Any extras comes from Government House or the UK.

In regard to getting rid of conscription. It is still an item that this Government will continue to work toward. But we have to understand and accept, and as the Honourable Member from constituency 16 said, *Let's have a full-time force of 100, or 200, or 300.* Well, that is fine, but over here we authorise cheques to be signed and if we put in a full-time force next year that would be funding that would have to come from somewhere. So we want to do it in an appropriate way. And that is why we are looking at increasing the volunteers over time, so at the appropriate time we will have a fully volunteer force where conscription will not have to be used. I think we are making impressive headway. This camp more than half of the recruits volunteered and all of the reports that I got showed that recruit camp was very effective.

Mr. Chairman, in regard to Police, Head 7, on the numbers—

The Chairman: Honourable Premier, you have about five minutes left.

Hon. Michael H. Dunkley: I am on question 37, so I am just about halfway through.

Head 7, Police. How were the numbers arrived at? The actual number is correct, 436, 91 and 13. That 540 number is correct. The Budget Book will be out a bit here because this is a real-time number as of last week: Police officers, 436; administrative staff, 91; cadets, 13.

Now, how is this number arrived at? In the Ministry of National Security, we meet on a regular basis with the commissioner of police and the deputy commissioner and, as we go through the budgetary process, I have always taken the approach, *Okay, tell us what you need and we will discuss how we get there.*

For example, in the last budget process we went through the commissioner came with three options: (a) which is golden; (b) which will work; and (c) which [he said] *I could live with but it is not going to work very well.* We took the (b) number at 436 and funded those and the commissioner will work with those. We will do our best to get to the budget number we have. I think the past couple of years we have gotten there.

The numbers before really are not an accurate reflection. The commissioner is comfortable with the 436 officers on the ground, and that is what we funded this year, that is what we funded last year, and that is what we funded the year before. So forget about all the other numbers that might have been out there. Forget about the 477 that could go up to that level. We are not considering—

[Inaudible interjections]

Hon. Michael H. Dunkley: Yes. But at this point in time 436 uniformed officers is what the commissioner is comfortable with. Now, everybody would love to have to more staff and more money, but this is not the time and place to talk about that.

In regard to Crime Stats, stats are publicised every six months, so the second and fourth quarter. The commissioner has informed me this afternoon that within a month the crime stats for the fourth quarter will be . . . well, he will have a press conference and put them up on the website.

In regard to satisfaction of the BPS [Bermuda Police Service] and the 65 per cent rate. Of course, we want to push it higher and they are going to do that through their objectives: tackling crime and anti-social behaviour, engaging in the community, and improving road safety.

In regard to CCTV, the Honourable Member asked numbers about what has been paid. The contract, once the system is 80 [per cent] or 85 per cent installed is for \$111,000 per month. That includes equipment, maintenance, and monitoring. At the present time, we are paying \$48,000 a month (I will be happy to give you the numbers afterwards), and that includes monitoring and the rental of the fibre optic rental cabling. So the money is being saved because we are not to the level where we have to pay the full contract.

In regard to further capabilities of the system, yes, ShotSpotter, all those types of things, can be put on the system. But they will require additional funding because the system was not set up for a ShotSpotter or anything like that. But they can be added. So we are looking at options down the road on what we will want to take a look at.

The three types of cameras that you referred to, a combination of fixed cameras? One that just points one way in one direction; the pan, tilt and zoom, where the camera can go anywhere and do what it has to do; and the automatic licence plate recognition cameras. [There would be] 150 cameras in 85 locations.

In regard to [line item] 17050, Child Victim Unit. All of that has been in CID [Criminal Investigation Department] for a couple of years and there is no change in the number of officers and the expertise they have, they are all in that one department, and they give their advice.

The percentage of non-Bermudians in the Police Service, I take that point. I think Honourable Members will be aware that if you go back 10 years and more, it was very difficult to attract the police. But over the past couple of years, especially with the downturn in the economy, it has not been that difficult to attract people to come to the police. We have worked hard to have the recruit programmes we need and they have all been Bermudians coming in. So we will see that number go in the other direction.

Hon. Michael H. Dunkley: In regard to Corrections

[Inaudible interjection]

Hon. Michael H. Dunkley: I did not say “lobotomy.” I said “phlebotomy.”—

The Chairman: Honourable Premier.

Hon. Michael H. Dunkley: Inward veins.

The Chairman: Honourable Premier. You are not going to be able to get to the rest of the questions.

Hon. Michael H. Dunkley: All right. How much time do I have?

The Chairman: None.

Hon. Michael H. Dunkley: Okay. Well, let us move the heads because I could talk night. I enjoy talking about National Security and how we work for the people. [I could talk] all night, but if you want to cut me off now, I will do that, Mr. Chairman.

The Chairman: Just following the rules, Honourable Premier.

Hon. Michael H. Dunkley: Thank you.

Mr. Chairman, with that I ask to move the following heads [under] National Security. Head 83, Ministry of National Security, HQ; Head 6, Defence; Head 7, Police; Head 12, Customs; Head 13, Post Office; Head 25, Department of Corrections; Head 45, Fire Service; and Head 88, National Drug Control.

The Chairman: Thank you, Honourable Premier.

It has been moved that those heads be approved. Are there any objections to those heads being approved?

None.

Agreed to.

[Gavel]

[Motion carried: The Ministry of National Security, Heads 83, 6, 7, 12, 13, 25, 45, and 88 were approved and stand part of the Estimates of Revenue and Expenditure for the year 2015/16.]

The Chairman: Honourable Premier?

[Pause]

The Chairman: Or Minister of Finance, either.

Hon. Michael H. Dunkley: Mr. Chairman, I ask that we rise and report progress, and sit again on Wednesday, [4 March 2015].

The Chairman: It has been moved that the Committee rise and report progress and ask for leave to sit again.

Are there any objections to this motion?
There are none.
Agreed to.

[Gavel]

[Motion carried: The Committee of Supply agreed to rise and report progress, and sought leave to sit again.]

House resumed at 8:22 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

ESTIMATES OF REVENUE AND EXPENDITURE 2015/16

[The Committee of Supply agreed to rise and report progress, and sought leave to sit again.]

ORDERS OF THE DAY

The Speaker: Honourable Members, from what I have been made to understand, Orders 1, 3, 5, 6, 7, 8, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, and 23, those Orders will be carried over.

The Orders that would like to be taken up this evening are Orders 2, 4, 9, and 10. There has been a request that we do Orders 9 and 10 first, and then go back to Order 2 and then Order 4.

Are there any objections to that?

Some Hon. Members: No.

The Speaker: Okay. Honourable Members, we will look at Order No. 9 first, which is the Corporate Services Tax Amendment Act 2015, in the name of the Minister of Finance.

The Chair will recognise the Minister of Finance, E. T. Richards. You have the floor.

BILL

SECOND READING

CORPORATE SERVICES TAX AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.
Mr. Speaker, I would ask the that this Honourable House give consideration to the Bill entitled the Corporate Services Tax Amendment Act 2015.

The Speaker: Are there any objections to that?
Carry on, please.

Hon. E. T. (Bob) Richards: Thank you, sir.

This Bill provides for a revenue-raising measure in support of Government's 2015/16 Budget. Mr. Speaker, Honourable Members will recall that in the 2015/16 National Budget Government announced it will increase the corporate services tax rate. The tax will be raised from 6 per cent to 7 per cent to achieve additional revenue of about \$1 million.

Mr. Speaker, corporate services tax, which was introduced on April 1st, 1995, is charged on a local service provider on the gross fee earned charged to an exempted undertaking for taxable corporate services provided during each tax period. This tax is charged under the authority of the Corporate Services Tax Act 1995. The tax is charged at a rate of 6 per cent now to be raised to 7 per cent and is payable quarterly.

Currently, there are approximately 61 service providers registered at the Office of the Tax Commissioner. Most, if not all, of these entities should be positioned to contribute their fair share of taxes without undue hardship as the gross fee earned revenue generated in this sector in 2013/14 was approximately \$78 million.

Mr. Speaker, Government has tried to be balanced and fair, taking into consideration the situation that we must face as we try to reduce the deficit. Indeed, while the community would prefer that taxes not be increased, most understand the current fiscal situation and there is an appreciation that this has to be done on the road to consolidation. There is no question that the demand for government services is increasing along with the pressing requirement to reduce the deficit. The propose change in this rate will assist in providing some additional revenue that is required to satisfy the expanding needs of our community and reduce the deficit.

In particular, increased revenue will be used primarily to pursue key objections of government, such as improving educational outcomes for the public school system, creating safe neighbourhoods, providing affordable health care, and expanding investments for growth in infrastructure. All of these are areas which the Bermuda community has identified as being critical and this budget is focused on the ultimate funding of these key areas.

The Government recognises that this increase may not be popular in some quarters. However, as Bermuda is a premier of financial services jurisdiction, in order to provide the level of service, the level of sophistication, and our positioning in the global economy, it is necessary to maintain our operational standards, and, more importantly, our financial independence.

With those introductory remarks, Mr. Speaker, I would now like to read for the second time, the Bill

entitled the Corporate Services Tax Amendment Act 2015.

The Speaker: Okay. Thank you, Honourable Member.

Any other Honourable Member care to speak?

The Chair will recognise the Honourable Member from Hamilton West, constituency 6, MP Wayne Furbert. You have the floor.

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

This particular Act in 1995, I remember like it was just yesterday because I remember at that time there were many service providers that were complaining about this. I think that at that time it was Dr. David Saul, was the Minister. So I remember the loud outcry from that particular sector.

It will be interesting to know, not actually who they are, but what is the spread as far as what is the highest any particular service provider pays to the smallest, whether the Minister does have that number. So, let's say, service provider "A" pays (I don't know) \$100,000, where the smallest one may pay \$1,000. It would be interesting to know whether the Minister has that range for the service providers.

As the Minister said, no one likes to pay increases. The last increase in this particular . . . I cannot . . . What did you say? Was that last year?

[Inaudible interjections]

Hon. Wayne L. Furbert: Last year.

So we have basically been increasing this over the years. I am not sure whether (and I remember the debate last year) this has any impact on where the service provider puts their business because the actual amount is charged on corporate secretarial service, or management service, and so on. Does corporate service provider "A," . . . because where is that point where management within in that service decides, particularly if they have offshore jurisdiction, do they place it in Bermuda? Because I am going to be taxed another 1 per cent and so did we lose, are we going to lose . . . is that it? Are we losing our . . . what is the word I am looking for?

[Inaudible interjections]

Hon. Wayne L. Furbert: Yes, competitive advantage.

Where is that breaking point where they say, *Nope, I am going to place my business down in Cayman [Islands] or I am going to place my business in the Bahamas*, or wherever? I do not know whether I heard the Minister say that some people do not like it. That means that some people called it. That is what it really means. Minister, I do not like . . . you know what is interesting? No one has called . . . if they have not called maybe the service has already been moved. But that has to be in their planning.

In the olden days, and I will use the two particular larger law firms when their business was only in Bermuda (but now that they have corporate offices all around the world), they decide . . . and they have. They have made decisions. I know when I was Minister of Economic Development, they decided to place some business in a jurisdiction, and I think it was Cayman [Islands] at the time, before they placed it in Bermuda, because we did not have something in place. And I know that the Minister who came on under me, Grant Gibbons, had to do air craft . . . I think it was air craft register, or something at that time. But it was a change that we were putting in place and I know the Minister was bringing it forward after and hoped that it was picked up.

But these are the concerns I have. Will [we] lose a dollar because we are trying to get increase 1 per cent? And that is the balancing act that any Minister of Finance has to do. In other words, does the service provider continue to look from now on, every year, *Well, they may hit me next year*. Because I can guarantee, somewhere down the line, some of us may still be here, somewhere down the line this will be 10 per cent. Taxes hardly go down. They give me no concessions on these types of things. And whether the Minister starts, like I said, by doing this, chases business away and hence, unemployment increases. That is an interesting scenario.

Like I said, I know the Minister has to find a way to do it . . . but I would have probably . . . I do not know. Unless he has some numbers and talked to them, where we are going, but it is here. We support the increase with some reservations on this part on whether it will drive business away and we will have to monitor it all the time.

Last year . . . let me see, last year we did . . . well, interesting, 2013 we did \$4.6 million. Now, I am not saying this because of the service provider. It could be because we lost the business. This is in the Budget Book, page 32, in 2014, they budgeted for \$4.5 million; revised is \$4.5 [million]. Which I doubt, it is not going to . . . I doubt it will actually end up the same amount, the revised and the budget. That means they would have to be had been exceptionally talented in predicting that number. But yet, now they are going up to \$5.4 million.

So when the actual comes out next year, will that number be down \$4.5 [million]? And have we lost that because of the situation? The Minister is budgeting for it to gain, hopefully, a million dollars, a 21 per cent increase over last year. If we get it, good. If we do not get it, then we have to look at . . . and the Minister has talked about looking into other ways at raising revenue and other means. Thank you.

The Speaker: Thank you, Honourable Member.

Any other Honourable Member care to speak?

Then I will revert back to the Minister, Minister Richards.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

I have been informed by an authoritative source that it was two years ago that we raised the rate on this tax. And two years ago it was the first time it had been raised for a long, long time. We do not have the information on the spread of taxpayers, although I think I can safely say the market is dominated by a small number of very large players who are known to (I am sure) the Honourable Member and most people in the Chamber. There are a few very large players and a number of smaller ones. But that is about all the information I could give on that.

We do not think that this raise in rates is going to have . . . it is going to sort of act as a clearing price, which is what you're wondering about. I do not think you are suggesting it, but you are wondering, Honourable Member, if it could be a clearing price, which is a price at which everybody just takes off. The market for corporate services in Bermuda has become more complicated than it used to be. The Honourable Member is right when he says that a lot of the major players now have offices in other offshore jurisdictions. I think to counter that I can safely say that my colleague, the Minister of Economic Development and the BDA are working very hard to get more corporate services' business in Bermuda. Company corporations are up. They have been relatively strong, so we think that the efforts that we are making to build up new offshore business in Bermuda, in particular the funds business, will help us reach the goal that we are seeking to attain here with this tax.

So those are all my remarks on this, Mr. Speaker. I would now like to move that the Bill be committed.

The Speaker: Thank you, Minister.

Any objections to that?

If there are none, then the Bill will be committed and I ask that the Deputy Speaker, please take the Chair [of Committee].

House in Committee at 8:37 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

CORPORATE SERVICES TAX AMENDMENT ACT 2015

The Chairman: Honourable Members, we are now in Committee of the whole [House] for further consideration of the Bill entitled [Corporate Services Tax Amendment Act 2015](#).

I call on the Minister in charge to proceed. Minister, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

Madam Chairman, I would like to move clauses 1 through 3.

The Chairman: Please proceed.

Hon. E. T. (Bob) Richards: Thank you.

Clause 1 is self-explanatory.

Clause 2 amends section 4 of the Corporate Services Tax Act 1995 to increase the rate of corporate services tax from 6 per cent to 7 per cent of gross earned revenue.

Class 3 provides for commencement on April 1st, 2015.

The Chairman: Are there any Members that would like to speak to clauses 1 through 3?

There are no Members.
Minister?

Hon. E. T. (Bob) Richards: Madam Chairman, I therefore would like to move clause 1 through 3.

The Chairman: It has been moved that clauses through 3 be approved as printed.

Are there any objections to that motion?
No objection.
Agreed to.

[Gavel]

[Motion carried: Clauses 1 through 3 passed.]

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

I would like to move the Preamble.

The Chairman: It was moved that the Preamble be approved as printed.

Any objections to that motion?
No objections.
Agreed to.

[Gavel]

Hon. E. T. (Bob) Richards: Madam Chairman, I would like to move that the Bill be reported to the House as printed.

The Chairman: It has been moved that the Bill be reported to the House as printed.

Any objections to that motion?
No objections.
Agreed to.

[Gavel]

[Motion carried: The Corporate Services Tax Amendment Act 2015 was considered by a Committee of the whole House and passed without amendment.]

[Pause]

House resumed at 8:39 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

CORPORATE SERVICES TAX AMENDMENT ACT 2015

The Speaker: Honourable Members, the Corporate Services Tax Amendment Act 2015 has been approved.

Any objections to that?

None.

We will now move on to the next Order which is Order No. 10, Temporary Loans (Repeal) Act 2015 in the name of the Minister of Finance.

I recognise again, the Minister of Finance. You have the floor.

BILL

SECOND READING

TEMPORARY LOANS (REPEAL) ACT 2015

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

Mr. Speaker, I move that the Bill entitled the Temporary Loans (Repeal) Act 2015, which has been recommended by the Governor be now presented to the House and read a second time.

The Speaker: Any objections to that?

Carry on, Minister.

Hon. E. T. (Bob) Richards: Mr. Speaker, the Temporary Loans Act 1973 provides for the Minister of Finance's authority to borrow money on a short-term basis. The Act sets the tenure of loans raised under this legislation to no more than 15 months. Currently, the maximum amount may be borrowed under this facility is 10 per cent of the Estimates of Expenditure approved for the current financial year.

Mr. Speaker, it should be noted that the Temporary Loans Act was drafted in 1973, it was actually before the Government Loans Act 1978. The Temporary Loans Act requires any loan raised under it to be paid off within 15 months. The 1973 Act was clearly drafted at a time when there was minimal, or no, government debt, much different from today's circumstances of high debt levels. As currently drafted, the Temporary Loans Act 1973 is in conflict with the Gov-

ernment Loans Act 1978, section 2A of this Act actually provides the Minister of Finance with the authority to borrow in such manner and on such terms and conditions as may be agreed with the lenders, provided the overall borrowing does not exceed \$2.5 billion. This provision is clearly in conflict with the Temporary Loans Act 1973 which restricts the Minister of Finance to certain forms of borrowing classified—

The Speaker: One minute.

Honourable Members, I would prefer it if I did not see Honourable Members' backs. Honourable and Learned Member, I would love to . . . yes, right. I would appreciate it if you . . . That's right.

Carry on.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

This provision is clearly in conflict with the Temporary Loans Act 1973 which restricts the Minister of Finance to certain forms of borrowing classified as temporary loans. Restricting the amount that the Minister can borrow on a short-term basis could prevent the Government from raising necessary financing to meet its obligations. This is especially true during times when international capital markets used to raise long-term debt becomes dysfunctional, as was the case during the financial crisis in 2008, 2009, and 2010, when it was virtually impossible to borrow for any period over a year.

Mr. Speaker, the Bill brought forward today seeks to resolve this conflict between the Temporary Loans Act 1973 and the Government Loans Act 1978 by repealing the former Act as it no longer serves any valid purpose. Moving forward, all borrowings will be governed by the Government Loans Act.

With these brief introductory remarks, Mr. Speaker, I would now like to read this Bill, entitled Temporary Loans [(Repeal) Amendment Act 2015], a second time.

The Speaker: Thank you, Minister.

Is there any other Honourable Member who cares to speak?

The Chair will recognise the Honourable Member from Hamilton West, constituency 6, MP Wayne Furbert. You have the floor.

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

I do not see any problem with what the Minister is doing. It clearly shows there is a conflict somewhere along the line. I wonder why it took us all so long to recognise this particular . . . Did you say the Governor recommended this? Or did he pick it up? I mean . . .

[Inaudible interjections]

Hon. Wayne L. Furbert: Yes, but I am sure it was us that picked it up, somebody in the civil service picked this up I am assuming.

[Inaudible interjections]

Hon. Wayne L. Furbert: I cannot imagine the Governor looking through all the books looking for . . .

[Inaudible interjections]

Hon. Wayne L. Furbert: This is the only thing. I heard that part but, in theory, I mean, it just makes sense. Really, like you said, 1978 really knocks 1973 out of the ballpark, so we no problem with this, Mr. Speaker.

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

Any other Honourable Member care to speak? Minister Richards?

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker. Mr. Speaker, to answer the Honourable Member's question, I do not know why it took this long. But it is high time we did. In many ways it is just house-keeping.

So, Mr. Speaker, I would move that the Bill be read a second time and committed.

The Speaker: All right. Thank you.

It has been moved that the Bill be read a second time and committed.

Any objections to that?

None. The Bill will be committed.

I ask the Deputy Speaker to take the Chair [of Committee].

House in Committee at 8:45 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

TEMPORARY LOANS (REPEAL) ACT 2015

The Chairman: Thank you, Members.

We are now in the Committee of the whole [House] for further consideration of the Bill entitled [Temporary Loans \(Repeal\) Act 2015](#).

I call on the Minister in charge to proceed. Minister, you have the floor.

Hon. E. T. (Bob) Richards: Madam Chairman, this Bill seeks to repeal the Temporary Loans Act 1973. I now move clauses 1 through 3.

The Chairman: Please proceed.

Hon. E. T. (Bob) Richards: Clause 1 is self-explanatory.

Clause 2 repeals the Temporary Loans Act 1973, the provisions of which are in conflict with the Government Loans Act 1978, and makes a consequential amendment to section 12(3) of the Government Loans Act 1978.

Clause 3 provides for the commencement date of 1 April 2015.

The Chairman: Thank you.

Are there any Members that would like to speak to clauses 1 through 3?

There are no Members.

Minister, please proceed.

Hon. E. T. (Bob) Richards: Therefore, Madam Chairman, I move clauses 1 through 3.

The Chairman: It has been moved that clauses 1 through 3 be approved as printed.

Are there any objections to that motion?

No objections.

Agreed to.

[Gavel]

[Motion carried: Clauses 1 through 3 passed.]

Hon. E. T. (Bob) Richards: Madam Chairman, I move the Preamble.

The Chairman: It has been moved that the Preamble be approved as printed.

Are there any objections to that motion?

There are no objections.

Agreed to.

[Gavel]

Hon. E. T. (Bob) Richards: Madam Chairman, I move that the Bill be reported to the House as printed.

The Chairman: It has been moved that the Bill be reported to the House as printed.

Are there any objections to that motion?

No objections.

Agreed to.

[Gavel]

[Motion carried: The Temporary Loans (Repeal) Act 2015 was considered by a Committee of the whole House and passed without amendment.]

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

House resumed at 8:48 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

TEMPORARY LOANS (REPEAL) ACT 2015

The Speaker: Honourable Members, the Temporary Loans (Repeal) Act 2015 has been read a second time, [considered in Committee] and approved.

Are there any objections?

There are none.

We will move now to the next Order of the Day, which would be Order No. 2, which is consideration of the Hotels Concession (Pink Beach Hotel) Order 2014, in the name of the Minister of Tourism Development and Transport.

The Chair recognises the Honourable and Learned Member, the Member from constituency 31, Minister of Tourism Development and Transport. Minister Crockwell, you have the floor.

ORDER

HOTELS CONCESSION (PINK BEACH HOTEL) ORDER 2014

Hon. Shawn G. Crockwell: Mr. Speaker, I move that consideration be given to draft regulations entitled the Hotels Concession (Pink Beach Hotel) Order 2014, proposed to be made by the Minister of Tourism Development and Transport under the provision of section 4 of the Hotels Concession Act 2000.

The Speaker: Any objections to that?
Minister, please carry on.

AMENDMENT TO TITLE

Hon. Shawn G. Crockwell: Mr. Speaker, before I proceed I would like to move that the Hotels Concession (Pink Beach Hotel) Order be amended. I would just like to amend the citation by amending the title of the Bill and the citation in paragraph 1 by substituting the following: Hotels Concession (Pink Beach Hotel) Order 2015.

The Speaker: All right. Thank you.
Any objections to that, Members?
There are none.
Please carry on, Minister.

[Amendment passed]

HOTELS CONCESSION (PINK BEACH HOTEL) ORDER 2015

Hon. Shawn G. Crockwell: Mr. Speaker, the Order before this Honourable House relates to the Pink Beach Hotel.

Honourable Members will be reminded that the aim of the Hotels Concession Act 2000 is to improve the overall tourism product by affording tax relief to hoteliers who reinvest in their property through development. The Concession Act was also designed to encourage the full development of new and existing properties and this is the category in which the new Pink Beach Hotel falls.

The former Pink Beach Club has long been synonymous with the historic success of Bermuda's tourism industry when it opened its doors in 1947 as a 13-acre oceanfront cottage colony. The property represented the very best of Bermuda's golden years of a thriving tourism industry. It was the winner of many top awards of excellence over the years. It truly was an iconic hotel with instant worldwide recognition.

Mr. Speaker, Honourable Members are also very familiar with the well-documented decline of the tourism industry starting in the early 1980s. The Pink Beach Club did not escape this decline and struggled with the declining quality of product, as well as experiencing difficult financial circumstances. The hotel was put into receivership in 2010, and closed its doors on August 31st, 2013.

The Pink Beach Club was purchased in early 2014 by Sardis Developments Ltd, as subsidiary of C12 Global Investments Ltd, founded by the CEO Mr. Stephen King as a Bermuda exempted company in November of 2011. This purchase was for \$12.75 million and has already started redevelopment using private resources.

The owner/developer plans a further investment of \$42 million in constructing the 40-room hotel and seven luxury condominiums configured to allow use as hotel rooms on the western lot and a private residence with a groundkeeper's cottage and two luxury guest cottages on the eastern lot. Thirty-five million dollars of the construction spend will be invested directly into the hotel building, spa, changing rooms, infinity pool, tennis courts, operating facilities, and condos which are configured to allow use as hotel rooms, and \$6 million will be spent on the private residence and cottages.

Mr. Speaker, Sardis Development Ltd. intends to bring back the intimacy and charm intrinsic in the scale of the original hotel, while at the same time giving their guests every modern convenience with an emphasis on personal attention to detail and discreet and flawless service. This new hotel will be spread over approximately 7.64 acres of hotel property. It is intended that the hotel will be open for business in April of 2016 as a new luxury boutique resort containing 34 rooms and six two-bedroom rooms. Each room will be extremely generous at approximately 750 square feet each, with 10-foot ceiling, and 15-foot spans. This will be as many rooms as were available in the last year of the former Pink Beach Club and will be considerably larger, more luxurious, and hopefully create a new gold standard for Bermuda.

The owner/developer commits to making a private residence and guest cottages available as hotel inventory for a minimum of five years from the hotel's opening date, and not less than six months in each of those five years. In addition, the seven luxury condominiums have 21 bedrooms between them and the new owners will have an option to rent any or all of their condos back into the hotel's inventory when available. In fact, we are made to understand that any unsold condominium will be utilised as hotel inventory for the America's Cup events.

Mr. Speaker, the developer plans to employ between 80 and 100 construction positions with the majority of these jobs being held by Bermudians. Pink Beach Hotel estimates that 50 to 80 long-term, full-time hospitality positions will become available, half of which will be held by Bermudians and offer some employment opportunities to students.

Mr. Speaker, this Order provides concessions relief in the amount not to exceed \$7.59 million over the period of five years, which is calculated on the projected capital redevelopment expenditure of \$42 million. This commitment is important as it is consistent with creating an environment that will encourage, promote and attract investments in new hotel developments. In addition, it is critical and in line with this Government's strategy to development the tourism product and assist with defraying the exorbitant cost of maintaining such an infrastructure. It is also needed to sustain Bermuda's tourism for future generations.

Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Minister.

Hon. Shawn G. Crockwell: I will now go on and explain the clauses of the Order.

The Speaker: Thanks. Yes.

Hon. Shawn G. Crockwell: Mr. Speaker, again, this is the Hotels Concession Order under section [4]of the Hotels Concession Act 2000 in respect of the Pink Beach Hotel redevelopment deemed to be in the national economic interest of Bermuda.

Clause 1 is the standard citation clause.

Clause 2 is the interpretation clause. Honourable Members are invited to take note that the developer's application submitted under section 3 of the Act, defines the hotel's redevelopment as (a) new luxury rooms, (b) new luxury spa facility and infinity pool, (c) new lobby and reception areas, (d) new heart of the house, kitchen, and laundry, (e) new landscaping, (f) new state-of-the-art information technology system.

Clause 3 sets out the developer's entitlement to concessions. Clause 3(1)(a), full relief from customs duty until a year after the hotel's opening date; 3(1)(b), full exemption from land tax for five years up to the amount not exceeding \$105,977 in each year of the assessment; 3(1)(c) (Hotel Occupancy Tax I) refers to

a full exemption for hotel occupancy tax for five years. This relief will be based on the total amount expended on marketing the hotel up to an amount not exceeding \$1.2 million in the first year of the assessment and up to the amount not exceeding \$1 million in the remaining four years of the assessment.

Clause 3(1)(d) (Hotel Occupancy Tax II). This relief is directly related to a full exemption from hotel occupancy tax for five years for the hotel, equal to 100 per cent of the amount expended by the hotel on entertainment provided by Bermudian entertainers up to an amount not exceeding \$250,000 in each year of the assessment.

Clause 3(1)(e)—payroll tax relief for five years. This relief is directly related to a full exemption from the employer's share of payroll tax equal to the amount expended for training Bermudian employees up to an amount not exceeding \$120,000 in each year of the assessment.

Clause 4 sets out the terms and conditions required for the developer to qualify for the various concessions. Applications are provided with guidelines which set out these conditions.

Thank you, Mr. Speaker.

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

The Chair will now recognise the Honourable Shadow Minister of Tourism from Southampton East, constituency 29, MP Zane De Silva.

You have the floor.

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

Mr. Speaker, it is unfortunate that the Minister did not give a copy of his brief because he gave a lot more detail in his brief than . . . well, he did not even have an Explanatory Memorandum, which would have been nice, which, I guess, would have been the same as his brief.

Notwithstanding, Mr. Speaker, I do not see any issue with these concessions. In fact, I welcome them. I applaud the Minister. I do. Because if you look at the concessions and the time frames and the money expended, I think it is a good thing. So, Minister, I do not have any issues with it, outside of I certainly would not mind getting that brief you read before you got into the actual legislation itself.

The only thing I would ask, and make sure that the Minister is aware, is that the owner has subdivided some of that property for his private home. I hope that none of these concessions are looped in with his house.

I do not know if you know that or not, but I would certainly make note of it. And if you are aware of it, hopefully, that is not included in this because I certainly think that owner can afford it and any concessions that are for the hotel, or any related cottages, or any development whatsoever, [we] have no issue with that. But we just want to make sure that

with regard to his private home, which he subdivided . . . and, of course, I am sure you are aware of the beach that . . . the best part of the beach he is taking that away from the residents as well, and they are not happy about that.

So if we could just make sure that these concessions do not, for that particular house, I am sure that he is going to do some additions, that they are not included in these concessions.

The Speaker: All right. Thank you.

Hon. Zane J. S. De Silva: So, if we can just make sure that these concessions do not, for that particular house, I am sure that he is going to do some additions, that they are not included in these concessions.

The Speaker: All right. Thank you.

Would any other Honourable Member care to speak? The Chair will recognise the Honourable Member from Hamilton West, constituency 6. MP Wayne Furbert, you have the floor.

Hon. Wayne L. Furbert: Mr. Speaker.

The Speaker: Yes.

Hon. Wayne L. Furbert: We all know about Pink Beach. And some of us may know why Pink Beach actually went up for sale. The actual hotel itself was doing quite, quite well. But as an investment that was made by the current or former owner, and of course, my understanding is that the banks made a call. Great area—everybody knows about Tucker's Town, great beaches. But for some reason, Mr. Speaker . . .

[Inaudible interjection and laughter]

An Hon. Member: Well, almost.

Hon. Wayne L. Furbert: Yes, almost. He is a good man. Nice . . . It is not going to . . . That beach is better than that Honourable Member's beach, I must admit.

The Speaker: Stay on target.

Hon. Wayne L. Furbert: I have not been invited down to Tucker's Town since a certain day, Mr. Speaker.

[Laughter]

Hon. Wayne L. Furbert: But, Mr. Speaker, something is not right—something. And I am wondering whether we are doing . . . Actually, the words the Minister said, *economic benefit* and *it is for Bermuda*. I wonder if it really is. This gentleman is getting a nice big property, his own personal house and his own private beach. Subdivided, it is subdivided, I know it is subdivided.

And he is building 34 units somewhere else away from his house. And if those 34 units go bust, he does not care. He [still] has his house.

[Inaudible interjection]

Hon. Wayne L. Furbert: That is my point. That is my point. The purpose was not, I do not think, [to get] the hotel. The purpose was to get a nice, big property down in Tucker's Town with a beach. And I understand it being done, as part of the property is arable land. That is what I understand. So I hope the Minister will tell me that none of that property is being built on arable land. I hope that is what it is. Because when I tried to get a two-by-two down in Hamilton Parish for my children, that side was crying out *arable land*. Put in six inches of soil. I bet you that soil is thicker down in Tucker's Town where that gentleman is. Six inches of soil! Six inches of soil.

And so, Mr. Speaker, I appreciate that we finally found someone to buy it, because we had some people in the pipeline looking at it also. And as we all know, it takes time to get there. But he came up with a smart idea, *I'm going to build my \$6 million house on a nice pink beach. Grant can't come there. The people from Pink Beach cannot walk along there, just me and my wife. And the residents can't come there, and I am stuck there with 34 [units], and I can sell that off; if it fails. It fails. I have got my house.*

I really wonder whether this is really being done in the best interest of Bermuda. Mr. Speaker, to me it clearly is being done in the best interest of that particular investor. It is not Bermuda. Is the 34-unit hotel sustainable? Is it? Is it really? Has the Minister seen financial projections that would make the place sustainable? Then let us tax them! Or is it after five years that, after five years when it comes to being that he is taxed, he said, *Well, I have made my couple thousand dollars, I am out of here. That is the hotel property, but yet I have still got my house.*

Something, it cannot be right, Mr. Speaker! It cannot be right. That whole area is for hotel development. And we are allowing an individual to go down there and put a house down there! And I am hoping that the Government has not agreed that that gentleman gets concessions, it is not included. But I heard him read it. He said 34 rooms, and he said residence. He mentioned price, \$6 million for a private residence. It cannot be right, Mr. Speaker!

So we are talking about . . . And then he says 52 people are going to be employed, about half Bermudians. How do you decide it will be half Bermudians? That is what you agreed to? There will be half Bermudians? That is what you worked out? They should be all Bermudians if they qualify. But we are going to say it is half? So, 26 of them are foreigners right off the bat? We are being taken down the wrong road. We are being sold a bill of goods that is not right. And it is right around by my honourable friend,

Grant Gibbons', house. He is not going to reject the Honourable Member from coming around his beach. He can walk around the corner.

But, Mr. Speaker, it cannot be right. And I heard the Minister say, *half Bermudians*. Eighty to a hundred construction people, that is good. Some will be Bermudians, I think I heard him say. This is not done in the benefit of Bermuda. It is being done for the benefit of one individual, one individual who made a lot of money off the hedges and mortgage . . . I am not sure. It was something to do with mortgages. Hedge fund. He made pretty good money off that. They were trying to buy it back and do this all type of thing, and he did very good. And now he is coming down to Bermuda and stripping us. Sucking us. That is the word. Can I use that word? Mr. Speaker did not hear it.

[Laughter]

Hon. Wayne L. Furbert: So, something cannot be right, Mr. Speaker.

A property that we said is designed for hotels, and you are putting a private property, a private house on there. And the Minister better not say that they are setting up and giving that individual concessions for him building the house. It cannot be! And if that is the case, every one of those Cabinet Ministers should be fired now.

[Laughter]

Hon. Wayne L. Furbert: Every one of them! It is not done in the interest of the country. It is not! But they are happy to say we were able to get a hotel, a fabulous hotel, 34 rooms, which probably will go bust after five years when they start paying the real outrageous prices down there. Yup. Show me that it is a sustainable right now! And if it is not a sustainable right now based on the numbers, then maybe yes, okay, fine. But if it is not sustainable in five years . . . And the rates must be about \$800–\$900 apiece, maybe more. Tucker's Town? It may be \$1,200 a room, \$1,500 if they can get it. That would mean I cannot rent those rooms. Nobody on this side can rent a room. Maybe the Honourable Grant Gibbons and Michael, the Minister, can rent those rooms, but we cannot rent those rooms.

Mr. Speaker, we appreciate the move to get something down there, but I really question whether this is being done in the best interest of Bermuda when you are telling me only half Bermudians will be hired, 34 rooms, somebody is getting a private residence, and just take it. It was not in the interest of the Government to move ahead. The banks still held that property. It was in their interest. They want to sell it for, I think it probably at that time was, if I recall, I think around \$11 million, \$10 million, \$13 million. I can run the numbers at the time. Maybe they got it for a little

steal to get my property built on a big piece of land. The property is probably bigger than the residence for this . . . How many acres?

[Inaudible interjection]

Hon. Wayne L. Furbert: Seven. Yes. So we are putting or squeezing 34 into two acres. Is that true?

[Inaudible interjections]

Hon. Wayne L. Furbert: Hotel, seven acres.

The Speaker: Honourable Member, finish your presentation, and then when you get a chance you just clear it up, whatever needs to be cleared up. That is all.

Hon. Wayne L. Furbert: So, what I need to know is: How many acres is this total property? How many acres is for the hotel? How much beach waterfront does he have compared with what the residents will have? And I asked the Minister of Economic Development, who would never buy that piece of land, would he would have sunk a 34 hotel . . . Does he really think they are sustainable? I doubt it. Thank you.

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

The Chair will recognise now the Honourable Member from constituency 7.

Mr. Walton Brown: Seventeen.

[Inaudible interjections]

Mr. Walton Brown: Oh, sorry.

The Speaker: Constituency 7. I know it is late, Honourable Member. I know it is late. It is okay.

[Laughter]

The Speaker: All right. The Chair will recognise the Honourable Member from constituency 7, Hamilton South. Junior Minister Richards, you have the floor.

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

Mr. Speaker, as the MP for the area where this Pink Beach hotel development is ongoing, when I first heard about the development . . . Well, let me back up.

An Hon. Member: Is your microphone on?

Mr. Sylvan D. Richards, Jr.: Yes, it's on. It's on. I'm tall. Let me bend over.

Before I was elected as the MP for the area, when I was canvassing the area, I actually walked up on that property because I had mostly seen it from the road. And I walked up on the property, and it was very sad to see the Pink Beach hotel in a state of—it was derelict and empty, and you could see that it was once a very beautiful, beautiful old Bermuda cottage. And it filled me with sadness because it was emblematic of Bermuda's tourism product and how far we have fallen. Beautiful property, beautiful beaches, beautiful landscape, but just littered with derelict, sad-looking buildings.

I said to myself, *You know, this is a property that needs to get developed.* And it was in receivership. And so when I heard that the property was in play and that a number of developers were looking at buying the property, I became optimistic. And then, when a purchaser was announced formally, I started to get phone calls from constituents who were concerned about the property and what it was going to be used for, and the beach and all that stuff.

So I jumped on my bike, and I rode down there one Saturday. And I met with constituents, people who live close to the development down there in Devil's Hole on Harris's Bay. And I spoke to quite a few of them, Mr. Speaker. And I was actually pleasantly surprised by what I heard. And what I heard was that when it came to the beach, there was very little concern. In fact, there was only one person whom I spoke to who was concerned about access to the beach. And this individual lived right next door to the development. And this individual was concerned that they would no longer have access to the beach, and it was understandable.

But as I walked around the other neighbourhoods, what became very clear to me was that they welcomed the development. They were happy to see a new hotel being built in their neighbourhood and in their constituency that would provide jobs for people in that area and outside the area. And they were not worried about the beach, because John Smith's Bay is the neighbourhood beach. They were like, *We don't care about that beach.* I heard it from people who said to me they had only been over there once or twice in their whole lives. But John Smith's Bay was their beach.

[Desk thumping]

Mr. Sylvan D. Richards, Jr.: So, with that being said, it is good that this hotel is being developed. It is going to be good for tourism. We need this development in the constituency. Bermuda needs the development. And as the MP for the area, it is my responsibility to keep a very close eye on that development. And I have been in regular contact with the Minister of Home Affairs and the Tourism Minister, and we are going to do just that.

So, to sum up my remarks, I think that the development, once it is built and once it is finished, is going to be worthy of that honourable tract of land and beach. And it will be a very nice addition to our rejuvenated hotel inventory. It is going to be one of a few hotel properties that are going to be built in the next few years, Mr. Speaker. So we look forward to it. Thank you very much.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency 17, Pembroke Central, MP Walton Brown.

Mr. Walton Brown: Thank you, Mr. Speaker.

Mr. Speaker, I just want to get some clarification from the Minister. This property, the Pink Beach property, has been designated as hotel development. It is meant to be one of the important pillars of our economy. It once was. We hope that it will be again. And it is very clear now that at least a third of this property is now going to be utilised exclusively for private ownership, private development.

When my honourable colleague from constituency 6 said that this looks like a private development with a spinoff as a hotel or a boutique hotel, and if I am not mistaken, I heard the Honourable Minister saying, *Yes, well, that was the owner's intention.* Perhaps not, but something along that continuum. In other words, I understood the Minister's comment to mean, Mr. Speaker, that the Government fully understands that this developer's primary motivation is to build a luxury residence. If I am mistaken, I am happy to be corrected.

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

The Speaker: Go ahead, Minister.

POINT OF ORDER

Hon. Shawn G. Crockwell: That is not what I said. The point I made in an interpolation was that it was purchased by this gentleman. The Government did not sell. The Government had nothing to do with who purchased the property.

The Speaker: Right. Go on.

Mr. Walton Brown: My apologies. Sorry. I understand that Government had nothing to do with the sale of the property.

But in giving the range of concessions, the Government understands, if I am not mistaken, that the primary purpose of the investor is to build a luxury home and have a hotel, because that is one of the requirements of actually being able to purchase the property. So that is something a little bit different than

finding someone who is a hotel developer who has a fundamental commitment to improving the tourism product and generating a return on investment in Bermuda. So I am a little bit disturbed about that.

I am happy to see that there is some development. But there seems to be a less than full commitment, if you will, to the redevelopment of a hotel, just because the primary motivation seems to be to build this luxury home. So I would like for the Minister to address that in his remarks.

And then secondly, my honourable friend and colleague, the Member from constituency 7, Mr. Sylvan Richards, I am happy that he talks to his constituents on a regular basis. I am happy that his constituents are not overly concerned that they will lose access to what was once a publicly accessible beach. But the reality, Mr. Speaker, is that the beach access is not a matter simply for that Honourable Member's constituents. It is an issue of access for the entire country. And so, whether—

[Inaudible interjection]

Mr. Walton Brown: I am sorry. I hear a number of comments coming from colleagues intimating that my comment is not altogether incorrect, Mr. Speaker. The reality is that all beaches—my understanding, and someone can correct me—are public property up to the high-water mark. Now, if I am incorrect, I am happy to sit down and have someone correct me.

[Inaudible interjections]

Mr. Walton Brown: Nothing has changed. Right. But we now understand that the public access to this beach is going to . . .

[Inaudible interjections]

The Speaker: Just a minute, Honourable Members. When Members have a chance, you will be able to respond. If you have a point of order, stand up and give a point of order or a point of clarification. Let us not have this talking across the floor.

So, MP Walton Brown has the floor.

Mr. Walton Brown: Right. So if there is no public access now to the beach at Pink Beach, what were the concerns expressed by the Honourable Members on constituency 7's area? So I just need clarification. What are they not concerned about if they never had access to it? How could they express to you that they are concerned about not having access to it going forward? Something is not right. First point.

But secondly, you know, Mr. Speaker, that gets to a much larger issue. It gets to the larger issue of access to beaches in general in this country. Because I have seen a number of properties that are incorrectly putting up signs saying, *This is a private*

beach. There are no private beaches in Bermuda. You may recall, Mr. Speaker that maybe 20 years ago there was an access to public beaches campaign, where we understood there to be an absolute right for everyone to have access to those beaches. Now there seem to be more and more cut off. And we have to strike the right balance between levels of comfort for our tourists and creating tourism products, and assuring that Bermudians retain rights—not privileges—rights to their own country.

It may well mean, Mr. Speaker, that we need to reinstitute a campaign which takes back the beaches that are increasingly being eroded from public access. So I am hoping that the Minister can speak to the question of whether or not this is primarily a private dwelling development with a hotel as an appendage because of a legal requirement, or whether you are convinced, Minister—Mr. Speaker, whether the Minister is convinced that this is someone who actually has a commitment to redeveloping what was once an important tourism product in Bermuda. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency 1, St. George's North. MP Kenneth Bascome, you have the floor.

Mr. Kenneth (Kenny) Bascome: Good evening, Mr. Speaker.

The Speaker: Good evening.

Mr. Kenneth (Kenny) Bascome: It is with great pride that I can say that I am a Member of the One Bermuda Alliance, and I would like to say thank you to the Honourable Minister for finally securing a developer for this particular property.

I can remember Mr. Topy Cohen and myself getting into loggerheads a few years back when he was supporting the comments by our Honourable Jim Woolridge that we did not support or we did not want the hamburger-and-French-fry crowd. Mr. Cohen and I had a little doodah on a talk show one day, Mr. Speaker. And he invited me out to lunch at the Pink Beach Club. And I ordered a hamburger, French fries and a Coca-Cola.

[Laughter]

Mr. Kenneth (Kenny) Bascome: And I said to Mr. Cohen, *I am surprised that you serve this particular ambiance at this plush establishment*. And Mr. Cohen and I became very good friends from that particular little lunch, Mr. Speaker.

You will be aware that when it comes to tourism, I have a passion, Mr. Speaker. And I have tried on numerous occasions to convince Bermudians to do away with the word "tourist" and deal with the word

“visitors” while [they are] in our country as guests. And this is just the beginning of great things to come. Mr. Speaker, the Minister stated that there would be definitely half Bermudians. There is a commitment that there will be at least half, Mr. Speaker. But I believe that it will possibly be more. As it stands now, there are no Bermudians employed at that particular property. There are none, Mr. Speaker! So you must get one before you get two. You must get two before you get three.

Oh, I am dumb. Do not worry about that. That is why I am over here—

The Speaker: Honourable Member, that is not appropriate. That is not appropriate!

Mr. Kenneth (Kenny) Bascome: Mr. Speaker, it is appropriate!

The Speaker: Honourable Member, carry—

Mr. Kenneth (Kenny) Bascome: It is appropriate!

The Speaker: That is all right.

Mr. Kenneth (Kenny) Bascome: Because that Honourable Member—

Hon. Wayne L. Furbert: Mr. Speaker, I did not call him down.

The Speaker: I did not say you did, Honourable Member.

Hon. Wayne L. Furbert: So what is inappropriate, Mr. Speaker?

The Speaker: Honourable Member—

Hon. Wayne L. Furbert: What was inappropriate?

The Speaker: Please take your seat. Please take your seat. Thank you.

Carry on.

Mr. Kenneth (Kenny) Bascome: Mr. Speaker, I find it so amusing. They always complain that I will not speak. And now that I am speaking, they begin to get upset.

Mr. Speaker, once again, I will say this is a grand opportunity for Bermuda. And I am hoping that all Bermudians buy into what the Minister and the One Bermuda Alliance is endeavouring to do on behalf of the people of Bermuda.

Thank you, Mr. Speaker.

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

Would any other Honourable Members care to speak?

So then we will go back to the Minister. Minister Crockwell?

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

Mr. Speaker, I certainly appreciate the comments and questions that emerged from the Opposition. Very quickly, just to answer direct questions, in terms of the acreage, the acreage of the private residence—two cottages and the groundskeeper’s cottage will be 5.5 acres. The acreage of the hotel and its facilities is 7.5 acres.

Mr. Speaker, as I said in my brief, that the cottages, the private residence, they will form part of the hotel inventory for the first five years. So, six months out of each of the first five years, the residence and the cottages will form part of the hotel property.

We have to keep in mind, first of all, Mr. Speaker, that (as I said in a point of order) the Government did not sell this property. The Government had absolutely no control, no influence on who purchased the property from the bank. So, Mr. Stephen King purchased it from the bank. The bank went through whatever due diligence process. Mr. King went through whatever process he had to go through, Mr. Speaker, and purchased the property.

Then, the developer comes to the Government and says this is what his intentions are for the property, understanding the zoning of the property and everything else, their planning processes and the like. It is not my job as the Minister to question his motives, Mr. Speaker! My job is to look at the plans. My job is to look at the intention. The Cabinet’s job is to ascertain whether or not this is a good development.

And since 2013, the Pink Beach had closed. There was a purchaser now of the property, who wanted to build a boutique luxury hotel, investing \$54 million of his money to purchase and redevelop the property, Mr. Speaker. We have gone through the plans, Mr. Speaker. We have looked at it. And is this the ideal plan? Maybe not. But, Mr. Speaker, we have looked at it, and we believe that it will make a good addition to the hotel inventory. We know that this will be at the very high end, when we talk about luxurious properties and luxurious rooms available to our guests. And this is a type of niche that is not on offer at the moment.

And so, there are quite a few activities that can take place on this property. This is an aggressive developer. He is working. There is work taking place on the property. We should be grateful, Mr. Speaker, that he is making this investment in Bermuda.

But I do appreciate the questions that were raised. And in regard to the question concerning the arable land, there was an application, Mr. Speaker, to build on arable land, which was turned down by the Department of Planning. The developer has a right to

go through whatever appeal process he can go through.

In terms of the beach issues and questions, there was no public access to the beach. The access to the beach was by a condominium property called Hidden Cove, which was formerly part of the entire Pink Beach property when that was subdivided many years ago. And so, they had access to the entirety of the beach, and now part of that beach will now be denied access. So there were some concerns raised by the residents of Hidden Cove about access to the beach. But there was never access from the general public. You could not access the beach without going onto private property, Mr. Speaker. So, I just want to clarify that issue in relation to that question.

But at the end of the day, Mr. Speaker, we have gone through the normal process. We believe that this is a good development to support with the concessions. These are normal concessions that are being asked. And we are very hopeful that this particular property . . . The number of rooms that are being built and utilised as a boutique hotel is very close to what the property was operating under in its last few years. And so, the developer has a plan, and we are going to support the development because we need development. We need new hotel inventory. And we need a diversity of hotel property in Bermuda.

So, with that, Mr. Speaker, the Government is prepared to support it with this Hotel Concession Order.

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

So, therefore, you need to move that . . .

Hon. Shawn G. Crockwell: Yes, Mr. Speaker. I would like to move that the draft Order be approved and that a message be sent from this Honourable House to His Excellency the Governor.

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

Are there any objections to that?

And so, the message will be sent.

[Motion carried: The Hotels Concession (Pink Beach) Order 2014 was considered by the House and approved.]

The Speaker: Thank you, Honourable Member.

We now move to Order No. 4 on the Order Paper. Order No. 4 is Consideration of the Maintenance Orders (Reciprocal Enforcement) (Designation) Amendment Order 2015, in the name of the Attorney General and Minister of Legal Affairs.

I recognise the Attorney General, T. G. Moniz.

ORDER

MAINTENANCE ORDERS (RECIPROCAL ENFORCEMENT) (DESIGNATION) AMENDMENT ORDER 2015

Hon. Trevor G. Moniz: Thank you. Thank you, Mr. Speaker.

I move that consideration be given to draft Regulations entitled the Maintenance Orders (Reciprocal Enforcement) (Designation) Amendment Order 2015, proposed to be made under the provision of section 15 of the Maintenance Orders (Reciprocal Enforcement) Act of 1974.

The Speaker: Are there any objections to that?
Please carry on.

Hon. Trevor G. Moniz: I am obliged, Mr. Speaker.

Mr. Speaker, I am pleased to present to this Honourable House this Order, pursuant to section 15 of the Maintenance Orders (Reciprocal Enforcement) Act 1974, for Bermuda to designate the State of Minnesota in the United States of America as a reciprocating country. Mr. Speaker, the Act makes provision for Bermuda to enter into agreements with other jurisdictions to become reciprocating countries for purposes of mutually enforcing judicial maintenance orders or provisional orders, as defined by the Act.

Furthermore, Mr. Speaker, the Maintenance Orders (Reciprocal Enforcement) (Designation) Order 1975 shows that there are currently 18 reciprocating countries, with the State of Ohio in the United States of America being the most recent designation as of January of 1998.

Per the Act and subject to section 6 of the Statutory Instruments Act 1977, it falls to His Excellency the Governor to make orders to designate reciprocating countries after such orders have been subject to the affirmative resolution procedure.

Mr. Speaker, in accordance with these provisions, the process started with the State of Minnesota making a request to enter into a mutual enforcement agreement with Bermuda. To facilitate the request, Bermuda was provided with an agreement dated 24th of September 2014 for the stated purpose. This document was subsequently vetted by Crown Counsel, modified and returned to Minnesota for endorsement. It was then endorsed on behalf of Bermuda by the acting Registrar of the Supreme Court of Bermuda as the central authority in Bermuda.

I can confirm that the Governor, as the person authorised to designate reciprocating countries under the Act, has been kept abreast of developments in this matter, including by correspondence with the Ministry of Legal Affairs, to which he responded with authorisation to proceed to gazette the requisite order. Hence, this Order is hereby laid in this Honourable House for affirmative resolution, pending the Governor's signa-

ture and subsequent gazetting. We are thus pleased to partner with Minnesota in this regard to ensure that, going forward, maintenance and support orders issued by our courts pertaining to Bermudians will be honoured within that jurisdiction. Likewise, our authorities are committed to reciprocate with respect to such orders from that jurisdiction as they pertain to persons domiciled within this jurisdiction.

Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Minister.

Are there any other Honourable Members who would care to speak?

The Chair will recognise the Honourable and Learned Member from Sandys North.

Hon. Michael J. Scott: Thank you, Mr. Speaker.

Mr. Speaker, the PLP Opposition have no objection to this Maintenance Enforcement Order being extended to another state in the United States so that there can be judicial and other reciprocal enforcement procedures with that particular newly listed state of the United States, Minnesota. Thank you.

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

Would any other Honourable Members care to speak?

Then the Chair will recognise the Learned Attorney General again. You have the floor.

Hon. Trevor G. Moniz: Thank you. And I thank the Honourable Member, and I thank you, Mr. Speaker.

I move that the draft Order be approved and that a message be sent from this Honourable House to His Excellency the Governor.

The Speaker: All right. Thank you, Minister.

Are there any objections to that?

Then a message will be sent.

[Motion carried: The Maintenance Orders (Reciprocal Enforcement) (Designation) Amendment Order 2015 was considered by the House and approved.]

The Speaker: That completes the Orders. All other Orders are carried over.

So I will recognise the Minister of Finance, the Minister of Finance.

SUSPENSION OF STANDING ORDER 21

Hon. E. T. (Bob) Richards: Mr. Speaker, I move that [Standing Order] 21 be suspended so that we can read the Bill entitled the Corporate Services Tax Amendment Act 2015 for the third time.

The Speaker: Are there any objections?

There are no objections.

Minister?

[Motion carried: Standing Order 21 suspended.]

BILL

THIRD READING

CORPORATE SERVICES TAX AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: I move that the Bill do now pass.

The Speaker: All right. Thank you.

Are there any objections to that?

So, the Corporate Tax Amendment Act 2015 is now passed.

[Motion carried: The Corporate Tax Amendment Act 2015 was read a third time and passed.]

The Speaker: Minister, remain on your feet. The next is Order No.10. Carry on.

SUSPENSION OF STANDING ORDER 21

Hon. E. T. (Bob) Richards: I also move that Rule 21 be suspended so that we can read the Temporary Loans (Repeal) Act 2015 for the third time.

The Speaker: Are there any objections to that?

There are none.

Minister?

[Motion carried: Standing Order 21 suspended.]

BILL

THIRD READING

TEMPORARY LOANS (REPEAL) ACT 2015

Hon. E. T. (Bob) Richards: I move that the Bill do now pass.

The Speaker: Thank you.

It has been moved that the Bill The Temporary Loans (Repeal) Act 2015 be passed.

Any objections?

There are none. The Bill is now passed.

[Motion carried: The Temporary Loans (Repeal) Act 2015 was read a third time and passed.]

The Speaker: Honourable Premier?

ADJOURNMENT

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

I move that we now adjourn until Wednesday, March 4th.

The Speaker: All right. Thank you, Premier.

The Chair will recognise the Honourable Member from constituency 17, Pembroke Central. MP Walton Brown, you have the floor.

IMMIGRATION—NEW WORK PERMIT POLICY

Mr. Walton Brown: Thank you, Mr. Speaker.

Mr. Speaker, the question of immigration and immigration policy has always been one that has been fraught with emotion and, at times, a level of acrimony. I have to concede to this Honourable House that I had not been completely current on all matters involving immigration because I was away for an extended period for personal reasons, Mr. Speaker. And with the new immigration policy now in effect, there is one additional component to this immigration policy. We are going to speak on immigration in more detail next week, Friday, Mr. Speaker, but there is one aspect that I think we need to speak to now in the hope that a level of respect, common sense and dignity would permeate the ranks of this House and Government to have a rethink of some policies.

The policies that I speak of, Mr. Speaker, involve the new work permit policy, which will allow for the dependents of work permit holders in particular categories to be able to seek and obtain employment in Bermuda.

You will know, Mr. Speaker, that probably about two years ago (or maybe somewhat less than that, but about two years ago), the idea of children of work permit holders being able to compete with teen-aged Bermudians for summer employment was floated by the Minister responsible for Immigration. And that issue met with immediate hostile reception because of the sensitivity of the issue, Mr. Speaker. We are immersed in a recession. We are at a time when money is tight and working-class families need to have as much income as possible.

What the Government floated at the time was what they now have in place, where those who have significant levels of income, because they are working (because you can only be here as a guest worker if you have a work permit, therefore, you are working). And because of the bands of employment that make you eligible to secure this permission to seek and obtain employment for your dependents, children and/or adult, (not just the child), it creates a playing field that, once again, is going to marginalise and weaken opportunities for Bermudians.

Because the reality, Mr. Speaker, is that when you talk about certain bands of work permit holders, they will have access to jobs. They will have access to

contacts. And it is going to make it much more difficult for Bermudians to also have contacts to get access to jobs. So we are creating yet again, with new policy slipped in, that was added after the initial policy was tabled, I believe in October of last year . . . This policy was not in the initial policy; it was put in later. And I do not want to say “disingenuous.” You may consider that to be unparliamentary. But it is wholly inappropriate, Mr. Speaker.

An Hon. Member: Snuck in.

Mr. Walton Brown: “Snuck in” is not the kind of word I would use, but I can appreciate the sentiments of my colleague here. It came in undercover.

It is disingenuous, Mr. Speaker. It is going to make it much more difficult for teenagers, those trying to save money to go off to school in September, to get a job. And I cannot understand how the Government can countenance doing such a thing.

I am hoping that this was not a decision that was actively agreed upon by Cabinet. I do not know if it was just in a document that people did not debate. But this was tossed out two years ago as just an idea that was ridiculed by the people—not just ridiculed for the sake of ridiculing, ridiculed because it was met with hostility because of what it meant! And so, Mr. Speaker, you know, I am not usually at a loss for words. But I cannot understand how a Government could put this kind of policy in place, not have it as part of a wide consultative process, and in the darkness of night, well, at least from my hospital recovery bed in another place, Mr. Speaker, it cannot be right.

I am going to speak to the Premier tonight, through you, of course, Mr. Speaker, and ask the Premier if he could have a hard look at this, if he could do some reconsideration of this, recognising the sensitivity of the issue, recognising the hardship of working-class families who need their children to get work to make money to pay for groceries, to save money to get to school, and the hardship that this is going to bring about.

This is the time, Mr. Speaker, where I and many others are not interested in having long conversations. I for one will not be marching anymore to protest another Government policy. I have gone beyond that, Mr. Speaker, and I think many people have. This is an affront to many people in this country. So I implore the Premier, address this issue. It is not good for the country. It is not good for the mood of the people who are hurting. And all it will do is give people who are privileged, who already are gainfully employed, because you cannot be here without a work permit, an opportunity yet again that is denied on a regular basis for many Bermudians.

I speak from my heart on this issue, Mr. Speaker. We have to address it. We have to address it now. And I am calling on the Premier to demonstrate the kind of leadership that I think the country wants to

see to ensure that there is a commitment, a demonstrated commitment to ensuring that Bermudians come first in their own country. It is the only place we should come first.

Thank you, Mr. Speaker.

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

The Chair will now recognise the Honourable Member from constituency 3, from St. David's. MP Lovitta Foggo, you have the floor.

Ms. Lovitta F. Foggo: Mr. Speaker, I really do feel compelled to get up on the same issue.

I am a working mother, a working-class mother who raised two daughters alone. It did not begin that way, but that is basically how I lived my life out. I cannot fathom the idea of having a situation where young ones, young teenagers who, as has been pointed out, rely heavily on being able to secure summer employment, part-time work and the like, to help their family survive, particularly if those young ones are going to college, [will have to deal with this].

I can stand here and say there is no way that my family ever would have gotten anywhere if my daughters were unable to secure employment during summers, from very little, I might add. They are children who had to go and pack groceries when they were quite little. They learned from very young, as a family, we sink or swim together. And I liken this to taking . . .

If reading this actually does mean that children and partners of those who are given work permits will likewise receive work permits, then I have to wonder why? Because perhaps they should be looking at some other type of permit that clearly excludes the partners and the children from being able to work. Because I do not see the need to give someone a work permit if they are not going to be allowed to work. So I can only assume by saying that they will be allocated work permits, it would mean that they would be allowed to work, and therefore will be able to compete directly with our Bermudians.

We have seen thousands of Bermudians lose their jobs for various reasons. You know, the economy has contracted. Businesses have downsized. There has been a recession, and we are still in that recession. Families are losing their homes every day. And every Bermudian who loses the ability to be able to secure employment to help bring bread and butter (to help pay for the bread and butter) means that in one way or the other, we as a society have to pay.

I would think that we would be doing more to ensure, as my honourable colleague who sits just to my right just pointed out, we should be ensuring that Bermudians are first and foremost in Bermuda.

I cannot go to the United States and expect to have preference, by and large, over an American citizen. And indeed, when I was there, I did not. And I do

not think that anyone who comes here should get preference over and above a Bermudian who, one, is qualified or capable to assume certain positions within the workforce.

If this is the direction that the OBA Government is going to move in, then you know, my heart is . . . I am very disheartened. I really am disheartened, especially given the fact, Mr. Speaker, that the public was very vocal about this very issue, outraged. There was an extremely loud clamour in the public domain when the OBA Government first came into power, and the idea of children of those who are here on work permits was, I guess, entertained to give them employment as well.

Where do our children go when they have not been able to qualify as professionals? When they heavily rely on summer employment with the various institutions that we have here in Bermuda to help ensure that they are able to continue their education and go back overseas so that they could come back as qualified Bermudians to assume their rightful place within our society?

I really fear what is going to happen is more and more Bermudians [are going to] feel they are being disenfranchised in their own country. There are too many of us currently who are unemployed and qualified to be in some positions where we see international workers. And as has been said many times in this Honourable Chamber, that no one is saying no to international business, especially when we need their expertise within certain areas. We are saying, and we are saying it loudly and clearly, Bermudians first and foremost in their country, Mr. Speaker! I cannot accept this.

Thank you, Mr. Speaker.

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

The Chair will now recognise the Honourable Member from Hamilton East, constituency 5. MP Derrick Burgess, you have the floor.

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

Mr. Speaker, I am wondering, when will this Government act in the interests of Bermudians? Mr. Speaker, tonight, in the debate we just finished about Pink Beach hotel concessions, the Government party is acting like we are destitute when they can agree that Pink Beach will give us at least half of the jobs to Bermudians. Mr. Speaker, let me say this here. Let me give you a little bit of history of the small hotels and the big hotels when it comes to employment in this country.

Dr. the Hon. E. Grant Gibbons: Mr. Speaker, point of order.

The Speaker: Yes, yes.

POINT OF ORDER

Dr. the Hon. E. Grant Gibbons: I believe the Honourable Member is reflecting on a debate we just had, raising Pink Beach and small hotels.

The Speaker: Right, right. Yes.

Honourable Member, as you speak, I see what you are trying . . . Try and stay away from speaking about that.

Hon. Derrick V. Burgess, Sr.: Yes. I will say *Green Beach*.

The Speaker: Yes, yes.

Hon. Derrick V. Burgess, Sr.: Any hotel. In the hotel industry, Mr. Speaker, the small hotels took pride in bragging that *I have 95 per cent of my staff are Bermudian—95 per cent!* The larger hotels, I think the highest was about 89 per cent Bermudians in the hotel industry.

Here it is in 2015, we have a Government that is saying to the people of Bermuda, *Well, we will take 50 per cent. It is okay. We are destitute.* Even though you spend money to send your children away to school to get the necessary academic qualifications, you come back, there is still no job for you. We must start acting for the people of Bermuda! We had, just this week gone, a Bermudian denied a position by the top person paid in government in this country, when they were recommended for this position. It is not the first time it has happened; it is the fourth time it has happened, that a Bermudian has been overlooked for a position that they are qualified for, Mr. Speaker!

We cannot take this anymore. I think it was early 2013 (could have been 2014; time is going so quick I cannot keep up) that I had a meeting with the Honourable Minister who sits in another place, Senator Fahy. And he said to me in a conversation that he was going to allow children of work permit holders to work without a permit. And I—

Dr. the Hon. E. Grant Gibbons: Mr. Speaker, point of order.

The Speaker: Yes, yes.

POINT OF ORDER

[Misleading]

Dr. the Hon. E. Grant Gibbons: The Honourable Member is essentially misleading the House in the sense that that was broached at one point, but it was certainly rescinded.

The Speaker: All right.

Hon. Derrick V. Burgess, Sr.: All right, Mr. Speaker. This fellow is jumping ahead.

The Speaker: Honourable Member, speak to the Chair.

Hon. Derrick V. Burgess, Sr.: Mr. Speaker, let me repeat: I was in a conversation with the Minister for Immigration and Labour, who said to me that he was going to allow children of work permit holders to work in this country without a work permit. And I said to him, I replied, I said, *Well, Mr. Minister, if you decide to do that, I am pretty sure you will have some unrest in the streets. Would you want to see a whole lot of young children out in the streets for this matter?* And I think he pulled it back.

But now I see in this new policy what he has on there that Mr. and Mrs. Smith come in with their work permits. And so his spouse does not have the job, but he has a job. The children will have a job. But that work permit gives them the right to seek employment! Seek employment! They have a right even before they step in this country!

[Inaudible interjections]

Hon. Derrick V. Burgess, Sr.: Mr. Speaker, this past summer gone, there were university kids, children back home in this country, which did not have a job! Did not have a job! And we are out here, this Government is saying that, *I'm going to allow these people to seek employment!* How low can you go? It is shameful! And then when you have the immigration policy change where the entertainers come second to someone else!

When will this Government govern for the people of Bermuda? We have everybody in this. We have the Government, another person stays up on Government House hill doing the same thing to Bermudians, disrespecting the people of this country. We deserve better than that. Our forefathers, the seniors of this country fought hard to get jobs and benefits for the people of this country! Some of them do not understand that, because they did not have to fight, they did not have to sacrifice for anything. We have people like—and let me repeat again—Artie Simmons, Eugene Blakeney, Dr. Ball, Robert Johnston, Dr. Gordon, Chris Furbert, and the list goes on.

And this is what we are getting from this Government, when the unions of today have been very cooperative with the Government in the situations that the country finds itself in. And this is what they get back for this? This is the payback? That you can disregard Bermudians if you are acting like you are destitute? We are not destitute! You have got to have some principles! Government must act on principles, and they must protect the people of this country!

Mr. Speaker, I do not want to see unrest in our streets! I want to see Bermudians hired! When

they come home from school, those young kids, children need a job so they can assist when they go back to school, with their expenses and everything else. And here is this Government trying to say, *No. No. We are going to let other people come in your pool.*

Mr. Speaker, let me tell you this much. If I were to marry an American tomorrow, and I went to the United States to stay, I do not get an automatic green card. I could be waiting years for a green card! That is the policy of the country, because they are protecting their people first. It is about time.

And, Mr. Speaker, let me say this here. I have said this in this House before. Calvin Smith, Bermuda's first black statistician, Lord Martonmere, the Governor at that time, brought him back to Bermuda. But, Mr. Speaker, before he came back to Bermuda, he was working in these statistics in Canada. And a job came up that would have taken him to another height. And he applied for the job and did not get the job. In fact, the person who got the job was the person he was training. So he asked the folks, why did he not get the job? You know what they told him? And they were right. They said, *because a Canadian applied for the job.* Canada was protecting their people first! And it is about time, it is about time this Government wake up! They have been in Government 27 months! They must understand we have got 9 per cent unemployment.

You know, Mr. Speaker, our unemployment is very high for blacks. It is about four times more than of my cousins that are of my complexion. Mr. Speaker, that is not right. In fact, the PRCs [permanent residency certificates] is even less than whites. Their unemployment is less than 1 per cent. In fact, they could not even say 1 per cent. They had to say *seven people.*

[Laughter]

Hon. Derrick V. Burgess, Sr.: Because it was so small it would not even register in the calculator. There is nothing right about that, Mr. Speaker.

Mr. Speaker, it is about time that the Government of this country starts governing for the people of this Bermuda.

Thank you.

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

The Chair will recognise the Honourable Member from Devonshire North Central, constituency 13. MP Blakeney, you have the floor.

Mr. Glenn A. Blakeney: Thank you, Mr. Speaker. I am still fighting the bug, and so I do not think I am going to be able to be on my feet too long.

But I was compelled to speak because it seems obvious that the One Bermuda Alliance Government is devoid of a social conscience. For a piece

of legislation with regard to this new work permit policy that took effect on the first of this month, it is absolutely reprehensible.

We have heard our colleagues on this side of the House give various reasons. But let me just give a little practical context, based on the other hat that I wear as a business owner. There are always, every single year, at every school break, young Bermudians who approach the business for employment. There are a number who have been employed by the company as paid interns. You know why, Mr. Speaker? Because they need any kind of financial help for their family. And I am talking about those as young as 14 years old.

So what we do is give them a practical education on the operation of the business, based on their aptitude in particular areas. And then we give them a stipend so that they can help their family. There are several university students who have come through the business as interns and gone off to university, graduated and come back, and have become productive citizens of this country.

The country should be absolutely outraged with what has now been done in a very deceitful way with regard to providing an opportunity for work permit holders to have not just an immediate member of their family, such as a child, but a significant other—a significant other. How do we qualify or disqualify a significant other? What is the criteria that must be met? What is the measure of standard that must be met that says, *Someone is indeed a significant other?*, where there is no matrimony involved, where there is no consummation of the relationship involved?

How in good conscience can we open up our borders to provide that kind of opportunity when we have the significant number of unemployed Bermudians, whether they be white, black or other, but Bermudians, who would be fighting to get employment, no matter what employment? These are very, very desperate, desperate times for the country. And the One Bermuda Alliance are saying that they are committed to turning it around and finding jobs. But guess what? They are looking to find jobs or facilitate jobs for people who are coming here as guest workers, while at the same time the Bermudian is looking for the job.

How do you explain that, in good conscience? How do you get a wave of support behind a piece of legislation like that, and then look in the eye of your fellow Bermudian and say you have their best interest at heart? How do you do that in good conscience?

I think what the One Bermuda Alliance Government should start to do is explain and substantiate their anti-Bermudian strategy and philosophy, and why they think non-Bermudians will do better in Bermuda, for Bermuda, than Bermudians themselves. Just explain it. Help us to understand. Because we are at a deficit and at a loss to understand how you could substantiate providing a work permit policy that

allows a significant other, or the child of a legitimate work permit holder, to compete for employment in this country, when our students coming back from university are looking for gainful employment as a necessity to help them with their challenge, whether it be tuition or whether it be living expenses.

We have seen a reduction in scholarship funding. That means there is more pressure and challenge on those who might otherwise qualify if there is not enough to go around because the numbers are greater than the money can support. So they have to look for a means and a way to find that money to supplement their tertiary education.

And we eliminate the potential opportunity for them in their own homeland to be gainfully employed by putting guest workers' significant others and children in competition with our own Bermudians children? And you stand up and say you have got Bermuda's best interest at heart?

Shameful!

Reprehensible!

Despicable!

Cowardly!

How do you explain that, One Bermuda Alliance Government? How do you explain that? And there are a number among you who have businesses. So you would know invariably what the challenges are, because I would guarantee there are a number of Bermudians who are unemployed seeking gainful employment from your businesses, like they come to mine!

It is incredible! Where is the social conscience? And in the face of the outrage demonstrated and manifested by feet in the street to express their discord and their disappointment and their anger at what was proposed initially. And then to come back and sneak it in in the way that they have done, it borders on criminal (for lack of a better term). Borders on criminal.

Mr. Speaker, I would appeal and implore that the One Bermuda Alliance, under the leadership of a business entrepreneur, the Honourable Premier, step back, have a look in the mirror, then walk outside, look around the country and see for themselves, if they have not already, the challenge we have with unemployment and young people in this country. And then, as was suggested by my colleague, have a rethink and a renewed commitment that is genuine, that is bona fide to the people of this country.

If they cannot do that in turning around, then they should substantiate why they have an anti-Bermudian philosophy and do not care, do not truly care about the young university students, the young local college students, the young unemployed youth in this country who are seeking gainful employment in their own homeland. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will recognise the Honourable Member from constituency number 7. MP Sylvan Richards, the Junior Minister, you have the floor.

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

Mr. Speaker, I am going to try and add some clarity to the comments that are coming from the Opposition. In fact, earlier today, I was listening to the radio, and there is a certain talk show host who was drumming up, basically saying the same sentiments that the Opposition is saying right now. So I kind of expected that this would be the theme on the motion to adjourn.

I will start off first by saying, Mr. Speaker, that Bermudians come first in Bermuda! And the One Bermuda Alliance puts Bermudians first. Now, how do we do that? Conveniently, what the Opposition has failed to remind the listening public of is that there are three categories of jobs in Bermuda. There are jobs that are closed, jobs that are restricted and job categories that are open. Jobs in the closed category are for Bermudians. Nobody with a work permit can apply. And grocery packing is in the closed category.

[Inaudible interjections and general uproar!]

Mr. Sylvan D. Richards, Jr.: So, whether the work permit holder's spouse or dependent wants that job, they cannot have that job. It is closed.

Hon. Derrick V. Burgess, Sr.: Point of order, Mr. Speaker.

POINT OF ORDER

Hon. Derrick V. Burgess, Sr.: Mr. Speaker, I would ask that that Member withdraw that remark to say . . . He is insinuating that only Bermudians can pack groceries.

[Inaudible interjections]

An Hon. Member: Well, they can!

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

MP Richards, are you going to . . .

Mr. Sylvan D. Richards, Jr.: I am sorry, Mr. Speaker. I am just confused by that last statement. I am not insinuating that only Bermudians can pack groceries.

The Speaker: Honourable Member, speak to the Chair.

Mr. Sylvan D. Richards, Jr.: I am just bewildered. I am just bewildered by the whole conversation and

debate. It seems like no matter what we say, it gets construed to be anti-Bermudian.

But in any event, once again, there are closed categories of jobs. And it is online. Anybody can go and look at the new work permit policy. The Opposition Members can go and look at the work permit policy and see which jobs are closed.

Then there are jobs that are restricted, meaning that Bermudians are given first preference. All the jobs must be advertised in the category. And the jobs must be listed in the Workforce Development. So it is not like anybody on a work permit can get the restricted jobs in the restricted category. There is a process to go through.

Now, under the new policy, the dependents of work permit holders can seek employment. And it is intended for spouses and their partners. They are still under work permit control; they still need a work permit. They are still under Immigration control, Mr. Speaker. So this is not about children. And this is what I was getting from the other side, that dependent children of work permit holders will be competing with Bermudian children for jobs, such as packing groceries. This is what the brouhaha was about a few months ago!

[Inaudible interjections]

Mr. Sylvan D. Richards, Jr.: Summer jobs! And what the Honourable Member said, when speaking to Minister Fahy, was that Mr. Fahy said something to the effect of, *Well, they won't need work permits to do these jobs.*

But in any event, I just need to clarify that also, in competing for jobs in the open category, meaning there is no restriction on who can apply, there is still the rule that if a Bermudian, a spouse of a Bermudian or a PRC holder is qualified, they get the job! So, that is all I can add to the debate. The policy is there. It is online for everybody to see.

Bermudians are not being put at a disadvantage. The policy states that dependents of work permit holders, if they want to get a job, compete, they need to get a work permit also.

The Speaker: Thank you, Honourable Member.

The Chair will recognise the Honourable Member from Pembroke East, constituency number 15. MP Walter Roban, you have the floor.

Mr. Walter H. Roban: Thank you, Mr. Speaker.

I have listened to the Junior Minister, the Honourable Member of constituency number 7. And I am no better informed than I was before he got up to speak. In fact, he may have confused most of the country by what he just said.

Mr. Speaker, this is part of the question: Why does this Government suddenly feel that it is the right thing to even allow dependents to be issued work

permits? When the principal person who came here . . . because the policy up until this point is that if you can bring your family with you, you are earning enough money to support them, spouse, partner and child. So the presumption is, if you are bringing your family here, you are getting a salary and you are being given enough benefits by what your presumed employer is giving you where that is not needed! So all of a sudden, this Government is essentially giving them away like oleanders on the trees, just oleander flowers. They are just giving away permits to whoever wants to come here—dependents, children, everybody.

How is this, under these conditions, where jobs are limited, Mr. Speaker, a limited job market . . . how is this fair or even right for Bermudians? The Minister did not answer that! The Minister just assured us that people are protected, that the categories seemingly will provide the protection.

Well, Mr. Speaker, the reason why those of us on this side cannot trust what the Junior Minister or his Minister have said, or the assurance they have given, is that we remember how this originally came about. And this is, frankly . . . Mr. Speaker, I thought this Government had learned over the last couple of years that trying to do activities in the darkness of night is not going to get them anywhere. They got blown out by other things that they tried to do under the darkness of night. And now they are trying to put policy through under the darkness of night. I thought they would have learned by now that it is not good for political business, their business! And as my Honourable Member from number 5 said, do you want to see people in the streets?

Now, Mr. Speaker, another reason why we are not trusting the Government around this is because we remember what happened the first time this issue came up. The Government put out this policy and published it, a number of things that they were going to do, including the issue of giving permission for the children of permit holders to have some unlimited work permit rights.

Here is what was a part of the madness of the whole proposal: They tried to blame it on the PLP! They tried to say that it was the previous Minister and the work permit policy group that actually proposed it. And it was only because of the good, able documentation of Mr. Chris Furbert, who was also on the work permit policy group who showed that, *Well, no. We did not propose this.* And then all of a sudden, the Ministry then said, *Oh, yes. Oh, in fact, yes. Well, that is not the case.* But they tried to make it that the PLP had proposed it in the first instance, just like they have tried to blame us for other things that they have had to do where it is a tough decision.

So again, a policy proposed under deception, under fabrication. The trust deficit will widen because of this. That is why we are not buying your explanation, and neither will the public. All they are doing is

dressing it differently. Instead of the dependents having not to be controlled by permit, they are just going to issue them the permit and they can go do it anyway. That is what it appears to be, Mr. Speaker!

Dr. the Hon. E. Grant Gibbons: Point of order, Mr. Speaker.

The Speaker: Yes.

POINT OF ORDER

Dr. the Hon. E. Grant Gibbons: I think my honourable colleague, Mr. Richards, said very clearly that these dependents need to go through the normal work permit process. An employer has to apply for a work permit. And there are categories of work permits, some of which are closed, some of which are not. If there is a Bermudian who is available to do the job, the Bermudian gets first preference. What could be clearer than that? Thank you.

The Speaker: Thank you, Honourable Minister.

Mr. Walter H. Roban: Mr. Speaker, we are not buying it! We have a difficulty believing, in a limited job market. What the OBA Government is doing is creating more eligible people to work when Bermudians cannot find work! That is the problem, Mr. Speaker!

[Desk thumping and general uproar!]

Mr. Walter H. Roban: This is illogical!

Why are you creating more people eligible for work when our own people cannot find work?

That is the part that escapes us. It is madness! It is madness on your part!

[Inaudible interjections and general uproar!]

The Speaker: Honourable Member, speak to the Chair.

Mr. Walter H. Roban: it is equal to the madness, Mr. Speaker, that we have seen for the past 24 months. This proposal they rolled out at the beginning of their tenure. And they have tried to sneak it in on us again. Instead of it being—

The Speaker: Honourable Member! Honourable Member Richards, you have had your say.

Mr. Walter H. Roban: Well, he is not a very, you know—he needs to learn the rules, Mr. Speaker.

The Speaker: Speak to here.

Mr. Walter H. Roban: Mr. Speaker, of course it is not the same. Instead of being red, it is yellow. That is all it is. Yellow with a bow. That is all it is!

Mr. Speaker, there is a big trust deficit that this Government has with the community, particularly with the working people of this community, who are the ones looking for work. It is illogical, it does not make sense for this Government to have a policy that essentially creates more eligible people from outside the country to work in a market where work is limited. It does not make sense, Mr. Speaker!

It is illogical. It is crazy! It smacks of policy confusion!

It smacks of a Government that is not receptive to the needs or the wishes of the citizens, who want jobs, want them to create jobs, but jobs for them, not for somebody else! They are creating more eligible people to work in a market where there are limited jobs. It does not make sense! If we had an expanding labour market, there might be some logic. But there is no logic to creating more eligible people to work from outside when your own people cannot find jobs in the same marketplace. They really must want people fighting in the streets. Because they cannot find work, and they will be desperate, and will do anything to get it.

Mr. Speaker, this Government really needs to check itself. They need to really sit down and have a real hard thought about what their purpose is in the society. I understand that you want to be the party of business and you want to be open to new investment. But you are killing your own people!

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

Mr. Walter H. Roban: I will withdraw it, Mr. Speaker.

The Speaker: Thank you.

Mr. Walter H. Roban: I will use other words.

The Speaker: Thank you.

Mr. Walter H. Roban: Sorry, Mr. Speaker.

They are bringing serious damage to the people of this country, to their aspirations.

An Hon. Member: Demoralising!

Mr. Walter H. Roban: They are widening the trust deficit!

This policy should never have seen the light of day, because the people already made it clear that they do not want this sort of thing happening right now in a market that has shrunk in the number of jobs that it has, even [less than] when it came in 24 months ago. We have lost more jobs since they even first proposed it. And here they are now creating another pol-

icy to widen the opportunity for outsiders to get jobs in a shrinking market.

It is illogical. It is madness. I only hope that somebody slaps them across their heads, Mr. Speaker, and helps them to find their way. Because right now, Mr. Speaker, they are leading us down a road that this country and its citizens do not want to go. Thank you.

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

The Chair will now recognise the Honourable Member from constituency number 29, from Southampton East. MP Zane De Silva, you have the floor.

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

Mr. Speaker, my colleague who just took his seat, Mr. Roban, said something very important, and it was two words: *trust deficit*. Mr. Speaker, since the OBA has been in power, they have promised a referendum on gaming. They ditched it. They said they would not use GP cars. They ditched that, too. Even changed the numbers on licence plates, said that it was because a Minister was threatened that we changed the licence plates, in Bermuda. If I cannot see, you know, Randy Horton driving around in a car that says—

Dr. the Hon. E. Grant Gibbons: Mr. Speaker, point of order.

The Speaker: Yes.

POINT OF ORDER
[Misleading]

Dr. the Hon. E. Grant Gibbons: The Honourable Member is, intentionally or unintentionally, misleading the House. We never, this Government never said it would not use GP cars. It said it would pool them and use them on that basis and on a very restricted basis. Thank you.

The Speaker: Thank you, Honourable Member.
MP De Silva.

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

But they might have said they would pool, but they did not say they would change licence plates to try to trick people. And that is what they did, Mr. Speaker. In fact, the Minister at the time said that she was going to come back to this House and give us the information that led to changing those licence plate numbers. And we have not seen that yet, Mr. Speaker!

Hon. Trevor G. Moniz: Point of order, point of order, Mr. Speaker!

The Speaker: Yes, Honourable Member. Yes! I recognise the Attorney General. Yes.

POINT OF ORDER
[Misleading]

Hon. Trevor G. Moniz: The Premier under the PLP had the car without a GP plate.

The Speaker: Right. Carry on, carry on.

Hon. Zane J. S. De Silva: Yes, that was his private car, too, Mr. Speaker.

Some Hon. Members: Ooh!

Hon. Zane J. S. De Silva: So, Mr. Speaker, let me just say.

The Speaker: No, it was not. It was not. But carry on.

Hon. Zane J. S. De Silva: We had a Minister who said that the *Millennium* was here in Bermuda, and it was still in the States, Mr. Speaker.

We had a Government that was going to close Lamb Foggo Urgent Care Centre, Mr. Speaker. Okay? After saying that they would look after the people of this country. Transparency—*Oh, we're transparent! We're transparent, Mr. Speaker!*

Airport! CCC! Desarrollos Group—we still cannot find them on the Internet, Mr. Speaker! We are hoping that that is going to be okay. There is a trust deficit in this country, Mr. Speaker!

Mr. Speaker, we had a Minister who turned off residents' running water up in Dockyard!

Some Hon. Members: Ooh!

Hon. Zane J. S. De Silva: Let us not forget that, Mr. Speaker! We have a trust deficit in this country! And, Mr. Speaker, the list goes on.

Mr. Speaker, you know, when we on this side talk about our children and worrying about our children getting jobs, see, a lot of Members from the OBA/UBP do not have to worry about that. A lot of them do not. See, when we talk about our children—

[Inaudible interjection]

Hon. Zane J. S. De Silva: I said *most*.

See, Mr. Speaker, when we talk about children, we are not talking about eight-year-olds who pack groceries, you know. We are talking about some of our children who come back who are 24, 25, 26 years old who cannot find work. Some of them with degrees! Some of them with master's degrees! One of them was the child of one of the Members on this side of the House, Mr. Speaker, who could not find work.

Yet, yet, under the cloak of darkness—

[Inaudible interjections]

[Gavel]

Hon. Zane J. S. De Silva: Under the cloak of darkness, the OBA tried to slip this past the people of this country. Cloak of darkness, Mr. Speaker!

Mr. Speaker, you know what? I was hoping when the Honourable Member, my colleague, Walton Brown—

The Speaker: The Honourable Member from constituency number 17!

Hon. Zane J. S. De Silva: Seventeen. Yes, yes, Mr. Speaker. The Honourable Member from 17, Walton Brown—

The Speaker: Leave his name out of it! The Honourable Member.

Hon. Zane J. S. De Silva: Oh, okay. I thought I was sharp, too, Mr. Speaker, I thought I was sharp.

The Speaker: Yes, you are getting there.

Hon. Zane J. S. De Silva: Okay, I am getting there. You know what? We are all getting used to it. So it is good.

But when the Honourable Member from 17 first stood up and spoke, Mr. Speaker, and then no one got up. I did not hear a point of order. Then another one of our Members got up. I did not hear a point of order. I said, *Wait a minute! I am waiting for somebody to jump up from the Government to say, Hang on! You got this wrong.* But we do not! We do not, Mr. Speaker!

[Inaudible interjections]

Hon. Zane J. S. De Silva: See, they are all saying we did. I did not hear anybody jump up on a point of order, Mr. Speaker.

Mr. Speaker, we have at least 4,000 people out of work in Bermuda. Why and how in the heck can the OBA justify even thinking about . . . and you could call it one, two, three, four, five different reasons or five different policies. Because they do not care! That is why, Mr. Speaker. They do not care!

It is too bad that the OBA Government, when we had all those, what was it, about 2,000–3,000 people down in front of Cabinet? It is too bad they did not mention it then. That is when they should have announced it.

Well, Mr. Speaker, when this hits home, we will see. We will see what happens.

Well, you know, Mr. Speaker, I have to believe another one of the OBA's pre-election promises was 2,000 jobs. You remember that, Mr. Speaker,

2,000 jobs. Maybe these 2,000 jobs, here they are coming. They are coming for work permit holders' spouses or significant others, or children! Is that where the 2,000 jobs are going to be given? Because the jobless rate in Bermuda has increased under the OBA Government. It has increased, Mr. Speaker. But yet, they find it okay to do this? Well, maybe, Mr. Speaker.

I look at that promise of 2,000 jobs, and I have got to wonder who it is for. You will recall, Mr. Speaker, I pointed out—and I will continue to do it—you have board members of the Bermuda Tourism Authority, board members, some of them (most of them except for two) are getting \$20,000 a year. Maybe those are the jobs the OBA was talking about in 2012—\$20,000 a year!

And, Mr. Speaker, we will find out soon how many meetings they have had in one calendar year. Mr. Speaker, do the math. If they have had 10, and they get \$20,000, that is \$2,000 a meeting! How long is a meeting? An hour? Two hours?

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

The Speaker: Yes.

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: I find it bizarre, but this was asked in a Parliamentary Question a few weeks ago, and it was answered. And all of the meetings were laid out. That Honourable Member commented on the meetings and made a calculation.

The Speaker: Yes. I think you calculated how much they made each time.

Hon. Zane J. S. De Silva: Mr. Speaker, I tell you what. That is incorrect. He gave them out, but it was not in a calendar year. It was over a period. But we will deal with that.

Well, let us talk about that then. Okay, 12 meetings, 10 meetings. Do the math. It is still \$2,000 a meeting, Minister! Two thousand—

The Speaker: Honourable Member! Honourable Member, speak to the Chair.

Hon. Zane J. S. De Silva: Mr. Speaker, \$2,000 per meeting!

So, Mr. Speaker, that is when I talk about our people getting to work. It is okay for them to issue out \$20,000 to their board members. It is okay to say, *Okay, work permit holder, your significant other, your wife, your husband, your child, they can work, too.* And that is okay?

Mr. Speaker, the people of our country, the civil servants in particular, gave up furlough days. They made their sacrifice. Is this what they made a sacrifice for, so that all of a sudden, while we are thinking, *We are helping with the job situation*, and the OBA are going to say, *Well, okay, thanks for taking your furlough days, ya'll. Now we have got some money we can pay somebody else!* What the heck is going on, Mr. Speaker? It is disgraceful!

It is disgraceful, Mr. Speaker!

Is that what the people of this country get? All the civil servants who have been headlined for the last couple of months, is that what thanks they get, Mr. Speaker? They give up so that their money can go somewhere else, Mr. Speaker? Mm, hmm, hmm. Disgraceful, Mr. Speaker, disgraceful.

Mr. Speaker, you have some of us in Bermuda who are trying to help. And I will put up my hand, Mr. Speaker. Everyone knows, I declare my interest. You know what I do. We have taken on five people this year, Mr. Speaker, three of them (and some of my colleagues on this side may know who they are) could not find work. So I said, *You know what I am going to do? We are going to put them to work.* Mr. Speaker, we are struggling to keep them working, but we are trying. I am sure that Premier Dunkley probably does the same in his business. I am sure he does. I am hoping he does. But those are the things that some of us, Mr. Speaker, in this business community do.

It makes no sense for the OBA to give this permission. We are trying (I put my business hat on now, Mr. Speaker) to do our part to help our unemployed, Mr. Speaker, and then this happens?

[Pause]

Hon. Zane J. S. De Silva: Mr. Speaker, let me say this. Presently, if someone wants to seek employment in Bermuda, they have to write to the Immigration Department. That is what they have to do. I advertise, I have to write in for a job. Well, if a foreigner gets that job, that is fine. That is cool. But now, on that work permit, *Oh, I have a significant other, or, I have one, two, three, four, five children.* Well, guess what, Mr. Speaker? All of a sudden, they can get work!

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

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member is misleading the House. The Junior Minister made it clear that they would have to apply like any other work permit application.

The Speaker: Right. Right.

Hon. Shawn G. Crockwell: I think it is very clear!

The Speaker: I think he said that they would have to apply for work permits.

[Inaudible interjection]

Hon. Shawn G. Crockwell: No, he did not, Mr. Speaker. He did not say that.

Hon. Zane J. S. De Silva: No, no, no!

Hon. Shawn G. Crockwell: You said they would automatically get the work!

The Speaker: Honourable Member, do not tell me what I said!

Hon. Shawn G. Crockwell: I am saying what *he* said, Mr. Speaker.

The Speaker: Yes, yes.

Hon. Shawn G. Crockwell: I am not saying what you said. I am making a point of order that they would have to apply. It is not *automatic*.

The Speaker: Thank you. I appreciate that.

The Honourable Junior Minister did say they would have to apply.

Hon. Zane J. S. De Silva: Yes, Mr. Speaker. I agree. I heard him very clearly.

The Speaker: Yes. Right.

Hon. Zane J. S. De Silva: And so did the people of Bermuda. But what we are saying, Mr. Speaker, is would they have been able to apply otherwise? Before he made that change, could they apply? No! That is the difference, Mr. Speaker. Because they changed the rule!

That is what we are upset about over here, and that is what the people of this country are going to be upset about, because you could not do that before this change came about, Mr. Speaker, and that is what is upsetting us! And that is what is unfair to the people who are unemployed in this country, Mr. Speaker!

We have 4,000 people who are unemployed. And every little thing we can do or every little thing that the Government can do, they should be doing to get them working. Not trying to introduce policies that are going to cut their percentages down, Mr. Speaker. And we know how it works. The Honourable Member from constituency number 22 certainly knows how it works, Mr. Speaker. You have got people in this Island with master's degrees who cannot get work. So do not tell me about, *Oh, well, they have to go through*

a vetting process at the Immigration Department, Mr. Speaker. We know how it works.

And the Honourable Member from 22 knows how it works.

Dr. the Hon. E. Grant Gibbons: Yes! Bermudians come first!

Hon. Zane J. S. De Silva: Yes, Mm-hmm. Yes, we know. Bermudians come first.

So, Mr. Speaker, let me finish on this note. I think several Members on this side asked the Premier to look at this and deal with it in the way in which it should be dealt with, Mr. Speaker. This needs to be crossed out, marked off, *Adios, amigo*, Mr. Speaker. That is what needs to happen to this—*Adios, amigo!* Our people who are unemployed right now—4,000 of them—do not deserve a kick in the face while they are down, Mr. Speaker. So, OBA, let us have a rethink.

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

The Chair will now recognise the Honourable and Learned Member, the Attorney General. Minister Trevor Moniz, you have the floor.

Hon. Trevor G. Moniz: Thank you, thank you, Mr. Speaker.

I will try and sort of lower the level of heat in the room. I think the Opposition are trying to work themselves into a bit of a lather here. At least we need to, I guess, agree what it is we are arguing about. We need to make it clear to the public what we are arguing about.

The Speaker: Exactly.

Hon. Trevor G. Moniz: When the substantive Minister gave his press release with respect to the new work permit policies that went into effect on March the 1st, there was a simplified regime for partners of people who are resident to apply for work. But it is clear, as was pointed out by the Junior Minister, that they still have to go through that step of applying for employment.

And the Members on the other side were worried initially about children.

Hon. Derrick V. Burgess, Sr.: Point of order.

Hon. Trevor G. Moniz: And children are persons under the age of 18, not otherwise.

Hon. Derrick V. Burgess, Sr.: Point of order, Mr. Speaker.

[Inaudible interjections]

The Speaker: Honourable Member. Honourable Member.

And MP Foggo!

[Pause]

The Speaker: You have a point of order?

POINT OF ORDER

[Misleading]

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

The present system, Mr. Speaker . . . The Member is misleading the House. And I do not think he is doing it deliberately. Under the present . . . before this new policy came in place, a person had to get permission to reside and seek employment. By the new policy, if your name is on the work permit, they can automatically go and seek employment. That is the difference.

The Speaker: All right.
Honourable Minister?

Hon. Trevor G. Moniz: Mr. Speaker, that Member, that Honourable Member sort of has it right, but it is not quite right. You do not have your name on the work permit. But if you can show that you are a partner of someone who is resident, be it a Bermudian or a PRC or a work permit holder, then you have the ability to seek employment without going through a formal process to seek employment.

But you cannot actually get a job unless, (a) it is a job that is available to a non-Bermudian; and (b) there is no Bermudian able to fill that job.

[Inaudible interjections]

Hon. Trevor G. Moniz: There must be no Bermudian able to fill that job.

The Speaker: Honourable Members, let us give the Member an opportunity to try and bring some clarity, from his point of view.

Hon. Trevor G. Moniz: So, the Honourable Member who was saying that he had employed three in his business. He can rest assured that there will be no [non]-Bermudians getting those jobs, which should make him happy! There are no non-Bermudians going to take jobs from Bermudians in those work categories. And those are most likely either closed categories or restricted categories.

[Inaudible interjection]

Hon. Trevor G. Moniz: No, but is that right in the case example you gave?

Is that right?

Yes. So those are not jobs which non-Bermudians are going to take. Those are not jobs that

a non-Bermudian is going to take. So it is only going to be in a situation where it is a job available—

[Inaudible interjections]

The Speaker: Honourable Members, let us concentrate, because this is an important issue! So we should all listen so we can argue, you know, clearly.

Hon. Trevor G. Moniz: I am obliged, Mr. Speaker.

So it must be a job that is available for a non-Bermudian to apply for, and there must be no Bermudian who can fill that job. If there is a Bermudian available to do that job, the Bermudian will get the job. The Department of Immigration will protect them.

But one of the things that bothers me with the approach of the Opposition to this matter is that they seem to have the ability to turn positives into negatives. Even while the Opposition formed the Government, they were going out very publicly and saying . . . Even at that time, we had lost thousands of people from our population. And at that time, Government Ministers were going out and saying, *Our population is shrinking. We can no longer maintain our health system. We can no longer maintain our pension system because we do not have people, employed people of working age, young healthy people, holding up the system through their medical premiums, through their health premiums, through their pension payments, who hold up the system. So the whole system is getting very creaky because when those 3,000 to 5,000 Bermudians left our workforce, and non-Bermudians went abroad, then we have a huge gap in our income which worsens the tendency that we already have towards an ageing population.*

So, we need to do things to encourage young healthy people to come here to stimulate the economy, to make payments into the pension schemes, to pay premiums into the health system so that the whole system will be supported and will work.

We even heard these arguments, unfortunately, we heard negative arguments from the Opposition even with America's Cup. You know, they are worried about, *Oh, well, should we let these people come in? Is this going to be spread to the people?* The thing is, when you come in and you stimulate the economy, it is not a precise measure. But if you bring in people who are going to be renting homes and spending money, they are going to be employed. They are going to stimulate the economy. And if you ensure that they are only going to take a job for which there are no Bermudians available to fill, then it is not going to damage Bermudians' employment opportunities.

[Inaudible interjection]

Hon. Trevor G. Moniz: And the Member on that side is saying *nonsense*. But the proof of the pudding is in

the eating. On this side, we feel confident that we are stimulating the economy, that these measures will not hurt Bermudians, that they will in fact help Bermudians, and they will improve our economy.

The xenophobic attitude on the other side, saying, *Well, we don't want these people here. We don't want them coming to Bermuda. We don't want them being employed, even when no Bermudian is available for the job* is counterproductive, and it has destroyed Bermuda, and it is destroying our economy, and that is what they were doing when they were in Government. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

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

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

It is not xenophobic to want your people to come first in your own country!

Some Hon. Members: Yes.

Mr. Jamahl S. Simmons: It is not xenophobic to stand up for our people, who were born here, who did not come here for a salary! Who did not come here—

Hon. Trevor G. Moniz: Point of order, Mr. Speaker. Point of order, Mr. Speaker! Point of order!

The Speaker: Honourable Member, take your seat.

POINT OF ORDER

[Misleading]

Hon. Trevor G. Moniz: That Honourable Member is misleading the House. I quite carefully said the Bermudians will always come first.

The Speaker: All right. Thank you.

Mr. Jamahl S. Simmons: I am talking about xenophobia, Mr. Speaker, which is the word that that Member used, that Honourable Member used.

But, Mr. Speaker, the trust deficit . . . the trust deficit. I would believe the Honourable Members on the other side if before the election they had not said, *We won't get rid of term limits, we will just suspend them.* I would believe the Members on the other side if they had not said, *We'll have a referendum on gaming,* and they did the reverse when they got in power. I could run down the list of the OBA before the election and the OBA today, and Jekyll and Hyde would be a very kind comparison.

Mr. Speaker, I am not going to waste another breath imploring the One Bermuda Alliance to put Bermudians first. I am not going to waste another

breath on appealing to the conscience and to the spirit of people who should put Bermudians first. I am not.

Mr. Speaker, the Bible teaches us that Pharaoh's heart was hardened. This is a Government that does not listen. So, Mr. Speaker, I am going to speak to the public. I am going to speak to the people. And I will not waste a breath on the One Bermuda Alliance.

To the people of Bermuda: If you knew that the One Bermuda Alliance would give the children of guest workers the opportunity to seek work in your country, would you have voted for them?

Some Hon. Members: No.

Mr. Jamahl S. Simmons: Mr. Speaker, I would ask the people of Bermuda: If you knew that the One Bermuda Alliance would seek to give the partners of work permit holders the right to seek work in this country, would you have voted for them?

Some Hon. Members: No.

Mr. Jamahl S. Simmons: If you knew that unemployment would reach a record level under the One Bermuda Alliance, would you have voted for them?

Some Hon. Members: No.

Mr. Jamahl S. Simmons: If you knew that air arrivals would plummet to the lowest level since the 1960s, would you have voted for them?

Some Hon. Members: No.

Mr. Jamahl S. Simmons: Mr. Speaker, they did. And I sent your Greek home, crying.

The Speaker: Honourable Member, Honourable Member, Honourable Member—

Hon. Trevor G. Moniz: Mr. Speaker. Is that xenophobia? Is that xenophobia, Mr. Speaker?

The Speaker: Honourable Member!

Mr. Jamahl S. Simmons: I withdraw that, Mr. Speaker.

The Speaker: Thank you very much. And I think what you need to do is speak to me.

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

The Speaker: All right. Thank you.

[Inaudible interjections]

Mr. Jamahl S. Simmons: Mr. Speaker—

[Gavel]

The Speaker: All right!

[Inaudible interjections and general uproar!]

[Gavel]

The Speaker: Order in the House!

[Gavel]

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

Mr. Speaker, we have to begin to find a way to show our people that this is the country for them. Mr. Speaker, when you have . . . Before Christmas, all right, I saw some people on Facebook. I reached out to them. I said, *Hey, I haven't see you in a while.* And they said to me, *Oh, I am living in the UK now. There is nothing for me in Bermuda.*

Over the past year, I have seen the farewell parties on my timeline on Facebook. And I have seen the people leaving, and they say the same thing: They do not believe there are opportunities here for them. They have had the experience, some of them, of doing what they were supposed to, getting their education, going to the right schools and having soft skills and all the things that they said that they have, but be in positions where they might have been working under somebody on a work permit, and when the work permit came up, their immediate boss came to them and said, *Look. Don't put your name in for that job. We like you where you are.* And then the company would go to Immigration and say, *There is nobody who wants this job.*

They had the experience of being interviewed by somebody on a work permit who spends half the interview trying to convince them, *This is not the job for you. You should be working somewhere else. You're so smart. This job is beneath you.* They have had these experiences, Mr. Speaker. And these experiences are real.

And many of the Members of the other side, nature's passport has prevented them from experiencing that, straight up. They have not had the experiences of having to work under people less qualified than them and prop them up and make them feel secure and not threatened because their work permit is dependent on, you know, *keep training a Bermudian or making a Bermudian . . .* you know, all that stuff.

But, Mr. Speaker, there is an issue. There is an issue in the private sector. We spoke about this during the Budget Debate. There is an issue in the private sector. And there are employers in this country—make no mistake, Mr. Speaker—who will do whatever it takes. They will pay more money. They will hire inferior talent, because they do not want to hire Bermudians, for whatever reasons. They will hire their friends and family and find a way to do it.

The reason is, though, Mr. Speaker, as far as I am concerned, the penalties are too weak. Right? And we bear a burden for that as well. But, Mr. Speaker, I just speak to the people of this country. Have you had enough? Are you tired of it yet? So, Mr. Speaker, with that, I take my seat. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable and Learned Member from constituency number 36. The learned Member, MP Michael Scott, you have the floor.

Hon. Michael J. Scott: Thank you, Mr. Speaker.

Mr. Speaker, responding in my opening remarks to the learned Attorney General, who sought to stand and defend that really unhelpful explanation by the Member who speaks for Immigration in this House, the Junior Minister, make the analysis . . . and it becomes a corporatist analysis. And this is the difficulty when you have a Government that is largely empowered or populated by corporatists. You have this huge conflict of interest.

But the learned Attorney General's analysis, Mr. Speaker, spoke to the lament, and made the lament of the failure of this country's current economy not to be able to support the health care system because there has been shrinkage in the employment area, and everybody is panicking. And so there is a race to the bottom, Mr. Speaker, a race to the bottom in reacting and responding to this problem.

In making the analysis, he says, *Just open the gates to immigration*. He ignored in his analysis—nowhere in the analysis was there a reference that was advocated and directed to this country as long ago as 1977, in the Royal Commission of Inquiry into the civil disturbances that I believe we are heading toward again with these kinds of crazy policies . . . The Royal Commission into civil disturbances in this country where the commissioners, Members of this House, and certainly its Chair, said training was important. Training is vital. Low immigration is the policy of this tiny Island. Training—training of your people, your native talent—this would be the right response.

To go into this race to the bottom and say, *We open the category to partners and young people of foreigners* is absolute . . . it is inexplicable. It was inexplicable when it was first ballooned by the Member who sits in the other place, and there was this storm in the country. And to have a bull-headed OBA Government (I hope that is the headline—*bull-headed OBA Government*) press this ridiculous policy in this context, Mr. Speaker . . . We have recorded numbers and statistics. We say 4,000 unemployed. Those who have not recorded themselves as unemployed probably pushes the number into 6,000!

[Inaudible interjection]

Hon. Michael J. Scott: I do not care what the number is! There is significant unemployment. There are women in this country . . . so you are attacking young people. Young people are waiting to be employed. They are talented young people. You have women, your voter base, disappearing all the time. Women who have worked in this country in international business, for the first time in their lives are unemployed. Single mothers who are meant to be supporting households, unemployed. I meet with them. Never unemployed in their lives, now redundancies in the international business sector—unemployed, on financial assistance.

And you have just men unemployed. They make up this number, whatever the number is, between 4,000—whatever the number is—a broad new class of unemployed. In this context you have a policy from a Minister of Immigration that offers, as my learned friend and the Shadow Minister of Immigration points out, establishing a policy that offers wider employment, empowerment, opportunities to foreign young people and their partners!

Can this be? Can this be right?

Now, I would have thought that an OBA Government that has recently been on a very positive, happy tack (if I can put it that way), the buzz of job growth, the numbers of trades-people I watch coming into Dockyard across Somerset Bridge, across my home, heading out to Dockyard. I would have thought that in the buzz and the promise of jobs being bumped up in this country, the first salvo of the OBA Government would have been to offer opportunities to Bermudians, young people and Bermudians generally.

But this confounded policy, the boldness and entitlement of this policy to offer it on March the 2nd to non-Bermudian workers is extraordinarily inept! I cannot understand it. It just makes no sense. If you want to rebrand yourself as turning the country around and keep coasting on this marvellous buzz that is going on in the community, this wonderful new Western front that is being opened in Dockyard, offer it to your people first! But yet, who in your . . . as colleagues, why would you let a colleague, a senior ministerial colleague, put you in this position? It makes no sense!

The other day, Mr. Speaker, we heard, I believe it was the Honourable Member who is the Minister for Economic Development. I beg your pardon, the Honourable Minister for America's Cup. I believe someone in this House said, *America's economy has begun to recover. Yet the PLP was so awful and left us in such an awful position that Bermuda has not begun to recover yet*. So, on their own admission, Bermuda's conditions are not yet recovered, or in recovery.

So with that observation from that front bench of the OBA Government, plus women unemployed, young people too numerous to number looking for work . . . They are at home, they are in all of our homes, lying around all day. They want to work . . .

lying around all day. And when they cease lying around all day in our homes, they are out on the streets on the corner or on the wall.

You know, this is the reality. So young people, women with administrative assistants, the unemployment statistics given to us in this context, we have an OBA Government that declares this policy today. I really do not get it. I cannot understand that kind of . . .

Add to the list, Financial Assistance is now covered by the Honourable Minister for Community, Culture and Sport. That policy requires that members, clients who go into that building and apply for financial assistance, Mr. Speaker, must pound the pavement and come back with 20 opportunities that you have sought across the country in looking for jobs. And they all come back and tell each one of you—they certainly tell me—I *can't find jobs*.

So, in this context, you are offering jobs to foreigners?

An Hon. Member: Offering the opportunity to get a job.

Hon. Michael J. Scott: How much of the list must I continue to add to make good the case, as the Shadow Minister of Seniors and Workers, my honourable colleague and cousin said? You know, it started with Cindy Clarke at the high level of barriers to her employment in the country. We know that there are barriers to all of these unemployed folks, from young to women to middle-aged. And we have this confounding statement from the Minister of Immigration. And all this flowery language that is now in the new policy is not worth the paper it is written on.

Here is the point: The Junior Minister stood and sought to make some weak rationalisation, we all know what goes on, Mr. Speaker, and the learned Attorney General, that Immigration will protect Bermudians. Mr. Speaker, this is what happens. There is the huge difference between the ability of Bermudians to be able to vie for the job opportunity, to vie for the advertised job, and who is finally put in the job. This goes on all the time. This has been going . . .

The Immigration Department, with its best of will in the world, has been grappling unsuccessfully with this policy about Bermudians who are qualified for the job pitching up, and then the next line that is written is that the job was offered to the non-Bermudian because, you know, the Bermudian . . . and there are excuses that are made. The Bermudian did not quite make the grade or was overqualified.

That was a nonsensical attempt at getting around the righteous indignation, Mr. Speaker, the righteous indignation by the Junior Minister's attempt to say that Bermudians can apply for the jobs in competition with young people and partners of foreigners. It was a completely unconvincing statement. Because we know that there is a vast difference between the

decision to finally employ and the decision to actually let the Bermudian compete with the non-Bermudian for the employment. We all know this!

So it amounts to the same final analysis that was indicated by the Shadow Minister of Immigration. Non-Bermudians are going to be placed in employment, and the statistic and the numbers on unemployment amongst young people and women and men in this country will not tick up! It will not move.

[Pause]

Hon. Michael J. Scott: So, Mr. Speaker, the children—the children and the young people of this country today have been served up a very bitter brew, in my view. Their sense of participation in this bonanza that is being declared and announced has taken at least a number of steps in the reverse until the Government actually says, stands on its two feet and says, *All that we are doing in relation to this coming bonanza, we are linking it to opportunities for yourselves*.

This is what we would have expected to hear. And yet, we have this policy from the other place that is going to affect this place, and every place and by-way in our country. And I find it bull-headed, insensitive and totally unbecoming of a government that seeks to claim that it is putting Bermudians first. Not your finest hour.

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

The Chair will now recognise the Honourable Member from St. George's South. The Deputy Speaker, MP Suzann Roberts-Holshouser, you have the floor.

Mrs. Suzann Roberts-Holshouser: Thank you, Mr. Speaker.

Politics, it fascinates me. And I want to make sure that we this evening are not putting politics before the people. I just happened to look at, I was looking at some numbers. In 2007, there were 18,131 work permits issued. By 2013, that number had decreased. But this is not just an issue about work permits, Mr. Speaker. It is definitely an issue about Bermuda, about where we go, what we do and how we are going to survive.

I have a 17-year-old son. So I hear what has been said, Mr. Speaker. I get it. I get the concerns. I understand it fully, as a Bermudian and as a mother who wants to ensure that her son has a job, just like everyone else does. I understand that, Mr. Speaker.

But the truth of it is when I looked at it, and I did some research a couple of months ago, so it was just funny I happened to have some of my notes in my bag. When I was looking at the census, in 2012 there were 1,121 persons, approximately, who emigrated out of Bermuda. And that was in a period from 2002 to

2012. Of that, the statistics pointed out that 53 per cent of them were certified, qualified Bermudians who left Bermuda and took those experiences, took their knowledge away. And we have heard it from the other side. They had to leave Bermuda. They had to find jobs. They had to sustain themselves.

And some of them wanted to see how they can evolve away from Bermuda. A lot of individuals leave Bermuda, this small country of 21 square miles, so that they can develop and grow and come back to Bermuda and have an even greater opportunity and chance to get a higher position within the community, based on their experience internationally.

So, Mr. Speaker, one of the things that concerned me when I was looking at the numbers, and recognising that Bermuda needs people . . . More than anything, by the year 2017, we need (and I said it the other day) more hands on deck than we can even imagine, more hands on deck. Does that mean they are non-Bermudian and they are work permit holders? No, it does not. It means that we need all of Bermuda, all of Bermudians out there working.

Now, the concern that we have heard this evening, and again I was a bit concerned, truthfully—truthfully concerned because information going out there, the people of Bermuda depend on us. They depend on us to calm the seas. They depend on us to speak the truths. But sometimes, as part of human nature, Mr. Speaker, we see the truths differently. And I do not want to say *that is politics*, but the truth of it is, Bermudians do come first.

Mr. Speaker, as a St. David's islander, I can tell you that it is more imperative to the people from the east, I believe. We understand what it is like to be second class. We understand what it is like to be forgotten, Mr. Speaker. But again, like an analogy that I spoke of not long ago, it is like a bowl of water, a sink. And in that sink, where the stopper is stopped, there are Bermudians. We see the tap turned on and the individuals who are coming into Bermuda, because we need the importation of talent coming into the sink. But what we have seen also, Mr. Speaker, is that that sink clogger has been opened up and people have left the Island. So we need to clog that back up. Bermudians do need to return home.

But, Mr. Speaker, one of the things that flagged me most that I have heard, which is a real concern, and I would like us to focus on that concern, is that if employers are playing around with our immigration rules, and if individuals within this room are aware of it, I implore them, Mr. Speaker, to come forward! And if we do need to increase the penalty for spinning those rules, of breaking those rules to put non-Bermudians [to work] where Bermudians should be and deserve to be, well, then, let us address those rules! Let us make sure that we do not have people playing around.

But do not throw it out there that these things are going on and not do anything about it! Speak up!

Go to the Minister of Immigration and say, *We're not going to stand for this!* Do not stand on this floor and not put the people of Bermuda first! Because the way the rules of immigration work is that, if a job is going to be applied for by a non-Bermudian, it has to be advertised, Mr. Speaker! I know that if I am looking for . . . I will look for a job for my son; I will help him out. He is 17. I know he is not going to do it by himself. We know what our young boys can be like, Mr. Speaker. Parents often have to step in.

But if I see a job that is being advertised in the newspaper because it is opened up to the market, I know that I am going to apply. And if my son does not get it, and if a non-Bermudian gets a job that I believe my son can do, do you think I will not be making noise, Mr. Speaker? We have an obligation! We Bermudians have an obligation to actually speak the truth and know the truth and go where we know that we can have it fixed if we think it is broken! But, Mr. Speaker, we have an obligation to do that.

We also have an obligation, Mr. Speaker, not to spin fear when fear does not exist. But if people are breaking the rules, we have an obligation that is bigger than ourselves. It is about the people we represent.

So I understand the sensitivity, and I have to also say that I appreciated what the Member from constituency 33 said. He was the one who . . . The way I look at it, he highlighted the sensitivity of Bermudians being denied jobs in the workplace because there are employers out there who would like to fiddle the case. But, Mr. Speaker, there is nothing more that I can say, but we need people in our economy to help feed our economy. We need to address the concerns that are also out there. But, Mr. Speaker, I could not sit on my seat this evening to hear that the One Bermuda Alliance do not put Bermudians first! Because this one, this one, I do. Again, I have a son just like individuals who stood who have children as well. I understand the importance. I do.

But, Mr. Speaker, again, I implore anyone, anyone, anyone in Bermuda, you can come to me if you have to. You can tell me if you are aware that a non-Bermudian is getting a job over a Bermudian, I would be the first one to take it further if I have to.

Again, I reiterate what the Junior Minister said, and that is there are policies that have been established. Those policies have been put into place to protect Bermudians. And we as a government need to grow Bermuda so we are healthier than we have been in years. And as we go forward into 2017, I look forward to having more people employed, more Bermudians employed. All of us deserve that. And as a government, I believe that is one of our mandates, Mr. Speaker. Thank you.

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

The Chair will now recognise the Honourable Member from constituency 6. MP Wayne Furbert, you have the floor.

Hon. Wayne L. Furbert: Mr. Speaker, you know, I am sitting here tonight, and I am amazed how certain Members of that Cabinet can actually go along and support such a policy. Particularly Members such as the Honourable Member, Wayne Scott, who is from Warwick, constituency 27, and other Members who are sitting on that side.

How in the world, Mr. Speaker, can you set a policy to allow the children of non-Bermudians to compete against Bermudian children? How can you feel deep in your being that that is good? Mr. Speaker, they talk about that jobs have to be advertised. Well, Mr. Speaker, last year I recall the Minister putting forward a policy called the *Bermuda employment visa* that would allow exempted companies to employ some foreigners without needing to advertise. That is a clear loophole that will allow them to hire either the spouse of that non-Bermudian or the children!

Dr. the Hon. E. Grant Gibbons: Point of order, Mr. Speaker.

The Speaker: Yes.

POINT OF ORDER

[Misleading]

Dr. the Hon. E. Grant Gibbons: The Honourable Member is misleading the House. That is for people who are significant in the operation when they bring a new company here. That is not for spouses or dependents.

The Speaker: All right. Thank you, Minister.

Hon. Wayne L. Furbert: Mr. Speaker, that person could still be significant.

All I am saying to the Members on that side is that you cannot be allowing . . . And let me tell you something. We all know that there are companies out there finding a way to get around not hiring Bermudians. That is clear! And there is not one Member on that side of the House who can stand up and tell me it does not happen. It happens all the time! I have heard many times Members on that side throwing out these accusations, Oh Members on this side are not getting the job. I wonder why! I wonder why!

I have heard Members on this side, I heard my honourable friend the other day said, *Oh, when I finish up, I have got a job*, implying something different, implying something—implying something. Many times, Mr. Speaker, Members on this side, just forget about our children, apply and do not get . . . And they are qualified—qualified. And I could give you examples from examples.

Mr. Speaker, we cannot allow non-Bermudians . . . And, look. We are not trying to . . . We understand that we want this economy to grow. But if you are allowing another individual or group of people to compete against our own Bermudians, it restricts, it encourages individuals to overlook Bermudians, by far! Do not tell me that Bermudians have to be out there packing groceries, washing dishes, because they are restricted. There are posts out there.

Let me just give you an example, Mr. Speaker. If I have a company and if I want somebody to be hired, do I hire my children first or do I go out and hire somebody else's children? The old-boy network can work. The whispering campaign goes on. *My son needs a job. My daughter needs a job. My spouse needs a job.* I remember an individual (cannot call names, and I am not going to call names, but [I] cannot even remember them). I remember they came here. The father, the husband came here doing some accounting work. And the wife came here with the husband. I see them now driving around those sporty cars, got the children in the car. Both of them have got jobs. They find a way, Mr. Speaker, to hire who they want to hire!

That is why we need—and we recognise it—that we need to clean up in that Immigration Department as far as hiring Bermudians. The Honourable Member, the Premier, is laughing. There is not one person who can tell me that they do not hire!

Mr. Speaker, I will give you an example. I am not going to call the law firm's name out. I used to be general manager of a law firm and financial controller. They advertised for a post. This is sometime back, not here recently. I went for the job. The partners hardly asked me any questions, not one accountant in that room, the accountants. I got a call from a person inside. They said, *Wayne, they want to keep that individual. They want to keep that individual.* Or I got a call back saying, *You didn't qualify.* Mr. Speaker, they find ways to ignore Bermudians!

And I am telling you right now, with all those Bermudians out there who are unemployed, and more to come . . . We understand today another international business made some staff redundant. Again, more Bermudians, and you are trying to send a message that you want to put more people in the pool to compete against Bermudians? Why are those Members whom I am looking at who got their heads down, not speaking up in that Cabinet and sending a message that [it] is not right? Why are you voiceless? Why are you spineless? Sending that message, Mr. Speaker! That is wrong! It is wrong! Our children and some families are going without food! Not able to pay their mortgages! Houses are being taken from them! And that Government is sending a message that they want to allow other people to compete against Bermudians? It cannot be right! It cannot be right!

Mr. Speaker, I warn the Government. I am warning you that the people are not going to sit down on this one. They are not going to sit down on this one. There are Members on that side who will come out of Cabinet ducking and weaving, hiding out, looking outside that window. But when it happens again, it is going to happen and it is going to happen strongly. Because you are setting policies in place driving investment away. You are setting policies in place that are driving . . . because of the concern. The concern—I will tell you right now. We heard of concerns of the march, the people from America's Cup were concerned about it. We heard it. It is political concern, political risk. Come on! Do you understand that? There were people who were concerned.

So if this continues over and over, people with investments are going to say, *Why am I going there?* We are trying to help other governments say, *Listen . . .* This is a small community. And you have to have some peace and calmness and things to work, so the people can be happy and so other people can make things happen! But if people are not able to feed their families, Mr. Speaker, you have nowhere else to go but back in—not back in the corner. You cannot go back in the corner.

And I know some Members on that side are not running in the next election, and they do not care. They do not care. That means . . . Let me go down the things done the way I want now. The rest of you [are] remaining.

Mr. Speaker, I am asking this Government to go back and look at this policy. Because if it does not happen today, if it does not happen tomorrow, something will come. Because you people are backed in a corner! I do not understand why they do not understand that. I do not understand that, Premier. Was there any opposition within that group? Are they all blinded?

[Inaudible interjection]

Hon. Wayne L. Furbert: Are all Cabinet Ministers blinded? Are all caucus members blinded?

Hon. Marc A. R. Bean: Sure are.

Hon. Wayne L. Furbert: Are you that weak?

Hon. Marc A. R. Bean: Wow, wow.

Hon. Wayne L. Furbert: Are you a weak bunch of . . . Are you weak?

Hon. Marc A. R. Bean: Sure, sure.

Hon. Wayne L. Furbert: Does nobody ever oppose anything in this group?

Hon. Marc A. R. Bean: Never.

Hon. Wayne L. Furbert: What are you doing, gentlemen and ladies?

[Inaudible interjection]

Hon. Wayne L. Furbert: Mr. Speaker, it is not going to work. It is not going to work. It is not going to work. Every Member on that side has got a job. As a matter of fact, some of them are making more money now. Junior Ministers and so on and so on. But there will come a time, Members, when you are not Ministers, when you are not Backbenchers, when they are finished with you! Ask Donte Hunt.

An Hon. Member: Ooh!

Hon. Wayne L. Furbert: When they are finished with you, Mr. Speaker! Because this is what happens. And then they look for the next person whom they can put out front, next person they can put out front.

[Inaudible interjection]

Hon. Wayne L. Furbert: I sure did. I recruited him. And you dropped him.

So, Mr. Speaker, there is going to come a time when they are going to run out looking for people who look like me. They are going to run out. They are going to run out. They will run out. And when the time comes, Mr. Speaker, there will be a few of them left in that group. As a matter of fact, they will be sitting over here by that time. They will be sitting over here, because of the policies and non-caring attitude that they have put towards Bermudians. Non-caring attitude! I could think of great leaders that come out of that group, former leaders, who would never allow such things to take place.

Mr. Speaker, we have got students coming home this summer. We have got students coming home this summer, and they are going to have to compete against individuals. Other countries, other countries and other Caribbean countries could find people who can do better. But they make sure that their people are taken care of first and foremost. We have this attitude that we have got to find the best. We have got to find the best. So if there is a person outside who is better than Bermudians, we will hire them. That is our attitude! Recognising that there are Bermudians who can do certain jobs, we find excuses!

There are mothers out there looking for jobs right now who cannot find it! But you are throwing another person in the ring and say, *Hey, compete with my Bermudians*. And they will find a job faster than Bermudians, Mr. Speaker. I hope that the Premier takes it back to his Cabinet colleagues and reverses. They know how to repeal. Reverse, repeal this policy and allow Bermudians to compete with minimum . . . We understand there are certain people to compete with. But to allow them to compete against the chil-

dren of non-Bermudian workers is not right. Thank you.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency 21, Pembroke South East. MP Commissioning, you have the floor.

Mr. Rolfe Commissioning: Thank you, Mr. Speaker.

Mr. Speaker, the people shall not be mocked. For many of us, this represents an existential issue. A number of my colleagues have spoken to the fact that growing numbers of Bermudians are living lives of quiet desperation, marked by unemployment, marked by social dislocation, marked by diminishing expectations and a loss of confidence not only in terms of the broader community and society in which we live, but more profoundly, in themselves.

Mr. Speaker, I heard the Honourable Member from constituency 22 extrapolate with respect to the Bermuda employment visa that the Honourable Member from constituency 6 evoked in his presentation that somehow that Honourable Member, my colleague, had gotten it wrong.

What was not said is that that Bermudian employment visa, which offered an exemption from Immigration control for upwards of, I believe, 20 employees within any respective company, that policy was deemed to be so outrageous that industry leaders within the international business community asked for it to be set aside. Because even they felt that it could have been problematic, even politically, I believe, if that was to be implemented by that Minister who sits in another place. Even they could see that it would create such a blatant perverse incentive, acting against the interest of Bermudians within those respective companies!

Mr. Speaker, we would have been opposed to this on principle under any circumstances. But to see this being touted, floated, pushed forward in an environment where unemployment is at record levels in this country, at 9 per cent, at a time when the Bermuda economic report issued only recently highlights that over 790 [additional] persons are unemployed in this country as of 2014, an additional number of people who are now without jobs.

Mr. Speaker, you will know that I spoke of the changing storm coming with respect to our insurance industry only a few days ago, and how the impact of insurance-linked securities and things, exotic instruments of investment such as catastrophe bonds were rearranging the industry itself right before our eyes, precipitating these mega-mergers. And I talked about the spectre of unemployment coming forward in that industry in a way that we have never seen in our lifetimes.

Well, today we got the first inkling that that process of creative destruction, which will also significantly impact many lives in this country, is underway,

with the news that over 38 persons, 37 have been made redundant via RenRe [Renaissance Re], which had just amalgamated or merged with Platinum Re [Platinum Underwriters Holdings, Ltd].

My key point is, Mr. Speaker, that at a time when the headwinds of recession are deeply affecting this country, why would you put forth a policy which seeks to liberalise—liberalise immigration policy with respect to migrant labour in the country? I heard the Honourable Member from constituency 4 speak about the spectre (to use that word) of emigration over the previous decade. Certainly, we think, from anecdotal evidence, it has only increased over the last three years. While many of our best and brightest, those we have invested so much in in terms of investment in education and training, our children and grandchildren, who have left the country to parts beyond our shores, such as the UK, such as London, looking for work, as more commonly characterised, they now form part of the Bermuda *brain drain*.

No, Mr. Speaker. This cannot be right. This cannot stand. I have heard some of my colleagues offer a challenge to those Members on the other side of the aisle. Mr. Speaker, let me just try to elucidate a little more light on this by talking about some previous historical impacts of migration in this country. I want to refer very quickly, Mr. Speaker, again to the book authored the Honourable Walton Brown, Jr., *Bermuda and the Struggle for Reform: Race, Politics and Ideology, 1944–1998*. I spoke of that, of how the use of immigration policies in that post-World War II Sixties and Seventies period had a profound and damaging impact on Bermudians of your generation, mine and beyond, the impact which is still rippling through this society today.

But again, speaking to that challenge that was ushered in then, and which has now come full circle to be ushered in now by my colleagues to those Members on the other side, to stand up and say that this policy is wrong, let me offer this analogy. On page 103 of the aforementioned book, it says that “by 1960, the figure had grown modestly,” speaking about immigration to the country, “by 18 per cent to a total of 8,753 persons. However, the following decade”—we are talking about that decade from 1960 to 1970, Mr. Speaker—“it saw a significant escalation in the foreign-born population, an increase of some 66 per cent of the total, to a total of 14,496 persons. A small proportion of this were black, persons like my father and some of the members of the Esso Steel Band, 15 per cent, while over 83 per cent were white.

“Since more than half of these new residents were from the British Commonwealth, they were all entitled to vote after living on the Island for a period of three years.” May I just interject—give that Minister from another place a little more time, and he will try to accomplish that as well!

[Inaudible interjections]

Mr. Rolfe Commissiong: Okay. "Finally, well over two-thirds of all foreign-born persons living in Bermuda in 1970, 69 per cent came to the Island during the 1960s." Getting back to the challenge, it appears, the author writes, "The racially motivated immigration policy by the Government caused the abrupt resignation of one of only two black United Bermuda Parliamentary Members, George O. Ratteray, in April 1967. Mr. Ratteray made a moral choice to stand up to what he saw as a blatant attempt at social engineering on the part of Bermuda's Anglo-Saxon elite in an effort to maintain the hegemony and dominance over Bermuda politically, socially and culturally in a way in order to navigate the threat posed by universal adult suffrage. He stood up to the encroachment of policies that were meant to continue the marginalisation of Bermudians, and particularly black Bermudians."

And I too ask those Members on the other side today, or tonight, to also similarly stand up for Bermudians! And to stand up for Bermudians does not mean you are anti-foreign! All of us have foreign roots! Let us get this right here! It is also standing up for social and racial justice in this country! We know the stats, even though in Bermuda we care to leave them unacknowledged. We know that is the ultimate taboo. We know who we are talking about here.

Like I said, Mr. Speaker, the people shall not be mocked. And I suspect, without sounding too ominous on this issue, which is very difficult, that the people's voices will be heard again. This is not a great day for Bermuda. Not a great day for the OBA Government either, because once again, it reveals its true philosophical, ideological DNA. It reveals its true provenance as the child spawned by the United Bermuda Party. The policies are consistent.

Some Hon. Members: Yes! That is right.

[Desk thumping]

Mr. Rolfe Commissiong: Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable E. David Burt, the Shadow Minister of Finance, from Pembroke West Central, constituency 18. You have the floor.

Mr. E. David Burt: Thank you very much, Mr. Speaker, and good evening to you.

Mr. Speaker, the Labour Force Survey, which was conducted last year, indicated that there were 3,486 unemployed persons in Bermuda, the highest number on record ever. Against that backdrop, Mr. Speaker, we today see the One Bermuda Alliance making it easier for persons to come into Bermuda and to seek permission to get a job.

Now, Mr. Speaker, let me just be clear, because nobody on the Government benches has denied that this is a change in policy, Mr. Speaker, what is now possible was not possible before this change was made. That, Mr. Speaker, is the key. This is a change of policy. Previously, if you were the child of a work permit holder, coming home for the summer, you were not able to work in this country and get a summer job. This represents a change in policy, Mr. Speaker. That is what this is. So, as much as Members on the other side want to say, *Oh, but you are still subject to work permit controls*, Mr. Speaker, let me tell you.

The Honourable Deputy Speaker, the Member for constituency 4, got up and said, *If there is anyone who is not doing anything or anyone who is not following work permits, let me be the one to know and I will hold out to it*. Mr. Speaker, there are people every single day, Bermudians every single day, who are denied opportunities because there is a renewal. Or they already know who they are going to have.

We have jobs that are advertised in the newspaper, going through the recruitment firms, where qualified Bermudians are contacted. I have a story of a constituent where he was qualified for a job, was contacted by the recruiting firm for this job, and before he could send his résumé immediately to the recruiting firm or his information and cover letter about further information, he gets a message from the recruiting firm saying, *Never mind. Just found out that it's a renewal. So it doesn't make sense applying*.

So, how does the work permit policy work if it is supposed to protect Bermudians, but when there is a renewal, *Oh, don't worry about applying*. Recruiting firms are telling people, *No. No. Not for you. Because we already have our man in place*.

Now, how do you think that is going to work when the wonderful vice president comes down, who has relocated to Bermuda, which is a wonderful thing? And clearly, Mr. Speaker, that vice president is making more than \$60,000 a year. So what happens when that wonderful vice president brings his wife, or it could be the vice president brings her husband, and they come down here? And what happens with the children when they come?

Before, they required special permission to reside and seek employment. That is what happened, Mr. Speaker. Now the permission is automatically given. So now the young person can go ahead and apply for the summer job. And guess what, Mr. Speaker? He is going to get it! And there are not an expanded supply of summer jobs that are going to exist in the Bermuda economy. What is going to happen is there are going to be fewer summer jobs for Bermudians! End of story! Fewer Bermudians being able to work inside the international business industry and gain the valuable experience; that is the result of this change of policy, Mr. Speaker! That is what we are up here discussing.

So, the One Bermuda Alliance can hide behind as many fancy words as they want. They can go ahead and they can get their marching orders of what to say in response, Mr. Speaker. But the fact of the matter is this is a change of policy that will restrict and lessen the ability of young Bermudians to work and gain experience in the international business sector. This is a policy which we will see now, because before, in order to come to Bermuda with someone, you had to engage them and you had to have had a wedding beforehand. Now, no! You can just be their girlfriend, say, *Yeah, that's my girlfriend, that's my boyfriend. He can come with me.* That is it! Before you had to be engaged to be married. Now, no! Anyone can come! *Oh, you want to come? Oh, bring your girlfriend. Bring your boyfriend. Bring whoever!* And, yes, they can come. And now they can automatically look for work.

That is the door that has been opened in this new policy, Mr. Speaker! That is the door that no one on the backbench of the One Bermuda Alliance, save and except for the Deputy Speaker, has the courage to get up and speak out against! What about the Honourable Member from constituency 1 in St. George's, the former mayor, who talks about the need to make sure that we protect Bermudians? What about the Member from constituency 14, who talks about the need to hire Bermudians, who represents a constituency where there is a large number of unemployed persons? Why is he not speaking up against this proposal from the front bench?

It is the wrong policy. It is the wrong direction to go. And it is not what this country needs. And for the young people, Mr. Speaker, who before the election had an advertisement, which I will table so all Members can be aware, had an advertisement from the One Bermuda Alliance, which said (and I quote, Mr. Speaker): "Qualified? Yes. Unemployed? No. He has worked hard and graduated. But under this government, nearly 4 in 10 young Bermudians can't find a job." Well, Mr. Speaker, the youth unemployment rate right now is 29 per cent, and we will see it go to a different level as a result of this policy.

The fact, Mr. Speaker, that the same party that had the audacity to run full-page ads with a young black male talking about how *the Progressive Labour Party Government was not looking out for their interests, and we will*, will come to Parliament and put this policy down and say that *we are doing right by the people who elected us*—it is wrong, Mr. Speaker. It is the wrong way to go. And I sincerely hope that some Members of the backbench will grow a spine and will tell their Government it is the wrong way.

Because when we talk about political stability, Mr. Speaker, this is exactly what I was speaking about in my Budget Reply. And until we can come together on a common immigration policy, we are not going to get investment in this country. We all need to be on the same page! It does no favours for us whatsoever

for us to be having these debates in this Parliament right now. Because all it says to the international community is that the country is not unified on international business in our approach to employment. So we are not going to touch it because in the next election, when the PLP becomes the Government, they may reverse and change some policies.

We need to work together, Mr. Speaker. But on this particular policy, Mr. Speaker, it is wrong! There is no way that you can justify people being able to bring whomever they want with them and making them available to go ahead and seek employment, when we know the old boys' or old girls' network, which works in the international business, which keeps Bermudians out and keeps their friends and whoever they want to work inside those companies in, this is making it easier. This is not the correct way to go. The trickle-down economics will not work, and the people, Mr. Speaker, who before the election were treated to these advertisements, will see it for themselves if this Government does not reverse course. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair now recognises the Honourable Minister, the Minister for Community, Cultural Development and Sport, from Paget West, constituency [23]. Minister Patricia Gordon-Pamplin, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

Mr. Speaker, let me make a contribution to this debate. And I hear the interpolations by Members opposite that one of my colleagues told me to speak. I find that really rather amusing. You know, I think my mother did not have much success in telling me what to say. So I think, after this many years, you can be assured that if I have something to say, I will say it. And if I do not, I will not.

But let me just speak to this particular issue and ask Members opposite to follow their own argument through to its ultimate conclusion. Because I think it is very easy to say something, then stop and bring the emotive reaction with it, and not complete the thought process.

What we have heard from Members opposite is that companies will hire non-Bermudians irrespective, in spite of what talents and what capabilities and what education and what a Bermudian will bring to the table. Well, Mr. Speaker, if that is the case, then does it not follow that, irrespective of whether this person who shows up at the door of the international company or the company, whether they have arrived on the shores as the result of coming with their significant other or whether the company has elected to put an advertisement in and decide that they are not going to hire a Bermudian irrespective, does that give any Bermudian any better opportunity? I am just trying to

understand the logic that is being put forward by the other side.

Because what I see is that, if a company is not going to hire a Bermudian, they are not going to say, *Because this person has come through my door, I am not going to hire this body. I am going to wait. I am going to leave the position vacant. I am going to leave the position vacant, and I am going to wait and go through the Immigration process and advertise and wait until I find . . .* Or, as the Honourable Member opposite said, that there is sometimes renewal for which there is nobody who is actually going to replace that individual. Those things happen. We understand that.

We also heard through the census data that my honourable colleague from constituency 4 indicated, that between 2000 and 2012, 1,112 people emigrated. Because under the former administration, they could not find employment. So, does it bode well for us as Bermudians—

Mr. Rolfe Commissiong: Point of order, Mr. Speaker. Point of order.

The Speaker: Yes, Honourable Member.

Mr. Rolfe Commissiong: Mr. Speaker, we know that. We know that we did not have serious unemployment here until around 2007, 2008. She has cited that stat was 2002. So there were other . . . There were a variety of factors which can account for those trends.

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

Hon. Patricia J. Gordon-Pamplin: I take the point that the Honourable Member made. But I said that the number was 1,112 emigrants over that period of time from 2002 to 2012. In 2007, we started to see the downturn. So effectively, 50 per cent of the way through that exercise or through that process, you will have seen that, let us say it is half of those, 600 of the 1,200 people who left during that period of time. And I would venture to say that it was weighted more towards the end of the cycle than that towards the beginning, because people may have found it a little bit difficult. But what we found is that some of the policies that existed caused those people to leave the country.

Now, one of the things that we are talking about is people coming in. And we are saying, I heard Members opposite indicate that you bring a VP or somebody significant under the visa policy. You bring somebody into the country, Mr. Speaker, and now they are allowed to bring somebody in with them. But, Mr. Speaker, let us understand one thing. That sometimes, if you do not encourage significant key personnel to come in, then those companies perhaps may not even relocate. And for every one non-Bermudian, there are two Bermudian jobs that are supported. So

we have to make sure that we open our arms to balance those situations, Mr. Speaker, in order to be able to provide opportunities.

Now, will I as a mother of two Bermudian men say for one second that I want to see my children unemployed to the benefit of somebody who is foreign? Absolutely not! But the one thing that kept coming up from . . . *Oh, our children!* I even heard an Honourable Member opposite from constituency 6, I believe it was, say that we think that we have to have the best! Why should our children not be the best, Mr. Speaker? Why should there be a presumption, as has come across as a common thread on the other side, why should there be a presumption that Bermudians will not excel? Our Bermudians can be the best! Our Bermudians can compete! Our Bermudians can qualify!

I, Mr. Speaker, am an example. You know, there was a time, Mr. Speaker, when to be a woman in the corporate world almost taboo. To be a qualified woman in the corporate world was a further problem. To be a black qualified Bermudian in the corporate world was almost non-existent. But what do you do? You let people know that you have the ability and that there is nobody, irrespective of what their policies are, who can hold that position ahead of me. And as a result, they will not get that job!

Now, we, Mr. Speaker, who now have made it to that level as a vice president of the company that I work for, you can be assured that when I look for employees, Mr. Speaker, to bring into my company, I look for Bermudians first. I can tell you, Mr. Speaker, that in the last 25 years of working in a position in which I have—

[Inaudible interjections]

[Gavel]

Hon. Patricia J. Gordon-Pamplin: —had the ability to hire anybody, I do not hire foreign staff. Not because I do not think foreign staff are wonderful. It is because I am concerned. I do show concern and empathy and support for my Bermudian people. So to hear Members say that we are non-caring in our attitudes, the facts belie those comments.

And I know that it is an inconvenient truth. But, you know, we have to put right to some of the things that we hear and some of the untruths that we hear. We heard Honourable Member from constituency 5 say that the civil service have taken furloughs, so now we have all this money that we could pay these people to have these jobs. The furlough day and the public sector is not supporting any of the people in the private sector. The Government is not going to hire somebody outside of Bermuda if there is somebody qualified in Bermuda in order to be able to hold that job! So the focal point of the complaint and the concern are those areas that are coming from the

private sector. And I acknowledge and understand that.

But let me just say, I also want to dispel the myth that the Honourable Member from constituency 5, I think, indicated, that we talked about Cindy Clarke. I think Members will know, and I think it is important for the public to know that this was not a situation in which the Government had any say over what was happening in that regard. The Honourable Leader of the Opposition, in consultation with the Honourable Premier at the time, I believe, accepted and recommended—

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

The Speaker: Yes.

Hon. Marc A. R. Bean: No one on this side—no one on this side—ever said that. Not the Member from constituency 5 or 6.

Hon. Patricia J. Gordon-Pamplin: Yes, he did.

Hon. Marc A. R. Bean: He never attributed it to the Government—

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

Hon. Marc A. R. Bean: It was always the other place.

The Speaker: Thank you. Thank you.

Hon. Patricia J. Gordon-Pamplin: Okay. As I said, the Honourable Leader of the Opposition, in consultation . . . Or the Honourable Premier, in consultation with the Honourable Leader of the Opposition made recommendations in that particular position, and it was determined differently by whoever was—

Hon. Marc A. R. Bean: Point of order.

Hon. Patricia J. Gordon-Pamplin: Okay. Go ahead.

The Speaker: Yes.

POINT OF ORDER
[Misleading]

Hon. Marc A. R. Bean: The Honourable Minister is clearly once again misleading the House. I was never, as the Opposition Leader, consulted regarding the appointment of the DPP [Director of Public Prosecutions]. It had nothing to do with me!

The Speaker: All right. Thank you.

Hon. Marc A. R. Bean: I am not even sure if the Premier was consulted!

The Speaker: Thank you.

Hon. Marc A. R. Bean: It is none of our business!

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

Hon. Patricia J. Gordon-Pamplin: Sorry, sorry. I did say the DPP; I meant the PATI [Public Access to Information] executive. I apologise.

The Speaker: Yes. So that is a correction.

Hon. Patricia J. Gordon-Pamplin: The information officer. I do correct myself, and I do apologise. I certainly do not intend to mislead this Honourable House.

But the position of the DPP was nothing to do with the Government or the Immigration policies. I wanted to just make that point clear. It was a decision that was taken in another place, outside of our control. And I just think it is important to point that out.

But let me just say that when people have not had opportunities under the previous administration, we wanted to try to ensure that we can broaden the base as much as we possibly can. Mr. Speaker, if people are not going to hire somebody . . . Let me just refer to the actual policy when it comes to employing relatives. Because we have heard a lot of, you know, *Your children are going to come home for summer jobs, and they are not going to be able to get them.* And what it says here is that an employer who makes an application to hire . . . (Sorry, that is the wrong one.) A sponsored dependent—a sponsored dependent may be permitted to work *only* if they are hired by an employer who has followed the normal policies to obtain a work permit.

[Inaudible interjections]

The Speaker: Just a minute. Honourable Members, Honourable Members, can we be quiet? I am going to ask you for the last time. Let us be quiet. We are trying to get clarity on this. This is a very important matter! And when anyone is speaking, we want to hear what each person says. And they might be right; they may be wrong. But at least we want argument, clear argument! That is what this place is for!

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

As I was saying, that the employment of a sponsored dependent—and this is a dependent child, as we would have it. A sponsored dependent, or it could be an adult, may be permitted to work only if they are hired by an employer who has followed the normal policy to obtain a work permit. Those policies are subjected to the advertisement of the position, the proper vetting process. And once a choice has been

made, the board, the Immigration Board, has the capacity to evaluate if there are challenges that come to the fact that somebody believes that they ought to have been qualified. That information is able to be presented, and it is all being considered.

Now, I know that the system as it obtains may not be perfect. But we certainly strive towards something that makes the policy work as well as it can. And I know that the previous Government [struggled], and we will struggle, because there will be people who perhaps have entrenched attitudes. But if they were not going to hire a Bermudian before this policy, they are not going to hire a Bermudian after this policy. That is the employer that we need to be able to drill down on. We need to be able to let an employer know that it is unacceptable, when there are Bermudians able to do a job, that that is the person who must, first and foremost, be considered.

So, Mr. Speaker, when the Honourable Members indicate that what used to be policy will now cause it to be a lot easier, if we are able to gain additional tax revenue without waiting for the company to go through the process of recruiting abroad and bringing in somebody—because we have already made the determination they are not going to hire the Bermudian, and having this policy or not is not going to change that significantly . . . So if the company is going to hire somebody abroad, they are going to go through the application process, go through the advertisement process, go through the interview process, go through the application to Immigration process and everything that comes along with it in order to get that one person from outside in, which is probably going to take three or four months, are we not better to maybe start getting some of the tax revenue from those individuals now if that person is capable? But not to the exclusion of the Bermudian, not to the exclusion of the Bermudian, Mr. Speaker.

We heard the Honourable Member also speak concerning mergers and acquisitions and whether it is the insurance-linked securities that caused the merger between RenRe and Platinum.

[Inaudible interjection]

Hon. Patricia J. Gordon-Pamplin: That is what I heard. And if I misunderstood, well, I do not necessarily need to take a point of order if I misunderstood what he said.

But let me just say that my information concerning the merger of RenRe and Platinum is consistent with some of the other mergers that we have seen over time. And what those mergers have done is effectively to cause international companies to make different decisions based on their economic models that suit them, suit their bottom line, but also, more importantly, suit their places of abode such that they can have better tax advantages, better situations for themselves when it comes to conforming with laws

relating to things like Solvency II and all of the other edicts that have come down relating to international company business.

So I did mention when we did our economic debate that we will not see things in the manner now that we used to see them before in terms of having the 100- or 200-member companies relocating here and bringing with them many of their corporate executives. We are going to see smaller companies coming. We are going to see less of the mega-company that is going to employ. So we have to be able to be honest and be embracing to our ability to attract as much into our tax revenue base as we possibly can. We want our Bermudians to succeed.

We are not going to have children, as we say, children of foreign people, even dependent children, who will, according to the policy, sponsor dependents. They can volunteer for an unremunerated position. But in terms of who is going to be getting paid, we are not going to have foreign children. If there is a restricted category, they will not be able to apply. If there is a closed category, they will not be able to have that job. So it is only an open category that we have to make the assumption that the rules will be sufficiently and stringently applied such that Bermudians are not being disadvantaged.

That is the ultimate aim. And if we are failing, Mr. Speaker, we are failing as a country because somehow we can tighten up the policy in order to make sure that the interviewing process, that the system allows for effective vetting of those applicants. What we do not want to do, Mr. Speaker, is to say, *Let us throw the baby out with the bathwater*. You might have somebody who is sitting here who is equally as capable, and but for the fact that we have got resentment and pushing-back as a result of it, we are effectively saying, *No, we are not going to have that person*. But a Bermudian is not going to get that job. So they are still going to wait to bring somebody else in. And the question is, Does that make any sense?

There was also the question concerning the *significant other*. And I understand the concern and the angst relating to that. But one of the things, there are rules and regulations that surround what is deemed to be a *significant other*. I am not sure how much time I have, if I can delve into that.

[Inaudible interjection]

Hon. Patricia J. Gordon-Pamplin: I have three minutes. Okay.

Because I wanted to make one other comment, I am not going to delve into that. But I believe that Members will at least have the opportunity to know that there are rules and regulations. It is not just, *This is my girlfriend, and therefore she can come in with me*, or, *This is my boyfriend, and he can come in with me*, and that marriage is not required beforehand. There is a substantive relationship test that has to be

put in place in order to ensure that the person who fits into that category is—effectively, that there is a substantive relationship. It is going to be a substantive relationship. It is not going to be somebody . . . And the interesting thing is, the interesting thing is, that substantive relationship (hold onto our hats for this one), it may even be a same-sex relationship. That is also a possibility. So it is just important that we put that out there so that people know that we are not just saying that any old body can pick up somebody at the airport on their way, en route to Bermuda, and somehow they are able to create a family environment in a Bermuda context and then have the ability for that person to go into the market and to be able to apply for employment.

Mr. Speaker, let me say, if I say nothing more and if nothing else comes up, when we hear Members saying, you know, *Would you have voted for anybody in the last election, would you have voted for the Alliance, for the One Bermuda Alliance if you thought this or if you thought that or if you thought the other?* I have one question: If people had remembered some of the vitriol that came prior to the last by-election, would they really have voted for the individual? Thank you, Mr. Speaker.

ANNOUNCEMENT BY THE SPEAKER

HOUSE VISITOR

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

Just before you speak, we just recognise the Senator, Senator Diallo Rabain, in the Gallery.

[Desk thumping]

[Motion to Adjourn continuing]

The Speaker: The Chair will recognise to speak now the Leader of the Opposition.

Hon. Marc A. R. Bean: It is midnight.

The Speaker: From constituency 26, Warwick South Central. You have the floor.

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

The Speaker: Yes, it is morning, just for a minute.

Hon. Marc A. R. Bean: Greetings and salutations.

Mr. Speaker, it has been a long day.

The Speaker: Long day.

Hon. Marc A. R. Bean: But there was one word that stood out a few minutes ago, and that was the term “political risk.” In that light, I would just say this: What-

ever happens to the One Bermuda Alliance in regard to their relationship with the people of this country in the future, you deserve it because you brought it upon yourself. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

Would any other Honourable Member care to speak?

Some Hon. Members: No.

The Speaker: We will return on Wednesday, March the 4th. Wednesday, March the 4th, at 10:00 am.

[Gavel]

[At 12:04 am [Tuesday, 3 March 2015], the House stood adjourned until 10:00 am, Wednesday, 4 March 2015.]

BERMUDA HOUSE OF ASSEMBLY**OFFICIAL HANSARD REPORT****4 MARCH 2015****10:04 AM***Sitting Number 11 of the 2014/15 Session**[Hon. K. H. Randolph Horton, Speaker, in the Chair]***PRAYERS***[Prayers read by Hon. K. H. Randolph Horton, Speaker]***CONFIRMATION OF MINUTES****27 February 2014**

The Speaker: Honourable Members, we have the Minutes of February 27th to be confirmed.

Are there any corrections or adjustments to those Minutes?

If there are none, those Minutes are confirmed.

[Minutes of 27 February 2015 confirmed]

The Speaker: The Minutes of March 2nd are to be deferred.

MESSAGES FROM THE GOVERNOR

The Speaker: There are no messages from the Governor.

**ANNOUNCEMENTS BY THE SPEAKER
OR MEMBER PRESIDING****APOLOGY**

The Speaker: I would like to announce that MP S. E. Jackson has asked to be excused today, from Pembroke South West, constituency 20.

**PAPERS AND OTHER
COMMUNICATIONS TO THE HOUSE**

The Speaker: The Chair will recognise the Honourable Minister of Finance.

Minister E. T. Richards, you have the floor.

Hon. E. T. (Bob) Richards: Good morning, Mr. Speaker.

The Speaker: Good morning.

**SUPPLEMENTARY ESTIMATE (NO. 1) FOR THE
FINANCIAL YEAR 2014/15**

Hon. E. T. (Bob) Richards: Mr. Speaker, pursuant to the powers conferred by section 96 of the Constitution, I have the honour to attach and submit for the consideration of the Honourable House of Assembly Supplementary Estimate (No. 1) for Financial Year 2014/15.

The Speaker: Thank you, Minister.

Any objections to that?

Thank you. The next matter is in the name of the Honourable Minister for Economic Development. Minister Dr. E. G. Gibbons, you have the floor.

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker, and good morning.

The Speaker: Good morning.

**ELECTRONIC COMMUNICATIONS (REGULATORY
AUTHORITY FEES) REGULATIONS 2015**

Dr. the Hon. E. Grant Gibbons: Mr. Speaker, I have the honour to attach and submit for the consideration of the Honourable House of Assembly the Electronic Communications (Regulatory Authority Fees) Regulations 2015, proposed to be made by the Minister of Economic Development under sections 6 and 11 of the Electronic Communications Act 2011, and as read with section 44 of the Regulatory Authority Act 2011. Thank you, Mr. Speaker.

The Speaker: Thank you, Minister.

Any objections to that?

PETITIONS

The Speaker: We move on to petitions; there are none.

**STATEMENTS BY MINISTERS
AND JUNIOR MINISTERS**

The Speaker: No Statements by Ministers.

REPORTS OF COMMITTEES

The Speaker: No reports of committees.

QUESTION PERIOD

The Speaker: We have two oral questions from MP David Burt, from constituency 18, Pembroke West Central. You have the floor.

Mr. E. David Burt: Good morning, Mr. Speaker.

The Speaker: Good morning.

QUESTION 1: PROCUREMENT CODE OF PRACTICE

Mr. E. David Burt: Mr. Speaker, I have two oral questions for the Honourable Minister of Finance. Question number one, Mr. Speaker, is, Will the Honourable Minister please advise this Honourable House of the status of regulations to be made by him under section 33(2)(a) of the Public Treasury (Administration and Payments) Act 1969?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Can you ask the second question? I am answering both questions at the same time.

The Speaker: Would you like to ask the second question then? Yes, why do you not do that, if he wants to answer it? Is that okay with you?

Honourable Minister, let us let the second question be asked as well.

QUESTION 2: PROCUREMENT CODE OF PRACTICE

Mr. E. David Burt: Mr. Speaker, the second question, of course, will be, Will the Honourable Minister please advise this Honourable House the status of regulations to be made by him under section 33(2)(b) of the Public Treasury (Administration and Payments) Act 1969? And Mr. Speaker, I would hope that I could have my supplementaries for the two questions that I asked here.

The Speaker: Yes, Honourable Member.
Yes, Minister.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.
As I just indicated, I would like to answer both these questions together because they are directly related.

The Speaker: Is your [microphone] on, Minister?

Hon. E. T. (Bob) Richards: Yes, it is.

It should be noted that . . . I need to provide some context to this question, Mr. Speaker. I am sorry, but it is a bit of a lengthy answer. But most of it is context.

It should be noted that the Public Treasury Act 1969 was amended by way of the Good Governance Act 2011 by the former Government to provide for the Minister of Finance to make regulations containing Financial Instructions and the Code of Practice issued by the Director of the Office of Project Management and Procurement [OPMP].

This amendment came into operation on the 21st of October 2011. I should note for the record that from the operative date until December 2012, these regulations were not drafted.

Since its former creation in 2011, the OPMP has not been fully established and has been managed by interim directors. I can report that after coming into office, the Government invited the Management Consultant Services Department (otherwise known as MCS) of the Cabinet Office to conduct a review of OPMP to determine the future structure and operations of the department.

The review focused specifically on the intent and purpose of the OPMP, as well as the potential of creating an Office of the Contractor General, and was completed in 2014. This review has delayed the completion and rollout of the Code of Practice, as the office had to be fully established in order to ensure that the Code of Practice was followed by all public officers and the proper oversight provided.

I can report that a draft code has been produced and will be circulated to key stakeholders for comment. It will then be sent to Cabinet for review and final approval. The Government is in the process of implementing the recommendations of the MCS report, after which the Code of Practice will be finalised and approved by Cabinet, and then rolled out to public officers.

Another provision of the Good Governance Act 2011 was to legislate the remaining financial instructions. It was intended that matters relating to procurement would be in the regulations for the Code of Practice, and other regulations would be produced using these components of financial instructions that will define the role and responsibilities of accounting offices in relation to the handling of the budget, the receipt and recording of revenue, and the processing of payments of expenses. It is clear from the foregoing that regulations under sections 33(2)(a) and 33(2)(b) were intended to be issued together.

In conclusion, I can advise that the Government is presently working towards the following:

- fully establishing and properly staffing the Office of Project Management and Procurement. Currently, there is no permanent director in the post;
- finalising the Code of Practice; and

- to complete the drafting and publishing of the regulations for the remaining Financial Instructions.

The Speaker: MP Burt.

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

My supplementary is on the first question, which deals with the tabling of Financial Instructions.

The Speaker: Yes.

SUPPLEMENTARIES

Mr. E. David Burt: Will the Honourable Minister please confirm if Financial Instructions are currently under review? Because I was not sure from his response that he gave.

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Other than to have them placed in regulations, they are not under review.

The Speaker: All right. MP Burt, yes?

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

The Speaker: Yes.

Mr. E. David Burt: Mr. Speaker, if then Financial Instructions are not currently under review, then why does the Minister not just table them, as he has the power to do under the Public Treasury (Administration and Payments) Act 1969, to put those Financial Instructions and give them the force of law, of which they can have under the regulations?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Well, if it was that easy, I am sure that his Government would have done it from the time they enacted this to the time they were voted out.

I have already explained the context of this, and that we are reviewing the whole process with Procurement, Financial Instructions. As the Chairman of the Public Accounts Committee, the Honourable Member can have access to Financial Instructions all he likes. But insofar as putting them into regulation, not all of them go into regulations anyway. But the process is ongoing, and it will be completed when it is completed.

The Speaker: All right.
MP Burt?

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

My second supplementary is, When the Minister says it will be—

The Speaker: It is your third one, your third one.

Mr. E. David Burt: Okay, third.

The Speaker: Third, yes. And I will allow you four because you asked two questions.

Mr. E. David Burt: Okay, Mr. Speaker. I am still on the first question.

The Speaker: Yes, but you have had two supplementaries on the first question.

The Chair will recognise the Leader of the Opposition.

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

The Speaker: Yes.

SUPPLEMENTARY

Hon. Marc A. R. Bean: Can the Honourable Minister indicate when this process will be completed?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: I cannot give a date, Mr. Speaker. But it is ongoing, and we will have it expedited as soon as possible.

The Speaker: All right. Thank you.
Yes, MP Roban?

SUPPLEMENTARY

Mr. Walter H. Roban: Thank you, Mr. Speaker.

Can the Minister inform us as to when it is likely that the post established for the Office for Procurement will be made permanent, since he indicated in his [answer] that they were not permanent as of yet?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Again, I cannot give a date for that, Mr. Speaker.

The Speaker: All right.

Okay. Then, MP Burt, do you want to go to the second one?

Mr. E. David Burt: Yes, Mr. Speaker.
My supplementary on the second question.

The Speaker: Yes.

SUPPLEMENTARIES

Mr. E. David Burt: It is regarding the procurement Code of Practice. The Honourable Minister stated that up until the election, there were no draft regulations produced. Can the Honourable Minister confirm to this House that prior to his Government coming into office, there were no draft regulations for procurement Code of Practice that were produced for his office?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: I am not aware of any.

The Speaker: All right. Thank you.

Mr. E. David Burt: Okay. Well, one would hope that the Minister will take his time to become aware, because I am certain that there were draft regulations. Now, 27 months have passed since the election. So the question that I would like to ask, Mr. Speaker, is, When were the draft regulations, of which the Minister speaks about, completed?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: I do not know.

The Speaker: Yes. Fine.

Leader of the Opposition, you have a supplementary on that?

Hon. Marc A. R. Bean: Supplementary.

The Speaker: Yes.

SUPPLEMENTARIES

Hon. Marc A. R. Bean: Early in the statement, Mr. Speaker, the Honourable Minister said that these draft regulations were completed. And so we would like to know, when were they completed?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: I always find it interesting that they ask the question twice and expect a different answer. I just finished telling you I do not know.

The Speaker: So you do not know when the drafts were completed. Yes, right.

[Crosstalk]

The Speaker: All right. Just a minute.

[Gavel]

The Speaker: Yes. Leader of the Opposition, you have a second supplementary.

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

I would like to know, from the Honourable Minister of Finance, what, if any, procurement rules are being followed by the current Government?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: The procurements rules that are being followed by Government are those enshrined in Financial Instructions.

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

MP Roban?

[Inaudible interjections]

The Speaker: Just a minute. I want to listen to MP Roban. You have the floor.

SUPPLEMENTARY

Mr. Walter H. Roban: Perhaps I am repeating the question already asked, Mr. Speaker, but would the Minister at least give an undertaking to table the existing Financial Instructions so that at least the Honourable House and members of the public know what is being followed, since he says there are drafts? But there must be some sort of body of rules or instructions that are being followed.

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Mr. Speaker, Financial Instructions are not a secret document. They are the rules under which the Government operates, the Treasury operates. Nothing secret about them. So, you know, ask your colleague. I am sure he has a copy. You can get a copy just by asking the Accountant General. It is not a problem.

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

You have a supplementary?

Ms. Lovitta F. Foggo: Yes, Mr. Speaker.

The Speaker: MP Foggo, yes.

SUPPLEMENTARY

Ms. Lovitta F. Foggo: Honourable Minister, could you please explain what the OPMP, Office of Procurement, what rules they are following?

The Speaker: I think he just said that, the Financial Instructions.

Ms. Lovitta F. Foggo: You know what? I do apologise. I was not listening to you. I was more focused on something else.

Are there any set of special guidelines within that office that dictate how members who work in that arena behave?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: The Procurement Office, Mr. Speaker, is set up to try to assist in the fair and transparent giving-out of contracts for Government to the private sector. It operates under Financial Instructions, but it also carries matters to a finer and higher level of detail of trying to assess for Government how all of the various aspects that pertain to contracts being disseminated. It is referred to as a “matrix,” and it has come under rather a great deal of scrutiny by Cabinet because of some unsatisfactory aspects of it. In any case, that is also being reviewed.

But the overarching rules that affect the way that Procurement manages itself is dictated by Financial Instructions. And if anybody wants to get their hands on it, it is very easy to do.

The Speaker: All right. Thank you. Thank you.
Yes, the Chair will recognise MP Roban.

Mr. Walter H. Roban: My last supplementary, I believe, Mr. Speaker.

The Speaker: Yes.

SUPPLEMENTARY

Mr. Walter H. Roban: In light of the answer that the Honourable Minister has given, Mr. Speaker, can the Minister inform us if the Procurement Office was consulted about the recently announced airport terminal redevelopment project?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: That was not necessary because we got the necessary permission from the Accountant General not to go that route. And that was also in accordance with Financial Instructions.

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

Thank you, Honourable Members. Thank you, Minister.

CONGRATULATORY AND/OR OBITUARY SPEECHES

The Speaker: We move now to congratulatory and/or obituary speeches. Are there any Members who would care to speak?

The Chair will recognise first the Minister for Community, Cultural Development and Sport, from Paget West, constituency 23. Minister Patricia Gordon-Pamplin, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

Mr. Speaker, I would ask that this Honourable House send a note of condolences to the family of the late Darcy Gimás. Darcy was a former Human Rights Commissioner, and she was actually appointed commissioner in 2013, and during her tenure was absolutely focused on ensuring that an important voice is given to include persons with cognitive and mental disabilities. And she brought that passion with her to the commission. Honourable Member, Minister Wayne Scott, would like to be associated with these comments.

It is only very recently that Darcy tendered her resignation from the Human Rights Commission, indicating that she was experiencing some health challenges and regretted having to step down. It was with pleasure that I was able to send a letter of thank-you for the work that she was able to do. And now on a very sad note, I send a note of condolences to her family on her passing. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

Are there any other Honourable Members who would care to speak?

The Chair will recognise the Honourable Premier, from constituency 10, Smith's North. Premier Michael Dunkley, you have the floor.

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

Mr. Speaker, I first would like this Honourable House to send condolences to the family of Mrs. Patricia Railton, who passed away a couple of weeks ago, specifically to her children, Robert, Susan and David, passing after an illness. I would like to be associated with comments done by Minister Scott, I believe, a few weeks ago. A good family lost a great mother. And our condolences should be sent on behalf of this House. I think Shadow Minister Commissioning would like to be associated, and Honourable Member from constituency 29, Mr. De Silva, and Honourable Member from constituency 28, Jeff Sousa.

Also, I ask that this Honourable Chamber send condolences to Stanford Richardson on the passing of his wife, Marionette, shortly before Christmas. A wonderful family lost a wonderful mother suddenly to illness. And I would like to send out our

thoughts and prayers on a very difficult time for a very strong family and a member of our community who was valued.

On a brighter note, Mr. Speaker, I would ask this Honourable Chamber to send congratulations to Reverend Conway Simmons and his wife, evangelist Joan Simmons, and the AME Church for the dedication garden that was commemorated to them yesterday afternoon at a service at St. Paul AME Church. I am sure many members of this community are well aware that Reverend Conway has preached the Word of Jesus Christ for 50 years now.

And the trustees and St. Paul Church thought it appropriate to recognise that certain commitment that we need in our community by dedicating a Prayer Garden. And I had the distinct pleasure of going over yesterday afternoon and participating in the ceremony. So, congratulations to them on the work that they have done, and to the church on their vision to keep faith alive and everything they did in the community. Thank you, Mr. Speaker.

The Speaker: Thank you very much, Premier.

Would any other Members care to speak?

That completes congratulatory and/or obituary speeches.

Ms. Wolffe?

[Pause]

MATTERS OF PRIVILEGE

The Speaker: There are none.

PERSONAL EXPLANATIONS

The Speaker: No personal explanations.

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

The Speaker: No notices of motions.

INTRODUCTION OF BILLS

GOVERNMENT BILLS

The Speaker: I recognise the Honourable Minister for Education, Minister Wayne Scott. You have the floor.

Hon. R. Wayne Scott: Thank you, Mr. Speaker, and good morning.

The Speaker: Good morning.

FIRST READINGS

EDUCATION AMENDMENT ACT 2015

Hon. R. Wayne Scott: Mr. Speaker, I am introducing the following Bill for its first reading so that it may be placed on the Order Paper for the next day of meeting: the Education Amendment Act 2015.

The Speaker: Thank you, Minister.

Any objections to that?

That will be laid.

The Chair will now recognise the Honourable Minister for Economic Development. Minister Dr. E. G. Gibbons, you have the floor.

ELECTRONIC COMMUNICATIONS AMENDMENT ACT 2015

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

Mr. Speaker, I am introducing the following Bill for its first reading so that it may be placed on the Order Paper for the next day of meeting: the Electronic Communications Amendment Act 2015. Thank you, Mr. Speaker.

The Speaker: Thank you, Minister.

Are there any objections to that?

There are none. It will be placed on the Order Paper.

There are no other Bills.

NOTICES OF MOTIONS

The Speaker: No notices of motions.

ORDERS OF THE DAY

The Speaker: We move to the Orders of the Day, which is resumption in the Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for 2015/16. We will continue this morning with Education.

And I am asking if the Honourable Member from constituency 14, Devonshire North West, would please take the Chair.

House in Committee at 10:29 am

[Mr. Glen Smith, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

[Continuation thereof]

The Chairman: Good morning, Members. We are now in Committee of Supply for further consideration of Estimates of Revenue and Expenditure for Year 2015/16 for the Ministry of Education, Heads 16, 17 and 41. Four hours have been allocated to this head. I call on the Minister of Education, the Honourable Wayne Scott, to proceed. Minister, you have the floor.

MINISTRY OF EDUCATION

Hon. R. Wayne Scott: Thank you, Mr. Chairman.

First of all, I would like to thank the Opposition Leader and Shadow Minister of Education for allowing this debate to go early on. We do have some key people who will be out later on in the budget process; so, thank you.

And I would like to move all three Heads, 16, 17 and 41, Mr. Chairman.

Mr. Chairman, today I am delighted to present my first budget for the Ministry of Education since my appointment as Minister of Education in January 2015. As a result, the Ministry of Education has reverted back to a stand-alone Ministry and comprises the Ministry Headquarters, Head 16; the Department of Education, Head 17; and the Bermuda College, Head 41.

Mr. Chairman, it has been said that education is the best gift one could ever receive because, once you have it, absolutely no one can take it away from you. The Ministry of Education determines to ensure that every child is afforded an opportunity to receive the gift of education, from preschool to the senior high school level, and then be prepared for extended education into the later years at the tertiary level of education as young and older adults if they so choose. My focus will be *Children First!*

Mr. Chairman, the 2015/16 total allocated budget for the Ministry of Education, which can be found on page B-102 of the Approved Estimates of Revenue and Expenditure, is \$127,130,000. This represents an overall decrease of \$6,705,000, or 5 per cent, compared to the 2014/15 Budget allocation.

Mr. Chairman, the Department of Education, Head 17, accounts for the largest share of the Ministry's expenditure, at 86 per cent, while the Budget allocation for the Bermuda College, Head 41, represents 13 per cent. The Ministry Headquarters accounts for the remaining 1 per cent.

HEAD 16—MINISTRY OF EDUCATION HEAD-QUARTERS

Hon. R. Wayne Scott: Mr. Chairman, I will commence the Budget Debate by detailing the expenditure for the Ministry of Education Headquarters, Head 16. The mission of the Ministry of Education, which is found on page 103, is "To provide strategic leadership, supervi-

sion and policy direction that supports quality delivery of teaching; and an inclusive and progressive learning environment to improve student learning and achievement for every child."

Mr. Chairman, to drive the execution of this mandate, the Ministry of Education Headquarters has been allocated a budget of \$2,220,000 for the 2015/16 fiscal year. The Ministry Headquarters covers funding for general administration, education grants to external bodies, and scholarships and awards. The higher level of budgeted funding is due primarily to an increase in the level of funding allocated for scholarships and awards.

You will also note that a \$1 million charge has been levied on Head 16, thus reducing the bottom-line total to \$1,220,000. For the avoidance of doubt, this reduction will ultimately come out of the Education Department's budget, but as it is an administrative exercise, the Budget Office thought it best to be levied against Head 16.

Mr. Chairman, on page [B-104,] salaries increased marginally, which reflects a higher PS Scale subsequent to the review of a job description for the post of executive assistant. Monies budgeted for professional services totalled \$114,000 dollars. These funds will be used to cover the cost of vendors who will be providing education services on a fee-to-service basis rather than receiving a lump sum external grant.

Mr. Chairman, in further reference to the \$1 million listed under Receipts Credited to Programme, as part of the cost reduction proposals discussed during the recent meetings between the BTUC [Bermuda Trade Union Congress] and the Government, school consolidations was presented as a means for reducing the expenditure of the overall budget in the Ministry of Education. Our commitment is *Children First*, and thus the quality of teaching and learning in the classroom will not be impacted as we achieve greater efficiency through the consolidation effort.

Mr. Chairman, the last line item reflects \$1,670,000, which has been budgeted for the distribution of external grants, and scholarships and awards.

Of this total, \$470,000 has been budgeted for external grants. A thorough review of the terms, conditions and criteria for distributing external grants to organisations and individuals was undertaken during the fiscal year 2014/15. This resulted in the development of a standard letter of agreement to ensure that all external grants awarded, whether new or old, are consistent with the mission and system priorities of the Department of Education.

During the 2015/16 fiscal year, all organisations and individuals applying for external grants from the Ministry of Education must meet set criteria before being considered for an external grant, which include:

- submitting fully completed grant application forms;

- providing comprehensive financial information;
- reporting in detail the use of the grant monies by stating the educational purpose of their activity; and
- having good charitable standing as per the Charities Act 2002.

Mr. Chairman, \$1,200,000 has been allocated for scholarships and awards, which reflects \$200,000 more than in 2014/15. The Ministry of Education is committed to ensuring that Bermudian students have access to quality education at all levels and provides financial support for students undertaking tertiary education. Each year, the application period extends from January 1st to March 31st, and applications are available for download online from the Ministry's website. This year, for the first time, students were able to apply on BermudaScholarships.com.

In 2014, a total of approximately 170 applications were received from students. The scholarship administrator and the Scholarships and Awards Committee worked diligently during the period April to June, meeting twice or three times per week to review applications.

Mr. Chairman, the Further Education Award is awarded to students in financial need who have successfully completed their sophomore, or second year. In 2014, there were 26 Further Education Awardees, with each award ranging from \$7,500 to \$10,000.

The Mature Student Award is given to persons 35 years old by the 1st of September of the year in which the award is granted and is awarded based on financial need. In 2014, three Mature Students were given awards valued at \$15,000 per year, renewable for up to three years.

The Teacher Training Award is awarded to students who have a GPA of 3.0 and above, and their programme of study must be a required subject identified by the Ministry's Human Resource Department, for which future staffing is required. In 2014, three Teacher Training Awards were provided at \$15,000 per year, renewable for up to three years.

Mr. Chairman, the University of the West Indies (UWI) is an international university with faculty and students from over 40 countries and collaborative links with over 60 universities around the world. Since 2011, Bermudian students have been eligible for an education subsidy on tuition fees to study at any of the UWI four campuses. The Ministry has been funding four students since 2011, and I am most pleased to share that in 2014 the first student graduated from this partnership with UWI.

[Desk thumping]

Hon. R. Wayne Scott: I would like to commend Miss Tyka Edness on completing her course of study. In July 2014, she graduated with a Bachelor's of Science

in Physical Therapy from the UWI Mona Campus in Jamaica.

Mr. Chairman, Bermuda Government scholarships are awarded on an annual basis for up to four years of study and are valued at up to \$35,000 towards the cost of tuition and accommodation at an overseas educational institution, or at the Bermuda College for a programme offered by an overseas educational institution. These awards are based on academic achievement, and applicants must have a GPA [grade point average] of 3.5 or above. The Ministry currently funds a total of 21 scholars who represent some of Bermuda's best and brightest academic stars, who will return to make positive contributions to the Bermuda community. In 2014, six Bermuda Government scholarships were awarded. Also, three 2011 Bermuda Government scholars received one-year extensions that can afford them the opportunity towards completing their undergraduate degree programme, to graduate this year in 2015.

Mr. Chairman, the Ministry Headquarters engaged in a number of activities during the past year that included the following:

- the signing of the NASA [National Aeronautics and Space Administration] Globe Agreement, a joint effort between NASA, the US Government and the Ministry of Education for the promotion of Eco-Schools in the public school system;
- the enactment of amendments to the Bermuda College Act;
- the development and implementation of a school registration policy;
- extensive public consultation, meetings and focus group sessions supporting the development of policy on Parental Involvement.

Towards this end, and as was laid today, of course, the amendments to the Education Act 2015. This parental-involvement legislation provides for active and meaningful involvement of parents in their children's learning at home and/or school. I would like to point out that most high-functioning school districts have some sort of parental legislation in place. This legislation recognises the importance of having parental involvement as a component of education.

HEAD 17—DEPARTMENT OF EDUCATION

Hon. R. Wayne Scott: Mr. Chairman, I will now present the budget for Head 17, the Department of Education. I will also speak to the department's plan for the upcoming year. As seen on page B-106, the mission of the Department of Education is that the Bermuda Public School System will deliver a rigorous curriculum to meet the needs of individual students, using challenging learning experiences, appropriate assessments and efficient support that holds all accountable for a quality education in the 21st Century.

The objectives of the department follow accordingly on page B-106.

Mr. Chairman, to fulfil the objectives of the Department of Education, a budget of \$109,902,000 has been allocated for the fiscal year 2015/16. This budget is close to \$5 million less than the allocation in fiscal year 2014/15.

Mr. Chairman, the Department of Education is structured into three sections:

1. Educational Standards and Accountability, which supervises the 25 public maintained and aided schools and their respective principals;
2. Academics, which monitors curriculum and assessment, early childhood education, school improvement and staff development, and student services; and,
3. Business Operations, which include facilities, finance, human resources and information technology.

Mr. Chairman, during the 2014/15 budget year, the Educational Standards and Accountability Section expanded its focus on improving the quality of teaching and learning to increase student performance and the educational outcomes of all students. Consequently, a systematic improvement plan was implemented that included a Middle School Transformation Plan, a National Mathematics Strategy, a National Literacy Strategy and a Multi-tiered System of Support. The System Improvement Plan brings ongoing support for principals and teachers to better serve and support the public schools' diverse student population.

There were several highlights of the School Improvement Plan during the 2014/15 year that included:

- the development of a new transformative vision for all middle schools in Bermuda;
- instructional frameworks designed for the core subjects, mathematics and literacy;
- interventions programs in Language Arts were acquired for middle school students;
- there was a reduction in students failing core courses in three out of five middle schools;
- system-wide leadership training took place for department staff, school leaders and teachers in the areas of literacy, mathematics, intervention and leadership for the first time in over five years.

Mr. Chairman, the Middle School Transformation Plan was officially launched in July 2014. This plan was developed based on the results of academic audits conducted for each middle school between December 2013 and March 2014. The academic audits were intensive multifaceted analyses of student learning, teaching and leadership, with the objective of im-

proving student outcomes. The three areas of focus were:

1. curriculum, instruction and assessment;
2. leadership and organisation; and
3. culture and community.

The results of the audits were shared with respective middle school leaders in May 2014 and subsequently to the public and other key stakeholders as a follow-through with our promised commitment to transparency and partnership. As a result of the audit findings, a Middle School Transformation Plan was formulated, highlighting 10 high impact actions that will be detailed later.

Mr. Chairman, this Middle School Transformation Plan calls for changes in the culture of classrooms across the system, from the traditional teacher-centred approach to a 21st century student-focused approach. It calls for dramatic improvements in the way educators plan, teach and structure the environments we expect our students to learn in. Mr. Chairman, as I stated earlier, our *Children First*.

Mr. Chairman, the National Literacy Strategy was implemented in September 2014, while the National Mathematics Strategy commenced in October 2014.

In order to deliver a first-class education in literacy and mathematics for Bermuda's public school students, there is an urgent need to improve the quality of teaching and learning in these core subjects in every classroom. The National Literacy and Mathematics Strategies were designed to provide a strategic three-year plan that will improve the literacy and mathematics outcomes of Bermuda's students by 2017 through the transformation of learning and teaching in our schools.

The remaining component of the System Improvement Plan, the Multi-tiered System of Support, comprises a comprehensive behaviour and academic intervention strategy and special services to meet our students' diverse and special needs. Work commenced on this initiative last month.

Mr. Chairman, overall, the System Improvement Plan builds from the 2010–2015 Blueprint for Education Reform and the Hopkins Report of 2007, in its commitment to transform teaching and learning in the classroom.

Mr. Chairman, the department also continued to build upon the Career Pathways Programme, exposing our children to workforce needs matched with their interests. This programme has been bolstered with the dual-enrolment programme where students are experiencing early college success by earning credit for college courses simultaneous to studying towards high school graduation.

Mr. Chairman, overall, the Department of Education is transitioning from a transactional to a transformational Department of Education. As a transactional department, there is the preoccupation

of maintaining business as usual. However, the transformational Department of Education will focus on team-building; collaboration; efficiency in operations; effective communication with principals, teachers, students, administration, parents and the broad community; and continuing to improve the quality of teaching and learning to assure success for Bermuda's public school students, ensuring that we put *Children First*.

Mr. Chairman, the focus on transformation that the Department of Education is deploying is a three-fold learning organisational model that maintains transforming sections, increasing engagements and redefining roles. All three components are captured throughout the descriptive accounts in the Budget Brief.

Mr. Chairman, the Department of Education is headed by the Commissioner of Education. This post has been vacant since the departure of the former commissioner in April of 2014. The Board of Education has the legislated responsibility to hire a commissioner. The recruitment process has taken longer than expected, but it is anticipated that a commissioner will be in place by the start of the 2015/16 school year.

However, Mr. Chairman, senior officers in the Department of Education continue to be committed to the vision of providing a first-class education of global standards so that our students reach their full potential. Hence, in this spirit of commitment to the vision, and also for the purpose of staff development and growth, senior officers have diligently worked together during the course of the school year to rotate and share the responsibility of ensuring that the Department of Education continues to function effectively, from an operational perspective, in the absence of a Commissioner of Education.

Mr. Chairman, I will now present in greater detail the expenditures of cost centres that fall under Head 17. Let me start with Central Administration, on page B-107. Mr. Chairman, the overall budget for Central Administration in 2015/16 is \$5,767,000. This programme provides a core part of the administrative function to support our public schools in the education system.

Mr. Chairman, the monies budgeted for cost centre General Administration, 27000, are \$564,000. This expenditure will cover the purchase of educational and office supplies for the school year. Other administrative expenses covered include freight charges, customs duty and shipping costs.

Mr. Chairman, expenditure in 2015/16 for cost centre 27001, which is the Budget for the Office of Commissioner, is \$689,000. This cost centre funds the salaries of the Commissioner of Education and his two direct reports, the Director of Academics and the Director of Educational Standards and Accountability. In 2015/16, fewer funds have been budgeted for overseas training, travel, printing costs and consultancy services.

Mr. Chairman, cost centre 27030, Human Resources, has been allocated \$1,027,000 for the 2015/16 budget year. This cost centre funds the salaries of the Senior Human Resources Manager and the staff in the HR [Human Resource] section that comprises two human resource managers, two administrative assistants and a secretary. During the 2014/15 fiscal year, the HR team provided a diverse range of HR services that included the hiring of new teachers, new teacher orientation programme, the distribution of Long Service Awards to BUT [Bermuda Union of Teachers] staff, teacher sabbaticals, organisation of performance appraisal training for principals, and personnel administration and employee relations.

Mr. Chairman, during the 2014/15 budget year, the Human Resource Section was tasked with establishing a Leadership Development Programme for the purpose of effective succession planning and improved leadership skills across the public school system. To date, a combined total of 17 officers within the Department of Education and educators across the public school system have expressed an interest in going through the Leadership Development Programme.

Each participated in a comprehensive leadership diagnostic assessment to determine current strengths and development areas as a basis for developing the Leadership Development Programme, providing direction on targeted skill set needs. The Leadership Development Programme was due to launch in September 2014. Unfortunately, due to staff shortages and competing priorities, the development of the programme has not been progressed much further. It is the intent of the Human Resource Section to resume stakeholder consultations during this month of March 2015, with the aim of completing the design of the Leadership Development Programme before the end of the school year, and then share it with selected participants.

Mr. Chairman, as stated in my remarks earlier, the transformational Department of Education will continue to focus on improving the quality of teaching and learning for the success of our students. Thus, transformation of conducting business in the HR Section will entail introducing impromptu lesson planning as a component of the teacher recruitment process.

Mr. Chairman, any certified teacher, novice or experienced, can be reasonably expected to plan one lesson in their specialised subject area within the time frame of 30 minutes. While the novice teacher who has only completed a practicum will, of course, experience greater challenge with this activity, there is still a reasonable expectation that such a teacher will be able to design a well-structured, rigorous and student-centred lesson. A well-structured rubric for the lesson plan will be devised to ensure consistent ratings by the interview panel.

Mr. Chairman, in closing this section, good quality teachers is a must if our students are going to

be prepared with a 21st century education to be competitive at the global level.

Mr. Chairman, funding for cost centre 27031, School Improvement, for the 2015/16 budget year is \$1,519,000. This cost centre funds the salaries of four mentor teachers. However, it also provides the primary source of funding for training, retraining and professional development, particularly for teachers, but also for other support staff.

I have already highlighted areas of success and achievement that were experienced resulting from the implementation of our School Improvement Plan. However, I want to share in greater detail how the investment made by this Government has helped to add to the knowledge and skill capacity of our educators to impact teaching and learning, as the single most important aspect of any education system is what happens in the classroom.

The 2014/15 System Improvement Plan focused on key blueprint priorities and provides specific direction for teachers, school leaders and department support. The plan comprised five key areas for school improvement: middle schools, literacy, mathematics, academic and behaviour interventions, and inclusive and special education priorities.

Mr. Chairman, the transformation at the middle school level in the education system commenced in July 2014 with the launch of the Middle School Transformation Plan. It marked the most significant investment in re-professionalisation since the inception of middle schools almost 20 years ago. At the start of the school year, middle school teachers and leaders were oriented to the plan and received extensive training on the dynamic new instructional framework that is now being implemented across all middle schools. Lessons across all middle schools share the same instructional framework posted in each classroom. Each middle school targeted 30-day goals to ensure that the framework is part of the daily routines for every school. The work continues, with the monitoring of progress in each school.

Also, all middle school principals and members of their leadership teams received training in standards-based instruction designed to help all teachers to make an instructional shift. Principal and deputy professional development is currently focused on supervision, coaching and modelling good instruction. Special emphasis is being placed on principals having crucial conversations to lead teachers in the delivery of instruction.

Mr. Chairman, transformation at the primary school level was supported by professional development that aligned with the National Mathematics Strategy. The training began in the fall of 2014 when all primary school teachers, teacher leaders, principals and support personnel participated in an orientation of the National Mathematics Strategy. In February 2015, a group of 30 current and prospective teacher leaders began an 80-hour endorsement programme in

mathematics that will emphasise modelling problem-solving and critical thinking. Also, 25 primary, middle and senior principals participated in a 10-hour training module focused on leading mathematics instruction aligned with the National Mathematics Strategy.

Mr. Chairman, teachers and leaders also experienced professional development that aligned with the National Literacy Strategy. In September 2014, primary school teachers participated in workshops focusing on several critical components of effective literacy instruction. In November 2014, all 18 primary school teacher leaders began professional training in [preparation] for conducting training of teachers at their respective schools. In December 2014, content-specialist teachers engaged middle school teacher leaders, learning support teachers and reading resource teachers in levelled literacy intervention training. In February 2015, all primary school principals and teacher leaders received training on the literacy framework and components.

Mr. Chairman, the Literacy and Mathematics National Strategies are the first of their kind introduced in the public school system. While in years past, the Department of Education has focused on professional training and resources, these strategies really define 21st century learning experiences and what is expected of instruction in the classroom. Several systems across the world that have shown growth in literacy and mathematics for students have focused deliberately on using frameworks of good teaching to guide schools.

Mr. Chairman, the MTSS (or Multi-Tier System of Support) programme is another key component of the School Improvement Plan for the 2014/15 school year. It is critical in supporting the success of our students. It is a three-tiered system of support for providing high-quality instruction and intervention for students. This system uses intense instruction and interventions matched to the academic and/or behaviour needs of our students.

In April 2014, officers in the Department of Education, along with school principals, participated in professional development training centred on implementing this comprehensive academic and behaviour intervention system as part of system transformation of teaching and learning.

Based on the philosophy that student achievement improves when classroom and school climates are safe, engaging and dedicated to improving academic, social and learning behaviours of all students, the Department of Education will implement MTSS services across all levels (preschool, primary, middle and senior schools). Our *Children* will be *First* in that the MTSS model embeds strategies and routines that contribute to a safe learning environment where instruction is delivered with high integrity and students experience high levels of engagement and success.

Mr. Chairman, the System Improvement Plan builds from the 2010 Blueprint for Education Reform and the 2007 Hopkins Report in its commitment to transform teaching and learning in the classroom. The funds in this cost centre represent a direct investment in the people tasked with improving the quality of teaching, as well as support staff. During the first quarter of the 2015/16 fiscal year, professional development will continue for the Middle School Transformation Plan and Math and Literacy Strategies. During the upcoming school academic year, one of the Ministry's priorities will focus on building the Multi-Tier System of Support programme.

In summary, Mr. Chairman, although the budgeted funding for the line item has decreased, you can see that we are spending this allocation with laser-like focus to ensure a higher level of success for the diverse range of needs that our students have.

Mr. Chairman, the cost centre 27090, Educational Standards and Accountability, has been allocated \$1,071,000. This cost centre funds the salaries of three assistant directors who supervise school principals, and six content-specialist teachers.

The Educational Standards and Accountability (ESA) section works to ensure the highest quality standards for teaching and leadership in Bermuda's 18 primary schools, five middle schools, two senior secondary schools and special schools. The team is led by a director, along with three assistant directors who are charged with supporting the growth and development of schools in each of the three zones: East, Central and West.

Mr. Chairman, the ESA team is supported by five content-specialist teachers (CSTs), who are charged with assisting with the improvement of teaching and learning in the core content subjects, math, language and science. They demonstrate this through the provision of instructional coaching and programme support. Some of their work included 115 teachers receiving coaching during the school year, conducting 78 professional development sessions and providing 75 consultation sessions with 37 school and teacher leaders.

During the 2014/15 school year, the major priority of the ESA team focused on performance management for all school principals and the performance management of their respective teachers. This was essential to ensure improvement in the quality of teaching and learning at school sites across the system.

Mr. Chairman, the assistant directors and ESA director also provided school-site supervision via walkthroughs, instructional rounds, meetings, observations, professional development at individual schools and holding regular zone meetings with school principals and their respective teams.

Additionally, to support the efforts of transformation at the middle school level, the ESA team secured the services of the Pearson Education group.

This afforded all middle school principals and their leaders the opportunity to participate in regular professional development training specifically designed to produce system improvement outcomes. The following actions were a result of set objectives that the Pearson group designed in the professional development delivery:

- Middle school principals receive training in Leading for Change, making 30-, 60- and 90-day plans designed to help teachers make instructional shifts.
- Lessons across all middle schools share the same instructional framework posted in each classroom.
- Principals are mandated to observe lessons for 30 minutes every day for the first few weeks and then to shift to 90 minutes per day every day.
- Teacher professional development is currently focused on designing lessons for student achievement and rigour.
- Principal and deputy professional development is currently focused on supervision, coaching and modelling of instruction.

Mr. Chairman, cost centre 27095, School Attendance, has been allocated \$397,000 for the 2015/16 year. This cost centre funds the salaries of an attendance coordinator and six attendance officers. It is their responsibility to ensure that children of compulsory school age are, in fact, in school. The attendance coordinator also operates as the department's registrar by facilitating the annual school registration process for enrolment of children in all government public schools.

Mr. Chairman, cost centre 27160, Substitutes, has been allocated \$500,000 for the 2015/16 budget year. Allocated substitute teachers, who are assigned to specific schools, and on-call substitute teachers (those called in on a day-to-day basis) are funded from this cost centre.

Mr. Chairman, schools have a genuine need of coverage of teachers who are either sick or who need to take time away from school for various personal reasons, or as per their collective bargaining agreement. During the 2015/16 school academic year, the department, in collaboration with school administrators, will look at methods that will continue to streamline the number of substitute teachers, while maintaining the overall quality of instructional teaching in the educational system. Emphasis will be placed on early detection of needs due to advance notice of intended absences, creatively assessing how the needs can be satisfied using current resources available, and then implementing a strategy with continuous monitoring and evaluation of the effectiveness of the strategy.

Mr. Chairman, I would now like to present the expenditures for our Student Services Section. This

can be found on page B-107 under [line] item 1702, Student Services. The total budget allocation for 2015/16 is \$16,330,000. The Student Services Section facilitates the provision of several programmes that support the diverse special needs of our student population. These include:

- behaviour management;
- school psychological services;
- adapted physical education;
- deaf and hard of hearing;
- visually impaired;
- gifted and talented education;
- special education (also referred to as learning support);
- counselling;
- paraprofessionals;
- autism spectrum disorder (ASD); and
- alternative education and out-of-school suspension.

With the exception of the assistant director and education officers, who are responsible for the management and administration of the section, all other post-holders, such as the special education/learning support teachers, school counsellors and school psychologists, educational therapists and paraeducators, spend the majority of their working hours physically placed in schools.

The Student Services Section continues its efforts to produce and implement a new special education web-based Individual Education Plan (IEP) system that will improve the quality of IEPs and keep better usable aggregated and disaggregated data regarding students with special education needs. The new system will not only aid the improvement of education and services to the student, but it will serve as an effective accountability tool to tell us how as a system we are improving results for students who need IEPs.

Mr. Chairman, cost centre 27061, Behaviour Management, has been allocated \$942,000. This cost centre funds one education officer for Behaviour Management, and seven educational therapists for pre-school and primary schools.

During 2014/15, the education officer for Behaviour Management provided programme supervision to all educational therapists at all levels as staff development. Educational therapists are each assigned three to four pre-schools and primary schools during the school year. Therapists observe each student under their remit who are identified as needing behaviour intervention services and classified based on their level of need.

Mr. Chairman, the Multi-Tiered System of Support (MTSS) is very promising in terms of meeting the needs of every child at every level. For educational therapists, this means that they will be assured that students on their respective caseloads will be, based on the data that will be collected in the MTSS

model, true cases requiring behavioural intervention. Educational therapists will be key team members who facilitate implementation of behaviour interventions for our students, which should lead to lower number of student referrals.

Mr. Chairman, cost centre 27063, School Psychology, was allocated \$781,000. This cost centre funds six school psychologist posts who work across all school levels. Additionally, an education officer for Learning Support and Behaviour is funded from this cost centre.

Mr. Chairman, the past year has proven to be a challenge due to staff shortages. One school psychologist retired from the Ministry after a long-term absence since 2012. The process to fill the vacant post is ongoing, as there is a need to restructure this section.

However, the school psychologists managed to deliver comprehensive psycho-educational evaluations and provide consultations, short-term counselling and intervention and preventive services within their respective schools. These deliverables will be further enhanced across all schools that require a psychologist, as a full complement of psychologists will be put in place during the 2015/16 school year.

Mr. Chairman, the Department of Education will be implementing MTSS (or Multi-Tiered System of Support), and Inclusive and Special Education Discussion Paper Priorities during the 2015/16 academic school year. These initiatives will assist the Bermuda public school system with ensuring that there is adequate documentation of intervention strategies and that a problem-solving approach is used to determine when a student is struggling due to innate challenges versus lack of instruction. The school psychology programme is highly impacted and will play an integral role through the diagnosis of students in these initiatives. Thus, this will be a priority for the department to be at full staff capacity next year so that our students receive the services they require.

Mr. Chairman, given the new direction that assessments are taking with regards to technology, there is a need in the future for the psychology programme to have funds allocated for programs and electronic devices that will be required to facilitate 21st century psycho-educational practices.

Mr. Chairman, cost centre 27064, Adapted Physical Education, has been allocated \$288,000. This cost centre funds three adapted physical education teachers who work across all school levels. The teachers provide adapted physical education services and instruction to students, at all levels, with movement challenges and who need additional support to meaningfully engage in daily living skills and participate in the educational programme.

The Adapted Physical Education (APE) Programme is a developmentally appropriate physical education programme that helps students with diverse needs get active and stay active, by providing the

adaptive support necessary to integrate them into the regular physical education programme. The adapted physical education lessons are implemented on an individual basis, in small groups, and also within the regular physical education setting. Students in the programme have movement challenges due to disabilities that range from mild developmental delays to severe physical limitations.

Mr. Chairman, the 2014/15 fiscal year marked the second year that the Adapted Physical Education team provided the Preschool Universal Motor Programme (or PUMP). An eight-week motor programme was provided, along with pre- and post-assessment information to all government preschools on the Island. Based on performance data, the first year of the programme was very successful, as there were significant improvements in performance levels across the board. The feedback from the preschool teachers and administrators continues to be very positive. Through this programme, the team provided early intervention services to children who were in need, as well as a boost of instruction and exposure to the entire preschool population. Based on the overwhelming success and general positive feedback with regard to the PUMP programme, the programme will be offered again during the 2015/16 school year.

Adapted Physical Education teachers will be encouraged to participate in ongoing professional development and training to incorporate strategies of Multi-Tiered Systems of Support in regular instruction and as members of the school teams. The purchase of new equipment and the repair of damaged equipment at Dame Marjorie Bean Hope Academy will allow the Adapted Physical Education teachers to effectively provide ongoing services and instructional supports for students who critically need intensive level of therapy.

Mr. Chairman, cost centre 27065, Hearing, has been allocated \$317,000. This centre funds salaries for three deaf and hard of hearing teachers who serve approximately 25 students in the Deaf and Hard of Hearing Programme at all levels, preschool through senior school. Additional budgeted monies are used for content and disability-specific books and materials, hearing aids and equipment, and consultant (audiology) services.

Early intervention is an important part of the work of the Hearing Programme. It encompasses a preschool hearing-impaired programme to support the families and the children who are diagnosed with a permanent, communicatively or educationally significant (sensory-neural) hearing loss. Additionally, babies who are identified through neonatal hearing screening as possibly having a hearing loss are referred for a diagnostic assessment overseas. When a diagnosis is made, the families are referred to Student Services through either the Child Development Programme or the Bermuda Hearing Services. This referral process is critical.

Mr. Chairman, at the preschool, primary, middle and senior school levels, there are four schools designated for hearing-impaired children to allow them to receive higher quality levels of service. These schools are Prospect Preschool, Gilbert Institute, Dellwood and CedarBridge Academy. There are seven students enrolled at Gilbert Institute, one at Prospect Preschool and Dellwood who receive academic and sign language communication support on a one-on-one basis. Their classroom teachers are also provided with information and support. In addition, two students at Dame Marjorie Bean Hope Academy and students at Somerset Primary (one) and Harrington Sound Primary (one) also receive direct one-to-one hearing instruction and services.

During the 2014/15 fiscal year, deaf and hard of hearing staff—that is, teachers and paraeducators—participated in the department school improvement initiative training held in September and October. In addition, the assistant director of Student Services worked directly with deaf and hard of hearing paraeducators to ascertain future training needs and concerns. This year saw an increase in students who were referred by local and overseas audiologists. The current numbers indicate that students in our system continue to need ongoing support of deaf and hard of hearing services despite social impacts that influence older students to use less assistive technology.

Mr. Chairman, during the upcoming 2015/16 fiscal year, the Multi-Tiered System of Support will present an increased opportunity for deaf and hard of hearing staff to provide intervention services training and consultative training to general education teachers. This year, paraeducators and teachers will be provided with specific training and professional development to enhance their skills in the deaf and hard of hearing field, in terms of identification of needs, writing appropriate goals and objectives, collaborating with other teachers, and the use and implementation of assistive communication technology.

Mr. Chairman, I would now like to move on to line item 27066 on page B-107, which is the Vision cost centre. This has been allocated \$292,000. This centre funds salaries for three teachers of the visually impaired who teach medically diagnosed students who are visually impaired, blind or have low vision. The teachers are responsible for all levels and teach the Cambridge Curriculum, as well as compensatory skills to help these students function and thrive in a regular classroom environment and, ultimately, in the world. Students in this programme continue to benefit from school, family and community support.

The funds also cover the cost of assessment materials and Braille equipment to support the needs and provide vision instruction and services for a caseload of 72 students.

Mr. Chairman, vision-specific training opportunities were provided for the teachers and paraeducators in September and October 2014 during sched-

uled professional development days. Overall, the 72 students in the Vision Programme were provided with the necessary support, as indicated on their Individualised Education Plans and vision assessment recommendations. We are pleased to report that one vision teacher was provided funding to attend an overseas workshop that focused on vision assessments. The knowledge and tools acquired from attending this workshop helped tremendously in enhancing the Vision Programme for students.

Mr. Chairman, the training and development of a current vision paraeducator was provided through sabbatical services last year. This staff member will return to a vision teaching position to ensure appropriate caseload management for all students. Training for the vision team and individualised training for the vision teachers and paraeducators will continue so that specific needs of our vision students can be addressed and appropriately maintained.

Mr. Chairman, the cost centre 27069, Gifted and Talented, has been allocated \$246,000. This cost centre funds the education officer who supervises the programme and a Gifted and Talented Resource Coordinator. The dip in expenditure reflects the loss of one post resulting from the hiring freeze and a decline in the monies budgeted for overseas training. However, the department will continue to maintain the level of programme services it currently provides to students.

Mr. Chairman, the Education Officer for Gifted and Talented Education provided programme and clinical supervision that included delivering gifted instructional support to teachers who had identified gifted students in their regular classrooms. Additionally, ongoing job-embedded professional development was offered to principals, teachers, students (and parents at some schools), using the Renzulli Learning System and Enrichment Clusters programme. With their new gained knowledge, teachers who participated in the training produced two integrated units for instruction for use with Primary 4 and Primary 5 students for an entire term, using the Cambridge International Curriculum objectives for math, language and science, the Bermuda Social Studies Curriculum, dance, drama, music and visual art specifically for gifted and talented students.

Mr. Chairman, West Pembroke Primary School implemented Enrichment Clusters for their schedule for all Primary 2 to Primary 6 students during the first school term. Students participated in interest-based learning opportunities that consisted of groups of students working with school personnel and experts from the community. Students who participated in the Website Creation Enrichment Cluster were awarded the Young Innovators Award for display of their knowledge and end product, which were student-created websites.

Professional Development using the Renzulli Learning System has seen a 7 per cent increase in

teacher usage, as it is being implemented to intentionally embed within daily instruction. The system affords students with a powerful learning experience via a technology tool. At present, 3,560 students have account access to the system, which offers differentiated learning options for all students and offers enrichment for students who are gifted. The upcoming school year will see all students within the Bermuda public school system have access to a Renzulli Learning System account through the implementation of a system-wide enrichment program model.

Mr. Chairman, cost centre 27071, Office Support, has been allocated \$517,000. This centre funds the assistant director of Student Services, an administrative assistant and four support teachers. This increase for this cost centre was due primarily to the salaries of the four support teachers, who were paid initially from the budgets of their respective schools, but during the year were correctly shifted to this cost centre, as reflected in the 2014/15 revised estimates that increased to \$454,000.

Mr. Chairman, the cost centre 27072, Counselling, has been allocated \$2,776,000. This centre funds the salaries for one education officer, Counselling; 15 preschool/primary counsellors, 10 middle school counsellors and one alternative programme counsellor. The salaries for 10 counsellors and two heads of Student Services at the senior level fall within their respective school budgets.

Mr. Chairman, the education officer for Counselling provided programme and clinical supervision to all preschool, primary, middle and alternative school counsellors during the 2014/15 school year, that focused on adherence to the counsellor performance standards. Additional professional development for counsellors included educational sessions on the Multi-Tiered System of Support, non-suicidal self-injury and multi-cultural counselling competencies.

The department also took advantage of training offered by the Family Centre and the Family Intimacy Centre on utilising the Child Behaviour Checklist, a tool used to assist with treatment planning; and professional practices and self-care.

Middle and senior school counsellors accessed the American Counselling Association's webinar series on Suicide and the Diagnostic and Statistical Manual of Mental Disorders Fifth Edition (DSM-5). The DSM-5 is the 2013 update to the American Psychiatric Association (APA) classification and diagnostic tool. The DSM serves as a universal authority for psychiatric diagnosis and treatment recommendations.

Mr. Chairman, during the school year, 36 counsellors and two [Department] Heads delivered all four sections of the delivery component of the Comprehensive, Developmental School Counselling Programme. This included providing over 3,400 classroom guidance sessions pertaining to developing positive self-concept, positive interactions with others,

academic achievement and career planning. Individual planning meetings with students continued, with a renewed focus on academic performance and an emphasis on linking school performance to career success. Additionally, the professional school counsellors made over 9,500 parent contacts and facilitated more than 11,500 individual counselling sessions.

Mr. Chairman, all counsellors have implemented a plan to assist and advocate for students who are failing two or more classes. Counsellors continue to assess students' attainment of Core Guidance Curriculum competencies in the areas of decision-making, taking responsibility for actions, career planning and self-awareness.

Mr. Chairman, the overall feedback from both parents and students emanating from individual planning counselling sessions has been encouraging and is having a positive impact. As an example, one parent response was: *I found the following helpful: We were encouraged to think about our son's future goals and what his life would be like after high school. An example of a student response was, I learned that I don't just want to just pass S1. I want to pass with a satisfying GPA. I commit to going to tutorials for math and Spanish. This meeting helped me to be more organised in terms of going to tutorials.*

Mr. Chairman, our school counsellors are doing an excellent job in the preparing of our students to think beyond where they are now and in understanding that good study habits, exercising self-discipline and making better decisions today positions them for a successful, bright future tomorrow.

Mr. Chairman, I turn now to cost centre 27073 for the Summer Programme, which has been allocated [\$299,000.] This funds the cost of teachers, textbooks and supplies for the department's summer intervention programme. Formerly referred to as "Summer School," the Summer Intervention Programme provides intensive instruction for students who have not met the targeted academic standard to help prepare them for senior school.

Mr. Chairman, cost centre 27074, Learning Support, has been allocated \$4,113,000. This centre funds three education officers for Special Education and Learning Support, in addition to 40 learning support teachers for preschool, primary and middle school. This includes four learning support teachers who teach at Bermuda's only special school, the Dame Marjorie Bean Hope Academy. The decline in funding is a direct result of reduced funding for travel.

Mr. Chairman, this year, cost centre 27076 reflects the funding for the salary of the education officer for Early Childhood Education. And that cost centre, 27076, is Early Childhood Education, Mr. Chairman. Later, I will speak about the Child Development [cost centre 27125] and After-Preschool Programmes [cost centre 27700] under [line item] 1712 on page B-109, which provides for the detailed activities of Early Childhood Education.

However, the position of Education Officer for Early Childhood Education will ultimately be moved from [Student Services, line item] 1702 to [Early Childhood Education, line item] 1712.

Mr. Chairman, cost centre 27079, for Paraeducators, has been allocated \$3,593,000 for the 2015/16 budget year. Last year, the Department of Education committed to increasing the monitoring and supervision of paraprofessionals with more scrutiny applied to the development and review of criteria and paraprofessional placements.

Mr. Chairman, for the first time in several years, paraeducators met in September and October 2014 for a collaborative training opportunity and were surveyed regarding professional development needs, job descriptions, and overall awareness and connection with the Student Services Section. Valuable feedback was obtained based on conversations, question-and-answer period and written surveys. It is intended that this feedback will help refine and shape the role of paraeducators and the services they provide our students.

Mr. Chairman, the Student Services Section is experiencing an increase in requests and demand for paraeducators to meet the diverse needs of our children in the educational system. This means that our paraeducators now require more training and accountability. Specialised training will be provided in Learning Support, Autism Spectrum Disorder (ASD), Deaf and Hard of Hearing, and Vision programmes.

During the month of March 2015, the Student Services Section will undertake an annual review of paraeducator services to ensure appropriate placement and determine the extent of need for continued services and support. In June 2015, annual evaluations will be conducted. Additionally, in the new budget year, a proposal will be drafted for implementation of a new paraeducator handbook and guidelines to address the observed needs for standards, evaluations and annual professional development requirements.

Mr. Chairman, the funding allocated to cost centre 27083, Autism Spectrum Disorder (or ASD) is \$702,000 for the 2015/16 budget year. This centre funds all salaries for Autism Spectrum Disorder teachers and those paraeducators who service students with autism within the ASD programmes at four schools (three primary schools and one middle school). In addition, the funding covers operational costs for equipment repair and maintenance, and educational supplies.

Mr. Chairman, many students on the autism spectrum require more intensive services, including therapies that cannot be adequately provided in the regular classroom setting. ASD classrooms currently reside at the West Pembroke, Prospect and Paget Primary Schools, and the Dellwood Middle School. Due to the high number of students with autism at Dame Marjorie Bean Hope Academy, we will open a

new ASD classroom, as well as provide autism training for all teachers and paraeducators at the school because our *Children are First* in the transformation of the public school system. Currently, 29 students are supported by the ASD programmes at the five school locations.

This fiscal year saw an increase in student progress and achievement. There is a general sense that behaviour management has improved, and students in the ASD programmes are meeting success in various ways. In addition, the numbers of students who demonstrate autistic behaviours are increasing at a steady rate. There is the opportunity for our Student Services Section to meet with one of the two [key] autism advocacy charity organisations on the Island. The relationship building, cross training and collaboration will improve overall partnering with the organisation, parents, and the school system. Autism Awareness Month continues to be a highlight for the Island to promote and teach autism awareness and build independence for the students in our ASD programmes and throughout the public school system.

Mr. Chairman, during the 2015/16 fiscal year, the ASD team will work to collectively promote autism awareness and improve educational, environmental and social conditions of the students in the programme and throughout the public school system. Autism Diagnostic Observation Schedule (ADOS) screening and assessment, an opportunity that will be implemented by the team at the Child Development Programme (CDP), will ensure appropriate evaluations of students with autism and earlier intervention.

Specific professional development opportunities and training will be provided for all staff related to autism-specific instructional strategies, behaviour modification techniques, and communication exchange programmes. In addition, the upcoming purchase and implementation of a new *Unique 2 You* curriculum will help enhance student opportunities and provide teachers with an accessible, interactive, standards-based tool that will accommodate the diversity and needs of our student learning.

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITORS

The Chairman: Minister, could you have your seat a second?

I would like to recognise the former Senator of Education, Nalton Brangman. We also have Senator Marshall here also today. Thank you.

Minister, take the floor.

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

Hon. R. Wayne Scott: Thank you, Mr. Chairman.

Mr. Chairman, the cost centre 27084 for Alternative Education and Out-of-School Suspension has been allocated \$1,342,000. This funds both the Alternative Education Programme and the Out-of-School Suspension Programme.

Mr. Chairman, the Alternative Education Programme was developed for at-risk youth with severe behavioural challenges who were not showing academic or social success in the regular school environment. This student population is being serviced through tutorial sites in an attempt to meet their individual learning and behavioural management needs. There are currently 41 students enrolled in the programme, down from 69 last year. While in the Alternative Programme, students are monitored daily, receive counselling services, as well as psychological support and other services, if required, such as drug abuse counselling or anger management. Through hard work and dedication, they have remained in school. The goal is to support student achievement and develop socially accepted behaviours.

During the 2014/15 school year, middle and senior school students with severe behavioural challenges will have two types of services available to them. Students who cannot cope behaviourally at the school level are placed in an alternative setting around the Island that offers the GED, fully certified vocational certification or fully accredited high school diplomas. Students whose behaviours are too extreme and cannot be placed in an alternative setting or remain at their schools, for the first time have an educational placement that enables them to pursue either their regular high school diploma or the GED. Students also have the opportunity to receive City and Guilds Work Placement Certification at the S1 and S2 levels.

The Out-of-School Suspension Programme is a product of mandated compliance with the Education Act so that suspended students are in line with the legislation. The programme delivers curriculum to students who have been removed from school for committing infractions such as fighting, or possessing and/or using weapons or drugs.

The programme eliminates the practice of students being suspended to their homes with no educational supervision. Reports on each student's completion of assigned tasks from their sending school are sent to each principal. The introduction of weekly reports is probably the first in our system of education. Not only do the reports inform on the progress of each student, but they enable the student's school and parents to monitor the student's progress step by step. Recommendations for reintegration then should come as no surprise. Students also engage in an exit interview with the school counsellor and the educational therapist assistant on their last day.

During the 2014/15 school year, the Department of Education expanded services to meet the needs of this growing population. As student suspen-

sion and mental health needs increased, the need to provide intensive alternative education options were required. The Alternative Centre for Student Advancement currently serves a maximum of 10 difficult to place and manage students. The Learning, Accountability, Professional Development, Self-Awareness (LAPS), is a preschool and primary school reintegration programme that supports a maximum of six students at that level who demonstrate extremely disruptive and harmful behaviour in the regular classroom.

Mr. Chairman, students in these programmes have such intense needs that additional support can enable the staff to work more effectively with each child. To date, the synergy among staff, as well as their leadership qualities, is becoming stronger as each recommits and dedicates self to the programme and the success of the students. *We say thank you to the staff.*

Mr. Chairman the Multi-Tiered System of Support is very promising in terms of meeting the needs of every child at every year level in the public school system. For each behavioural programme, this means that they will be assured that students will be, based on the data that will be collected in the MTSS model, true cases requiring behavioural intervention. This will ensure that students receive the needed behavioural support through the positive behavioural interventions and supports component. Thus, this may in the future lower the number of students referred.

The Alternative Centre is currently in the process of becoming a pilot site for the National Alternative Education Association, based in the United States.

Mr. Chairman, I would now like to focus on [line item] 1703, the Finance and Corporate Section.

Mr. Chairman, the cost centre 27002, Finance and Corporate Services, has been allocated \$730,000. This cost centre supports the staff in the financial administration of the department. They include a department comptroller, financial services manager, a salaries supervisor, a salaries clerk, three accounts clerks, and a messenger. This section is responsible for providing strategic financial advice to senior management, cost-effective and responsive financial services, procurement and contracting services, and corporate planning solutions to the Ministry's management, employees and schools. This includes payroll administration and processing, scholarship and grant disbursements, and financial reporting.

Under the direction of the comptroller, this office coordinates the payment of salaries for approximately 1,150 educators and department staff and pays all suppliers and vendors for goods and services purchased, as well as organises the collection of receivables.

Mr. Chairman, the cost centre 27003 for Office Accommodation has been allocated a budget of \$862,000. This cost centre funds the annual rent, of-

fice maintenance, electricity and communication costs of the Waller's Point, Southside building, as well as its receptionist. The lower budgeted funds for this cost centre are due to reduced expenditure for electricity costs and telephone equipment rentals.

The cost centre 27040 for Educational Stores has been allocated \$615,000. The funding supports salaries for the store's manager, a storekeeper, two truck drivers, two labourers, a cleaner, as well as the cost to purchase curriculum-based materials and cleaning and maintenance materials for schools. The decrease of \$81,000 in budgeted funds is partly due to the hiring freeze of one of the labourer posts.

Mr. Chairman, the funding for cost centre 27041, School Transport, has been allocated as \$423,000. The cost centre funds the salaries for three bus drivers and two bus attendants, who provide transportation to children who attend the Dame Marjorie Bean [Hope] Academy; two grounds-men who maintain school sports fields; and one Labour, Transport and Safety Officer. The centre also funds the costs to maintain the department's motor fleet.

The Labour, Transport and Safety Officer, who works closely with the department's Facilities Manager, participated in two IFMA (or Internal Facility Management Association) seminars, which are steps towards achieving the FMP designation as a Facility Management Professional.

Mr. Chairman, I now wish to discuss cost centre 27042, Building, Grounds and Equipment. This cost centre has been allocated \$1,166,000. The cost centre funds the salary of the facilities manager. The remainder of the budget covers the cost of repairs and maintenance for facilities at all educational and administrative sites that fall under the Department of Education. These include preschools, maintained primary, middle schools, our special school, the Child Development Programme and the Alternative Education and Out-of-School Suspension Site.

Mr. Chairman, the facilities manager is currently undertaking an assessment of security needs across the public school system for the development of a new security schedule for the 2015/16 school year. Additionally, the facilities manager will be seeking to work with the Department of Energy to identify systemic energy-saving measures to be implemented in the department and across all public schools.

Mr. Chairman, the facilities manager participated in two Internal Facility Management Association seminars, which are steps towards achieving the FMP (or Facility Management Professional) designation. This designation will ultimately equip the facilities manager with the in-depth knowledge of facility standards and guidelines to follow along with the core competencies of facilities management.

Mr. Chairman, to conclude my presentation on expenditure for the Finance and Corporate Programme, I will now move to cost centre 27050, Information Technology Support, which has been allocated

\$2,792,000. Major reductions in expenditures included the cost of telephone data lines, overseas networks and funding for temporary IT contractors. The IT Section provides IT support for all schools, programmes and administrative sites that fall under the Department of Education. This cost centre supports salaries for the IT Manager and 10 staff, who together provide information technology support services to approximately 6,000 users, as well as parents or guardians of all primary, middle and senior school students who use the ParentConnect web portal. They also support hardware and software maintenance of some 2,500 computers and 1,000 peripherals across the Bermuda public school system.

Mr. Chairman, during the 2014/15 fiscal year, the IT Section facilitated a number of initiatives to improve the delivery of IT services across the education system. These included the following:

- reduced the number of Internet connections representing to achieve cost savings;
- upgraded the speed of the Internet circuit to 50 MB;
- commenced the migration of virtual servers to new hardware;
- installed new networking equipment and added capacity [to] the disk-based backup to meet the growing data needs of the public schools;
- replaced problematic servers in the primary schools and seven network switches damaged during Hurricanes Fay and Gonzalo;
- installed 37 SmartBoard projectors purchased at the end of 2013/14;
- upgraded Literacy Pro for all schools to support the Literacy Initiative and Scholastic Reading Counts.

Mr. Chairman, last year, the IT Section purchased the Impero Classroom monitoring software that was installed in two Labs at one of the middle schools. This software allows the lab teacher to monitor and control what students are doing on their PCs, directly from his or her PC. The teacher can also perform tasks such as disable the Internet, restrict access to a specific set of websites during the lesson and disable printing.

Mr. Chairman the main focus for the 2015/16 budget will be to maintain the current IT equipment installed in the schools and concentrate on core infrastructure upgrades to support future technologies. Also, IT equipment will be purchased to outfit the Sandys Middle School Library when the interior renovations have been completed.

Mr. Chairman, on page B-108, we turn to [line] item 1704, which is the programme for Preschools. The 2015/16 budget for all preschools is \$4,932,000. Salaries are funded by 90 per cent of the preschool budget. [Also,] 10 per cent of the budget is for operational costs such as electricity, part-time cleaners,

phones, office equipment rental, and drinking water. Most of these costs are fixed expenses.

Mr. Chairman, there are 10 preschools in the Bermuda public school system. At the beginning of the school year, 395 children were registered. Currently, 403 children are enrolled. Preschools range in size from two classes at St. David's Preschool to eight classes at Warwick Preschool. Preschool classes continue to be capped at 10 students per teacher, and preschools with 30 students or less are run by preschool administrators who also teach a class. However, we anticipate a decline in enrolment for the cohort of children entering in September 2015 due to a decrease in the birth rate.

The Government continues its commitment to the transformation of Early Childhood Education (which is zero to eight years). The leadership and direction needed for the Early Childhood Programme has been provided, and a strong emphasis will now be placed on modernising preschool environments and on methods for implementing curriculum. The Creative Curriculum/Teaching Strategies Gold Assessment Tool has been mandated for all preschools, ensuring a common set of learning expectations. The Creative Curriculum study kits that have been purchased by many preschools use an inquiry approach with a focus on investigative and inquiry learning.

Mr. Chairman, a model preschool, with a focus on classroom environment, was created during the past year for teachers to be positioned to envision what an inquiry classroom for pre-schoolers looks like. The goal is to have Bermuda's preschools reflect the rich cultural values and learning potential of Bermuda. All preschool administrators are engaged and have committed to developing a deeper understanding of the inquiry strategies and intentional teaching provided in the Creative Curriculum, and to provide professional learning to their staff.

During the 2015/16 school year, the Creative Curriculum will be implemented more effectively through the purchase of training and study kits. The inquiry framework will guide professional learning in preschool through P3. As such, protocols that will guide assessment practices for preschools and early primary school will be developed.

Mr. Chairman, our *Children are First*, and their educational foundation is critically important. Therefore, to improve teaching and learning in preschool and deepen the implementation of the curriculum, professional development and coaching will be provided as needed.

Mr. Chairman, I will now move down the page of B-108 to line item 1705, Primary Schools. The total budget allocation for our 18 primary schools is \$30,408,000. The increase in the budget represents a combined effect of the absence of furlough days, plus vacant posts due to the hiring freeze.

In September 2014, enrolment for the 18 primary schools was 2,594 students. Historical enrol-

ment numbers show that, since 2004, there has been a steady decline in primary school enrolment, from 3,138 students to 2,637 students in 2011. During the past three years, or since 2012, primary school student enrolment has averaged approximately 2,600 students each year.

The department continues its intensive work in the primary schools to provide imbedded support to schools in the areas of English, mathematics, social studies and science. The teacher leaders, who provide content and teaching support to their colleagues in these core subjects, as mentioned previously, received coaching, professional development and consultation sessions from the department's content specialist teachers during the past year.

Mr. Chairman, in February 2015, staff at the Department of Education undertook a review of the primary school curriculum, with the overall goal of improving the effectiveness of curriculum delivery at the primary level for the 2015/16 school year. This initiative stemmed from the need for consistency and accountability in the delivery of the school curriculum. The data are being analysed, and a big-picture view will be obtained on how the curriculum for all subjects is being delivered at the primary level for the core subjects of mathematics, language and science; and the encore subjects that include social studies, physical education, art and music. The major components of curriculum review included:

- the quality of instruction in delivering the curriculum;
- school organisation and structure in delivering curriculum;
- the inclusions of 21st century skills and technology;
- the quality of student services to support all students in being successful;
- understanding of the student experience with the current curriculum.

Mr. Chairman, we endeavour to put our *Children First*. Therefore, the results of this curriculum review at the primary school level will provide us with the data and information needed to make informed decisions, moving forward; to have an effective, consistent curriculum delivered at the primary level; and to provide that strong foundation for our students as they progress on their educational journey.

Mr. Chairman, I now guide us to the bottom of the page, B-108. And the final line item on that page, cost centre 27120 for the Dame Marjorie Bean Hope Academy, was allocated a budget of \$572,000. A total of 19 students with specialised needs are currently educated at the school, with support from their families, the community and the Department of Health.

Mr. Chairman, I previously shared that there has been an increasing number of students with autism at the Dame Marjorie Bean Hope Academy. The delivery of special services to meet the diverse needs

of our students is important. Therefore, in this regard, we will open a new ASD classroom at the school.

Mr. Chairman, I ask that we turn the page to page B-109, line item 1707 relating to Middle Schools. The Bermuda public school system has five middle schools, two of which are aided schools. The total budget allocation for Middle Schools is \$17,088,000.

In September 2014, enrolment for the middle schools totalled 1,028. Student enrolment at the middle school level has also been on the decline. However, since 2009, the annual student population for all middle schools has been averaging just under 1,100 students each year.

Mr. Chairman, last year, the Department of Education embarked on an ambitious multi-year plan to transform the face of middle schools. Factual data was collected via audits of the educational and social state of middle schools, and the results indicated that there were systemic deficiencies that needed to be addressed.

In July 2014, the Department of Education officially implemented the Middle School Transformation Plan and outlined 10 High Impact Actions that will be implemented during the 2014/15 school academic year to improve all student learning and teaching over the next three years. These actions are directly aligned with well-researched characteristics of successful middle schools.

Progress to date for the execution of the 10 High Impact Actions across our middle schools is as follows:

1. Develop a 21st century vision for middle school education. This was completed in August 2014;
2. Provide school leadership teams with specific training to lead school improvement. This is ongoing;
3. Utilise a common bell schedule with standard times and opportunities for student learning, intervention, teaming and advocacy. This was completed in August of 2014;
4. Implement a structure for the delivery of high-quality lessons across all schools and subjects. This was completed and established in September 2014, as standard;
5. Eliminate ability-tracking, to ensure that all students have access to high-quality learning experiences. This was completed and established in fall 2014, as standard;
6. Provide focused professional development on creating active, rigorous and engaged learning experiences to all teachers and leaders. This was [started] in fall 2014 and is ongoing;
7. Ensure all students have academic interventions if they fail classes within the first quarter. And this is ongoing;
8. Establish a mandatory standard which clearly defines readiness for transition into and out of

middle school. This is expected to start in June of 2015;

9. Establish comprehensive behaviour intervention programmes in every middle school. Orientation training started in January 2015; and
10. Raise the qualifications standard for all middle grade teachers within three years. This is expected to start in May of 2015.

Mr. Chairman, the execution and successful implementation of the Middle School Transformation Plan will involve a collaborative effort. The Department of Education will provide the required support to schools and professional development training. Each school principal and their leadership team are responsible to ensure that the transformation occurs at their respective school site for the improvement of teaching and learning, school leadership and social climate.

Mr. Chairman, [line item] 1708, on page B-109, refers to our two Senior Secondary Schools, the Berkeley Institute and CedarBridge Academy. Together, the senior schools service close to 1,200 students, with just under 200 staff. During the 2015/16 fiscal year, our senior schools have been allocated a combined budget of \$23,366,000. Each school is provided an annual grant for the operational management of their respective school and the school curriculum.

Mr. Chairman, during the past and current school years, our senior students have experienced a number of achievements worth mentioning. However, not all can be shared at this point. Nonetheless, I will highlight a few just to give you a taste of their accomplishments.

- At the Berkeley Institute in November 2014, more than 100 awards were presented to Berkeley students for their academic achievement, community service, and special awards for citizenship and character.
- The Berkeley Institute has six students currently participating in the Dual Enrolment Programme at the Bermuda College and enrolled as full-time students. If they continue this course of study, these six students will earn an associate's degree plus their secondary school diploma in the same year.
- The Berkeley Institute also excelled in the Arts and Technology when one of their students won an award for his five-minute documentary, *Bermuda Is Another World*, at the 2014 United Nations Youth Conference Film Festival competition.
- Mr. Chairman, at the CedarBridge Academy last year was a ground-breaking year for students in the functional academic programme (designed for our children who are provided special services to succeed). This programme is based on the UK Entry Level Curriculum. For the first time, students successfully completed the programme and were accepted at

colleges in the United Kingdom to commence their studies in September 2015.

- Also, there were four students who graduated last year as *elite athletes*. The criteria to be an elite athlete is as follows: Students must play on several sports teams during their four years of senior school and earn a cumulative GPA of 3.2 or higher. These students are not only awesome athletes, but also students who have demonstrated high levels of academic excellence.
- CedarBridge Academy has four students participating in the Dual Enrolment Programme at the Bermuda College who are enrolled as full-time students. They are taking a full complement of college-level courses and experiencing the introductory life of a college student.

Mr. Chairman, our senior students are doing extremely well, and we must celebrate their accomplishments.

Mr. Chairman, I would now like to turn to [line item] 1709, Curriculum Assessment, which has been allocated a total of \$3,052,000. This cost centre funds the Cambridge International Curriculum-related initiatives, Education Officers for Curriculum and Assessment and the Career Pathways Programme.

Mr. Chairman, this will be the fourth year that the Department of Education will be offering the Cambridge International Curriculum, and we are seeing good fruit as a result of the implementation of this curriculum. The data now show that our students are entering the Bermuda College more prepared and enjoying greater success in their studies.

Mr. Chairman, during the upcoming school year, the department will review and upgrade the Bermuda school curriculum in the key subjects of business studies, world history, design and technology, and physical education and health as part of a larger, comprehensive revision of the current curricula.

Mr. Chairman, the cost centre 27010, Literacy Initiative, has been allocated \$181,000. These monies fund the salaries of two primary school co-teachers who assist literacy coordinators to deliver the Literacy Collaborative Programme.

Mr. Chairman, the investment in literacy continued during this school year with the launch of a National Literacy Strategy in September 2014. The department's content specialist teachers for language arts received full training in Levelled Literacy Intervention, and the tools and knowledge they acquired from this training will be shared to enhance the learning of all middle school students. Primary and middle school teacher leaders were engaged in a series of literacy training and coaching professional-development workshops. By the end of the first school term this upcoming school year, all students with specific literacy needs should have been identified and the rele-

vant literacy intervention strategies developed for each student.

Mr. Chairman, the implementation of the Cambridge International Examinations at P6, M3 and S2 are funded from cost centre 27020, Assessment and Evaluation. Additionally, it funds the salary of a senior education officer, research, measurement and evaluation. This centre was allocated a budget of \$534,000 for the 2015/16 budget year.

Mr. Chairman, at the senior level, students were registered for IGCSE [International General Certificate of Secondary Education] and AS level examination in June and November 2014. The IGCSE is a requirement for students to receive the Bermuda School Diploma (BSD). A total of 1,200 external examinations were taken by students ranging from M3 to S4 in the areas of English, mathematics and the sciences to include biology, chemistry and physics.

At the primary and middle school levels, the checkpoint examinations were used from Cambridge to provide benchmark data for the transition points at primary (P6) and middle (M3) levels. As the students at primary and middle school levels are taught skills and concepts in English, mathematics and science, students from all public primary and middle schools sat the Cambridge Primary Checkpoint (P6) and Cambridge Secondary 1 Checkpoint (M3) evaluations. In April 2014, a total of 383 students in P6 and 350 students in M3 sat Checkpoint examinations.

Mr. Chairman, detailed analysis of the exam results has indicated that our students have challenges in both mathematics and literacy. As such, system-wide national improvement strategies in these two core subjects have been implemented to support teaching and learning from the primary to senior level.

The Chairman: Minister? You have got one—okay.

Hon. R. Wayne Scott: I spoke in detail earlier about the National Strategies for Literacy and Mathematics that were introduced in September and October 2014, respectively. Mr. Chairman, just last month, February 2015, a curriculum audit of a sample of our primary schools was conducted to create a Primary School Improvement Plan. This plan is intended to raise the quality of teaching and learning at the primary school level. The Curriculum and Assessment team will ensure that all schools are maximising the assigned curriculum in 100 per cent of the areas by the end of the 2014/15 academic school year.

The Chairman: Thank you.
Premier?

Hon. Michael H. Dunkley: Good afternoon, Mr. Chairman.

I ask that we rise for lunch.

The Speaker: Thank you.

Colleagues, we will adjourn the House, and we will return at two o'clock, when we will resume this head.

Proceedings suspended at 12:31 pm

Proceedings resumed at 2:00 pm

[*Hon. Dennis P. Lister, Chairman*]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

[*Continuation thereof*]

The Chairman: Good afternoon everyone.

[*Gavel*]

The Chairman: For the sake of our radio audience we are about to resume in Committee to continue the debate on the individual Heads for the Ministry of Education.

Minister Scott has already moved all three of the Heads, but Minister you have the floor to continue.

MINISTRY OF EDUCATION

Hon. R. Wayne Scott: Thank you, Mr. Chairman.

As we resume, Mr. Chairman, just to remind you I am on [line item] 1709, cost centre 27520, Design, Development and Implementation on page B-109.

The Chairman: Correct.

Hon. R. Wayne Scott: Mr. Chairman, cost centre 27520, [line item 1709]—Design, Development and Implementation has been allocated \$2,103,000.

This cost centre funds salaries for five Education officers who support the implementation and ongoing development of the Cambridge curriculum, social studies and non-core subjects, examinations, and the Career Pathways Programme, in addition to an office administrator, two secretaries, a test scoring clerk, and the athletic administrator who supports the administration of interschool sports through the Bermuda Schools Sports Federation. This cost centre also funds administrative support, curriculum supplies to support the implementation of the curriculum, and the salary of a Sports Administrator who runs the Bermuda Schools Sports Federation [BSSF].

Mr. Chairman, cost centre 27524, [line item 1709]—the Career Pathways Programme started in September 2013. The budget of \$234,000 remains the same as last year and funds two Career Pathways Programme Coordinators who administer the pro-

gramme at both senior schools. The philosophy of the Career Pathways Programme is one that allows senior school students in the Bermuda Public School System to develop academic, technical and employability skills through career pathways in preparation for careers and college.

Mr. Chairman, we recently celebrated our students in the Career Pathways Programme who were successful in passing industry level examinations for certifications in the Nurses Aid course of study currently delivered at the Bermuda College, and the Bermuda Insurance Institute in relationship to the Associates of General Insurance. Students were also successful in completing the City & Guilds Employability Skills course.

The ACCA certification and the Bermuda Hospitality Institute's START programme are two new certifications that were introduced this fiscal year. The ACCA is an accountant certification that will expose students to fundamental principles in bookkeeping while the START programme will prepare students for employment in the hospitality industry in the upcoming season.

Mr. Chairman, the Career Pathways Programme is designated for S3 students with approximately 300 students participating. The hiring of two coordinators for the programme to assist with work placement, the recruitment, and maintaining of good healthy relationships with industry partners has added value to the programme. The coordinators, working out of the two senior schools, allow them to have direct contact with students and guidance counsellors. Ongoing professional development for the coordinators during the year included participation in a two-day workshop at the Bermuda College facilitated by a representative from City & Guilds.

Mr. Chairman, due to its success, the Career Pathways Programme is now expanding to the middle school level. Meetings began late 2014 in an effort to introduce M3 students to the programme. Planned activities include working with middle school counsellors in the areas of work shadowing, life skills, interviewing and career fairs.

Mr. Chairman, the final programme on page B-109 is [line item] 1712—Early Childhood Education. This programme funds the Child Development and After School Care sub-programmes. Early Childhood Education represents the foundation for student success. Both conventional wisdom and Nobel-prize winning research tells us that investments in early learning provide exponential benefits to children, their families and the economy. The budget for this programme \$1,799,000.

Mr. Chairman, we are pleased to report that an assistant director of Early Childhood commenced in April 2014. With past experience in North America as a superintendent for Early Learning and Childcare, the assistant director will provide the leadership to ensure that our early childhood programmes are

aligned with 21st century practices. Also teaching practices will be developed to enhance the early childhood experience so that children get the best start in life for future success.

Mr. Chairman, during the first school semester, the assistant director conducted an environmental scan of the Early Childhood Programme that included site visits and focused conversations with administrators and the coordinator of the Child Development Programme (CDP), preschools, and primary schools. The findings from the environmental scan will be used, along with input from local experts in the field of early childhood education, to form a discussion paper with recommendations for the early childhood programme.

In September 2015, a consultation process with parents and families, community leaders, early intervention professionals and child care providers will be planned to gather feedback for the development of strategic policies to support a five-year Early Learning Policy. The implementation of the policy will benefit our children and provide a true continuum of early learning to give them success in school and beyond.

Mr. Chairman, [cost centre] 27175, the Child Development Programme (CDP) has a total budget allocation of \$1,577,000. This cost centre currently funds the coordinator, testing psychologist, three supervisors, one secretary, and 10 staff who provide direct assessment and early intervention support to children and their families.

In collaboration with the Ministry of Health, this programme provides early detection of developmental concerns in children from birth to four years of age, and early intervention support services to address identified concerns such as learning, psychological, motor or social deficits. In addition to providing this support for children and their families, the CDP has an overall goal of providing children with a strong foundation for lifelong learning, health and well-being.

Mr. Chairman, during 2014/15 the Child Development Programme expanded the developmental screening to include children from two to four years of age. This screening will be available to parents on a full calendar year basis. Also, the Child Development Programme has been working on the self-study component of the accreditation process with the goal of achieving accreditation in 2016 based on early childhood education standards. As part of this process, a strategic plan will be developed and implemented. Additionally, the Individual Family Service Plan (IFSP) electronic case management system is near completion. Staff training will be provided so that IFSPs can be developed for all families during fiscal year 2015/16. The development of IFSPs allows the Department of Education to meet early childhood standards which is the point of accreditation.

Mr. Chairman, the final line item on page B-109 is cost centre 27700—After School Care. This cost centre funds the wages of part-time employees

who provide supervision and organised activities to children at four preschools and one school for students with special needs. The 2015/16 Budget at \$222,000 was reduced based on enrolment in the afterschool programmes which is as follows:

- Devonshire Preschool—25;
- Prospect Preschool—25;
- St John's Preschool—25;
- Warwick Preschool—60;
- Dame Marjorie Bean Hope Academy—19.

The staff to child ratio is 10 children to 1 adult; however, staffing ratios are increased when children with special needs require one-on-one support. The allocation of staff allows some flexibility to hire additional personnel based on student need.

Mr. Chairman, I now refer you to page B-110. I will note that we have covered each of these aspects as this page provides an aggregate of the detail we have just been through in each of the line items.

The first table on page B-110 compares the 2015/16 estimate of [\$109,902,000] to the original budget for 2014/15 of \$114,900,000 and shows the differences between the two years by expenditure category. The variances of note for the expenditure categories are as follows:

- Salaries are higher by \$765,000 as a result of discontinuing the furlough days, and the reduction of filled posts through attrition.
- Other Personnel costs are lower by \$229,000 and this is largely related to the decrease in funds budgeted for the Long Service Awards.
- Training costs are lower by \$2,284,000 against the original estimate, but only \$300,000 lower against the revised estimate due to a change in the method used to conduct professional development, and subsequently reduced allocations in money for the Professional Development of department and teaching staff across the school system. This is reflected primarily in the School Improvement and Professional Development Programme (cost centre 27031); the Office of the Commissioner (cost centre 27001); and the Gifted and Talented (cost centre 27069). A significant amount of professional development training occurred during the 2014/15 fiscal year.
- The decrease in funds for Transport by \$41,000 is due in large part to the reduction in overseas freight and associated costs.
- Travel costs are higher by \$135,000; as [it is] associated [with] costs for specific professional development training slated for the upcoming 2015/16 fiscal year.
- Communication costs decreased by \$498,000 in part due to lower projected costs for Information Technology Support as a number of

projects were completed during this budget year.

- Professional Services costs are \$45,000 higher. This increase is mainly attributed to examination fees.
- Rental costs are marginally lower at \$874,000 primarily due to lease negotiations and reduced equipment rentals.
- Repair and Maintenance costs declined by \$159,000 as a result of lower funding for security services and a one-off operating security initiative undertaken in 2014/15.
- Energy costs decreased by \$251,000 reflecting intended energy efficiency savings in keeping with the mandate of the Department of Energy.
- Materials and Supplies expenditure is \$129,000 lower as a result of increased efficiency in school supplies.
- Grants and Contributions are \$1,962,000 lower due to reductions in the allocations to all Aided Schools.

Mr. Chairman, I now refer you to pages B-112 and B-113 which provide a listing of the number of full-time equivalent employee posts (FTEs) for the 2015/16 fiscal year in the Department of Education.

Mr. Chairman, the Budget Book reflects 1,162 FTEs allocated to the department for 2015/16, with a net change of 13 FTEs. The reduced number of FTEs reflects primarily unfilled vacant posts as a result of the hiring freeze.

The department continues to review the total number and allocation of FTEs to ensure efficiency and effectiveness across the public school system.

Mr. Chairman, I now turn to pages B-113 to B-116 where the Performance Measures for the Department of Education are listed. These measures have been revamped and in most instances better reflect the programmes and initiatives currently being undertaken by the Department of Education.

Mr. Chairman, this concludes my presentation on Head 17, the Department of Education, I will now move to the final head, Head 41, Bermuda College.

HEAD 41—BERMUDA COLLEGE

Hon. R. Wayne Scott: Mr. Chairman, Bermuda College is the only tertiary level institution in Bermuda. The mission of the college is setting Bermuda's students on the path to success through the provision of comprehensive academic and technical education along with professional training, personal and academic support services, quality facilities and interactive partnerships with local and international entities. As an accredited community college, Bermuda College is particularly committed to the success of Bermuda's students offering transfer programmes leading to success at the university level. It also provides pro-

fessional, technical and training programmes leading to success in the workplace; and preparatory programmes leading to success in the classroom.

Mr. Chairman, the Bermuda College receives an annual grant from the Ministry of Education, and for the fiscal year 2015/16 has been allocated \$16,008,000.

The Bermuda College President is Dr. Duranda Greene and the college is governed by a board chaired by Mrs Jill Husbands. Other board members are:

- Mr. Dane Commissiong (Deputy Chair);
- Mrs. Karla Lacey;
- Mr. Andrew Richardson;
- Mrs. Kathleen Sharpe Keene;
- Mr. Zikomo Simmons;
- Mr. Peter Sousa;
- Mr. Bryant Trew;
- Mrs. Romelle Warner;
- Mr. Paget Wharton;
- Dr. Dawnnelle Walker (ex officio);
- Dr. Walwyn Hughes (ex officio);
- Dr. Geoffrey Rothwell (ex officio);
- Ms. Nikari Furbert (ex officio);
- Permanent Secretary for Education (ex officio)

Mr. Chairman, I will first share the 2014/15 highlights of the Bermuda College. On July 22, 2014 Bermuda College celebrated 40 years of setting Bermuda's students on their paths to success. The 40th anniversary celebrations began with a BC2BC Walk from the former Roberts Avenue campus to the Stonington Campus. Other anniversary events included: the Winter Wonderland in December—a community event which saw hundreds of individuals emerge on the campus to take in the festive celebrations; a tag day and a 40th Anniversary Golf Tournament scheduled for March 28 with proceeds going towards the 40th anniversary scholarships and awards.

During the fall of 2014, Bermuda College welcomed 42 public high school students to the college as part of the Dual Enrolment programme. Eleven of these students were full-time students at the Bermuda College taking at least 12 credits. Bermuda College also continued to provide courses for the Department of Education as part of its career pathways initiative including: City & Guilds Employability Skills Certificate and the Certificate for Nursing Assistants.

This past year the Division of Professional and Career Education (PACE) introduced a series of online courses to meet the needs of the local workforce including medical terminology, medication management and Google Analytics to name a few. PACE also introduced the Streetwise MBA programme which aims to help small business owners add resiliency to their operations. The programme is sponsored by several local organisations and has attracted interest from a wide-ranging group of small businesses includ-

ing: security, hardware and several boutique retail and service organisations. In working with the Department of Workforce Development, PACE also provided industrial training for custodial staff during 2014.

Mr. Chairman, Science Week continues to be an integral part of the Bermuda College calendar. Science Week 2015's public forum featured Dr. David Chapman. His topic entitled "Unexpected Yet Understandable: Development as a Barrier to Renewable Energy in Bermuda," was timely given the work that is being done on the Island to increase the use of alternative energy sources. The forum was sponsored by the Division of Liberal Arts and remains a popular highlight of the Corange Science activities promoting the sciences. Although the middle and senior school students events were scaled back as a result of the public schools being closed, students from home schools and private schools participated in the Science Demo Day and the Master Class. Other events held during Science Week 2015 included a live presentation of the popular "Live, Love, Eat" culinary arts show with Chef Teneika Eve; and an alternative energy expo at the Technical Education Building which showcased energy-efficient cars, energy-efficient air conditioners and solar energy products. The Nursing Department also sponsored an Information Session on the many career pathways available through the nursing profession and showcased the Nursing Simulation laboratory.

Two new Honorary Fellows were inducted into the Bermuda College Company of Honorary Fellows. Dr. Melvyn Bassett and Ms. Arlene Brock were both celebrated for the significant contributions they have made in their respective fields. Ms. Brock joined her father and brother as an Honorary Fellow.

Output Measures

Mr. Chairman, Bermuda College graduated 95 students with associate degrees, diplomas or certificates:

- Division of Applied Science & Technology—6 graduates;
- Division of Business Administration—48 graduates;
- Hospitality—9 graduates;
- Division of Liberal Arts—32 graduates.

In addition, 12 individuals received their baccalaureate degrees through the long-standing partnership that the Bermuda College has with Mount Saint Vincent University as follows:

- Business Administration—12 graduates;
- Child and Youth Studies—3 graduates;

There were also four graduates from the University of West Indies teacher certification programme offered. These were the first graduates from this UWI-Bermuda College partnership.

This past December, 104 persons earned external certificates or professional designations from external programmes and workforce development training offered through the Division of Professional and Career Education (PACE). These included:

- American Management Association (AMA) Certificate in General Management—3;
- AMA Certificate in Human Resources—6;
- Association of Chartered Certified Accountants (ACCA) Diploma in Accounting & Business—1;
- ACCA Introductory Certificate in Financial & Management Accounting—5;
- ACCA Intermediate Certificate in Financial & Management Accounting—1;
- BOMI Facilities Management—1;
- Certificate for Childcare Assistant—9;
- Certificate for Dental Assistants—4;
- Certificate in Nail Technology—9;
- Certificate for Nursing Assistant—44;
- Chartered Institute of Legal Executives (CILEX) Level 2 Certificate in Legal Studies—7;
- City & Guilds Certificate in Hairdressing—8;
- International Driving Licence (ICDL)—2;
- World Instructor Training School Personal Trainer Certification—4.

Mr. Chairman, in the fall of 2014 the college enrolled 1,108 students representing a decrease of 6 per cent or 64 students. However, it should be noted that there was a 6 per cent increase in full-time students and a 9 per cent increase in full-time equivalents over fall 2013. The number of traditional students, those under the age of 25 years, increased to 699 which was a 9 per cent increase from fall 2013. Hence, the college is realising its objective of increasing full-time enrolments and its number of traditional students.

During 2014/15 the college has been preparing its Self-Study report for reaccreditation by the New England Association of Schools and Colleges (NEASC) having received its initial accreditation in 2010. The Site Visit will take place between March 22 and 25 with a visiting team of six individuals who will review all aspects of the college.

Expenditures

Mr. Chairman, in 2014, Bermuda College received \$16,851,000, or 80 per cent of its operating budget from its Government grant. Revenue of \$4,241,857 from other sources included:

- student tuition and fees for credit courses;
- revenue generated by PACE;
- bookstore revenue;
- rental income including Coco Reef;
- examination revenue.

This amount, together with the government grant, made up a total revenue figure for the 2014/15 budget year of \$21,092,000. During the fiscal year 2014/15, approval was granted to eliminate the discounted tuition at the college over a two-year period. As a result the discount on tuition decreased from 50 per cent to 25 per cent. This translates to approximately \$200,000 additional revenue during the 2014/15 fiscal year for the Bermuda College. To ensure students were not hindered from attending Bermuda College as a result of the increase in tuition, Bermuda College provided \$72,000 in financial aid to qualified students.

Mr. Chairman, during this period, salaries accounted for \$11,753,880, or 56 per cent of the budget; and this represented a 3 per cent decrease in salaries when compared to 2013/14. The decrease in salaries was a result of a 5.5- and 4-day furlough taken by staff and faculty, respectively. As part of the college's continued commitment to reducing its operating costs, it had a comprehensive energy audit conducted on its facilities by an external agency at a cost of \$20,000 during this past year.

In December, the board granted approval for Bermuda College to replace its current student information and financial systems with new systems to increase efficiency and decrease costs. To this end, the college has commenced the implementation of Campus View Student Information System and Great Plains Microsoft Dynamics financial reporting package. The initial costs incurred during 2014/15 were \$140,500 out of the total cost of \$553,231. The end result of the implementation of the new system will be the efficient and timely production of accurate and useful information for analysis and decision-making purposes.

Maintenance and improvement of the physical plant of Bermuda College continued as part of the college's commitment to providing a safe and healthy environment for students and employees. During the past year additional CCTV cameras were installed (\$18,000); the library building was fumigated (\$39,605); additional smart boards were installed in classrooms and new furniture purchased for the art room (\$34,000); and major upgrades were initiated on its air conditioning system (\$121,750).

In addition to planned expenditure, the college incurred substantial storm related damages attributable to hurricanes Fay and Gonzalo amounting to \$213,575. The college is still waiting settlement of its insurance claim.

Mr. Chairman, Bermuda College continues to utilise internal stakeholders as part of its annual budget process. The Budget Committee includes representatives from the Student Government Council, faculty, support staff, members from the Executive and a selection of budget managers. The goal of the Budget Committee is to prepare a balanced budget to

present to the Board Finance Committee and then to the board for final approval.

Salaries continue to form the majority of the college's budgeted expenses and the college continues to review its operations seeking ways to decrease its payroll costs. To this end, the college will decrease the number of days that it operates when classes are not in session. Bermuda College will also continue to decrease its payroll costs through attrition and the freezing of non-essential positions. An early retirement option for persons over the age of 60 is also being considered as well as conducting a review non-teaching services to determine if they should be outsourced.

During the 2015/16 fiscal year, Bermuda College will implement the recommendations resulting from the recently completed energy audit to decrease its energy costs and continue its process of reviewing its operations and procedures in order to increase efficiencies while lowering costs.

Mr. Chairman, expenditure in the amount of \$412,731 will be made to complete the implementation of the new computer information systems during the 2015/16 year. Classroom upgrades will continue along with other maintenance and improvement projects.

As a result of the decrease in the grant of 5 per cent, other major capital expenditures will once again be deferred including fumigation of buildings, the installation of a lift and automatic doors, and renovations to the Prospect Training Room.

It is anticipated that the termination of the discounted fee structure will result in increased student revenues for fiscal 2015/16 in the amount of \$200,000. Bermuda College will seek to increase its revenue generated from the Bookstore and the rental of its facilities. It is also expected that additional revenue will be generated from workforce development contracts. The college will also be exploring other areas of revenue generation during 2015/16.

Mr. Chairman, during the next fiscal year, Bermuda College will continue to implement the action items included in its Strategic Plan with continued emphasis on its mid-term goals.

The college will establish partnerships with overseas institutions for student exchanges which would not only benefit Bermuda College students but will also internationalise the campus by introducing academic and cultural exchange experiences for overseas students.

Bermuda College will continue to work with the public high schools to increase the number of students in the Dual Enrolment programme while expanding the programme to private and home school students.

Bermuda College will continue to forge alliances with professional credentialing and accrediting agencies for workforce development and professional certification, such as: Association of Chartered Certi-

fied Accountants (ACCA); Certified Management Accountants (CMA); Certified Public Accountants (CPA) for accountants; Chartered Institute of Legal Executives (CILEX) for legal executives; Building Owners and Managers Institute (BOMI) for building owners and managers; and City & Guilds for the applied sciences.

Working in collaboration with the Ministry of Economic Development, the Bermuda College will establish and introduce the Bermuda College/Regulatory Compliance Association (RCA) programme to increase the number of qualified Bermudians in the asset management field. The courses will be delivered by the RCA and will include fund accounting, operational processes, compliance and regulation.

During the 2015/16 fiscal year, Bermuda College will go through reaccreditation with the American Culinary Federation for its culinary arts programme.

Mr. Chairman, as I close I wish to thank the board, the executive, administration, faculty and staff of Bermuda College for their work throughout this year and I look forward to working with them in the coming year.

Thank you Mr. Chairman, this concludes my remarks on the Bermuda College and thus my overall presentation of the 2015/16 Budget for the Ministry of Education.

The Chairman: Thank you, Minister.

Does any other Member wish to speak?

I recognise the Shadow Minister Ms. Foggo. Ms. Foggo there is an hour and 22 minutes left for this debate.

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

Firstly, let me say hello to the listening public and I would like to acknowledge Dr. Greene; the PS for Education, Mrs. Valerie James; the Acting Commissioner, Dr. Lew Simmons; and Directors, Mr. Lou Matthews and Mr. Freddie Evans. And I would like to thank you for coming—

[Inaudible interjection]

Ms. Lovitta F. Foggo: I am sorry—Dr. Matthews and Dr. Evans. I do know they are doctors, yes. I do apologise.

I am happy to be able to contribute in this debate because, as I think most people know, Education is my passion.

First off, I would like to basically speak to the Ministry, which is Head 16. Looking at previous mission statements and this mission statement, which basically all highlight the need for quality teaching . . . I will read the 2013/14 Mission Statement with your allowance, Mr. Chairman, and 2015/16.

The 2013/14 Mission Statement was, "To raise the quality of teaching and learning so that pub-

lic schools become the number one choice for parents.” The 2014/15 [Mission Statement] was “To foster an inclusive and progressive learning environment that promotes excellence, improvement, constant development and success.”

And this year’s Mission Statement, which I would dare say builds on those last two, is “To provide strategic leadership, supervision and policy direction that supports quality delivery in teaching; and an inclusive and progressive learning environment to improve student learning and achievement for every child.”

The reason why I wanted to mention the mission statements, Mr. Chairman, is because the Ministry under the OBA Government has highlighted the fact that leadership is crucial. And indeed we have heard in recent months the Ministry push their objective for transformational education both when it comes to inclusion and when it comes to middle school development.

As has been highlighted in former reports, such as the Hopkins Report, leadership is vital to ensure success throughout the educational community. So under this head, basically I have to ask the question, if leadership is strategic for success, one would think that by now a commissioner would have been put in place.

Now, I definitely am in support of the directors who have served in that position because it has provided them with crucial experience, and as they continue to rotate in and out of that position and any others who will serve in that position, hopefully, will gain likewise experience. But it still speaks to the fact that there is no permanent head. I do applaud the fact that there has been a permanent, Permanent Secretary—pardon the play on words—with Mrs. Valerie [Robinson]-James.

I also want to applaud the fact that the OBA has gotten it right. Education deserves to be a Ministry in and of itself. It should never have been linked with a different division because education is crucial. I dare say, education is the cornerstone of any society because the role of any educational institution is to ensure that its children and citizens are equipped with the various skills in order to assume productive lives within that society, or even elsewhere. And so having a Ministry that can focus its attention on the educational needs within a society is the right thing to do.

However, let me just point out that—and I hope it is not true, I understand and I heard the Minister allude to this that a commissioner will be installed in very short order. And I would hope that that commissioner is indeed coming from the workforce that is already in play and not coming out of the private sector as I hear—and I could be incorrect—coming from the private sector to be installed at the Ministry of Education. And I think that having directors serve in that capacity has, at the very least, provided them with

the requisite skill set to assume the position of commissioner.

I would also like to say that in previous years, where we had other commissioners, at least one of them . . . had they been subjected to the same guidelines that have been put in place to qualify as a commissioner, would not have qualified. And if it was deemed that that particular commissioner served well in that capacity, I would dare say that those who have like experience but may not meet up to the criteria which has been put in place, should likewise be able to qualify [for] that position. And I felt duty-bound to point that out because I do believe that we have the expertise within our shores, and I have to emphasise that.

Going back to the mission—not the mission statement, but one of the points that has been highlighted in your statement, Mr. Minister, is the fact that the OBA Government plans to put in place plans that they say will “radically transform education.” And as I quickly pointed out earlier, just a few minutes ago indeed, those two main areas that you said are crucial to ensure quality education is inclusion, and indeed it is crucial to reform the middle school.

I would just like to point out that under the theme of inclusion the OBA stated in their policy that all children have the right to a quality education, which means the right to enrol, access, and participate in a quality education that meets their needs. Having said that, I am in a quandary because . . . for two reasons in particular. Even though the Minister has, as he went through the line by line items, pointed out where monies have been reduced or increased, the overall effect of those actions have left the Ministry of Education with a reduced budget to the tune of \$127,130,000.

If all the necessary changes are crucial for our students, I guess, to enjoy the sort of outcomes that you are looking for with the transformation reform that you are [talking] about implementing, one would (at least I do anyway), I would question whether the budget that I see before me is sufficient.

One of the reasons why I question that, Minister, is because the very key person who has overall responsibility for budgets, which is our Minister of Finance, uttered in the public domain that the educational system (and I am going to paraphrase some of his words because I did not write down exactly word-for-word what he said, so I do not want to assign any sentiment inappropriately) but he did say that it was basically in need of dire fixing. He said it is a “systemic” issue—that is one word that he used—and having said that, if that is indeed the case, then one would think that appropriate budget allocations would be put in place to ensure that the required expertise, the required numbers of staffing, and the like would likewise be put in place to . . . so that we can say to the best of our ability that we have done what is needed to be done to sort of ensure the outcomes that we are looking for.

I do not think we can say that, especially when I (having been a practitioner working within the school system and within schools that saw budget allocations reduced) know from a practical point of view how it makes it extremely difficult, Minister, to try and . . . when you are teaching, with the teaching and learning instruments that one needs to try and ensure the outcomes that we are looking for. Everybody wants students to have success. Everybody wants to ensure that we have quality, first class teachers who are there providing tuition to our students.

The other reason why I said that is because—and for me this stands out—there was mention of consolidation. And in fact there is a line item 26100 that sort of speaks to that that did confuse me, and you may have spoken to that, Minister, but I may not have caught it at the time because it has zero allocations from 2013/14, 2014/15 and the revised 2014/15, but then it shows a deduction of \$1 million. I remember hearing you say something about that, and so when you get up to answer questions you can clarify that.

But because school consolidation was highlighted here, I have to ask when we had registration for pre-schools in January, the end of January, I have to ask how that will impact what has been highlighted throughout some of your documents when you talked about inclusion and you talked about reform and you spoke about other areas and not just Special Education, but it highlighted the fact that measures needed to be put in place even at the pre-school level.

And for me this strikes me as odd because, Minister, if we do not have sufficient funding in place, if we do not have the sufficient staffing numbers, especially at the fundamental levels where as you have mentioned earlier you need a teach to student ratio of 1:10, if you are consolidating at that level and those numbers are indeed compromised, what other measures are being implemented so that you can very accurately measure that these actions have either (with whatever other programmes you plan to put in place) have encouraged, improved statistics or have had the other effect, which is to have a detrimental impact.

Whenever we are talking about changing systems and the like, those are the types of things that should be first and foremost because whatever changes are implemented have to ultimately directly impact student learning. And we want to make sure that if there is an impact that it is a positive impact.

So the question begs with consolidation, how will transforming . . . how will . . . sorry, I am getting ahead. My thoughts are getting ahead of myself.

[Inaudible interjections]

Ms. Lovitta F. Foggo: Yes, in particular.

How will this transformation impact pre-school? I am going to change what I have here. And I dare say having read through that document what

really bothered me is the fact that two points were highlighted. And it pointed out that the decision was based purely on the declining numbers and on decreased budget allotments. And to me those are . . . I just, I lifted that right out of the document. Right. And those should never be criteria for implementing change. It should never be the impetus for it. The change should be based on wanting the desired outcomes, and if that means increasing the budget, increasing the staff numbers, then that is the way to go.

Education is one of those Ministries, in my opinion, that any country should be loath to . . . I guess, reduce the budget. And when I look through history, when you look at countries which have become world leaders and the like, at the foundation of that—whether we are talking about the industrial revolution, whether we are talking about the introduction of computers, whether we are talking about the introduction of other technological tools—there seemed to be a direct correlation between how the country fared and the advances that countries enjoyed. So, for instance, if you had the technology, that technology was such that it gave that particular country an advantage. And we have seen some of that in some dire circumstances, like world wars and what have you, and how that impacted results. But I just wanted to point that out.

So it is important—Education is important—and we should be doing everything to ensure that the required tools which are needed are, indeed, in place. And we should never be willing as a society to operate in a manner which, from my experience, has always had a detrimental impact, because it made it very difficult in the working environment of education to try and bring about the results that one wanted to bring about without the proper resources and tools and money allocations in place. So I needed to point that out.

I have to ask, why are we racing to perhaps do things like that? It requires further investigation, Minister.

I think at that point, what compelled me to ask that question is because, again, and it could be hearsay, but I will just briefly mention it to you because I think you should know, Minister, you know I was told that there was a meeting with principals, where principals were asked to identify staff that they may know . . . that they believe they no longer require to get the job done. And to me, that does not, to me, reflect the proper way of going about trying to ensure that whatever changes are being put in place will have the desired outcomes.

Further on that note, I just want to point out and I guess I am looking at basically the overall budget allocations under Head 16 and the move for your transformational reform. Your former recent Premier said that we—meaning the “we” as the Government—have the responsibility to ensure that (and he was quoting because I do not want anybody to accuse

him or even me of plagiarism)—he was quoting the US Senator Jeffords who said, “We have a responsibility to ensure that every individual has the opportunity to receive a high quality education from prekindergarten to elementary and secondary, to special education, to technical and higher education and beyond.” And he highlighted the fact that the OBA Government indeed echoes those sentiments wholeheartedly.

But we also note, Minister, that to try to bring about those outcomes we need an adequate infrastructure. Minister, let me just say this, to ensure that Education is the one area, in my opinion, that we should be loath to cut. As I said before, we have many instances in history that point to that.

So with respect to consolidation I ask you Minister to have a rethink on that, and if you are going to consolidate, definitely do your homework and definitely make certain that whatever is put in place is going to lead to the outcomes that you are looking for. And if the two do not correlate it should not be done.

When I look at scholarships and awards and grants to external bodies there was an overall deduction. I want to thank you for the increase in allocations to the scholarships and awards. Previously, some of those awards were further . . . yes. We saw the Further Education Awards, which was reduced to \$40,000 has now been returned to a figure of \$270,000. By ensuring that such monies are in place many people, especially those (and I heard you talk about some of the initiatives at Bermuda College and the like) many young professionals in the workforce who find themselves in a position where they must re-professionalise, at least have a hope of relying on—and I should not say rely like that—but being able to turn to the Government for monies to make certain that they can do the necessary things so they are still marketable in the work place, or so that they can retain whatever positions they have in the work place.

The Government Scholarship Awards has dropped slightly and I wonder, Minister, if that means in general that you are going to have fewer scholarship recipients this year. You do not have to answer now, you can—

[Inaudible interjection]

Ms. Lovitta F. Foggo: Government Scholarships under Grants and Contributions, page C-16, from the estimate in 2014/15 it was \$825,000. What you put in place this year is \$780,000. I am looking at them line by line.

[Inaudible interjection]

Ms. Lovitta F. Foggo: [Page] C-16, it is a reduction. And I wonder if that means that that will translate into fewer young Bermudians being able to secure scholarships and grants to go overseas.

Anyone who is in Education will be thankful that there is more money put in place, but I heard you say, Minister, that \$45,000 was spent last year on Teacher Training Awards, but the budget allocation was only \$30,000 and that has been doubled, so hopefully a good portion of teachers will be able to take professional courses and the like that they feel will make them better equipped in the classroom . . . or in whatever positions they have within education.

Minister, as you know there are tons of pages to go through to get to my point . . . yes, I asked that question. When I look at Head 17 (and I may go back and forth between the heads) which speaks directly to the Department of Education and the mission statement is: “The Bermuda Public School System will deliver a rigorous curriculum customised to meet the needs of individual students, using challenging learning experiences, appropriate assessments, and efficient support that holds all accountable for a quality education in the 21st Century.”

Then I look down at the Department Objectives, which basically are to provide comprehensive student services, to support schools in improving the quality of teaching and learning, and to provide leadership expertise, again, Minister I find myself ultimately asking the same question, How are you going to realise those outcomes when there is almost a million fewer dollars to work with? It just, for me, again having worked within the institution, reality has taught me that that . . . I will not say it is impossible, but it is difficult.

Given the Ministry’s initiative for reform, which will include structural changes, which will, as you pointed out, require further training, will basically have to take into account the type of students that we have. And we find that we have many students in our society now who have various challenges. They come from home environments where the result is that they are confronted with all sorts of psychological issues and behavioural issues, and the teacher is tasked with having to address that while, indeed, being responsible for ensuring that instruction is delivered in a way where it meets the needs of the students. So I wonder, again, how do you marry that together in a manner that the OBA Government, at the end of the day, will be able to pat themselves on the back?

What stood out for me . . . well, let me just ask this question. With the reduced budget, Minister, when you are talking about [cost centre] 27090, which is Educational Standards, with the reduced budget [it] suggests that perhaps the current standards read and operate that sufficient has already been done, but when you talk about continued changes to bring about the transformational reform, I have to ask, how do you think that will fare? When I measure it up, I am not satisfied that the outcomes that you are looking for will be realised.

Regarding substitutes, which anyone who has taught knows—and there are quite a few people in

this Chamber who have been teachers, who have worked in the education arena—substitutes are crucial because the last thing any teacher wants or any school wants is for the environment to be upset to the point where instruction cannot be delivered. And substitutes are crucial. Even though I notice that the numbers are the same pretty much, I wonder how you are able to manage that with such a big reduction in the budget. So I find that very curious. And for me I foresee where you are going to come back to these Honourable Chambers to have to do supplementaries for Education because I cannot see with what is put in place that people will be able to operate sufficiently well under such tight budget restrictions.

Looking at [cost centres] 27061, 27064, 27065, 27066, which have to do with young ones who have physical issues, whether it be hearing, seeing, or they have behavioural issues . . . given the budget allocations and what I heard you highlight in your Budget Statement, I have to ask, with your plans for inclusion, how will you ensure that such changes indeed, again, are going to be beneficial?

UNESCO says that inclusion, which served as part of the framework against which you have drafted your policies . . . Hold on, let me just read it. It says, “. . . a process of addressing and responding to the diversity of needs of all learners through increasing participation in learning, cultures, and communities, and reducing exclusion within and from education.”

It speaks to what inclusion is. “It involves changes and modifications in content, approaches, structures and strategies, with a common vision which covers all children of the appropriate age range, and a conviction that it is the responsibility of the regular system to educate all children.”

It goes on to say that “inclusion is concerned with providing appropriate responses to the broad spectrum of learning needs in formal and non-formal educational settings. Rather than being a marginal issue on how some learners can be integrated in mainstream education, inclusive education is an approach that looks into how to transform education systems and other learning environments in order to respond to the diversity of learners. It aims towards enabling teachers and learners both to feel comfortable with diversity and to see it as a challenge and enrichment of the learning environment, rather than a problem. Inclusion emphasises providing opportunities for equal participation of persons with disabilities . . .” (And I pointed out some of them already.) “whenever possible into general education, but leaves open the possibility of personal choice and options for special assistance and facilities for those who need it.”

Based on that definition of what inclusion is and the policy statement that your transformational reform document will be based on, again, I wonder, Minister, how we are going to be able to ensure that such an environment is provided to the benefit and the advancement of our students.

I have to point out that given that particular definition of inclusion and the fact that we on the other side, like you, understand that there is need for change, we indeed have gone out to the people and articulated some of the ways in which we hope that a change is implemented and what we believe will bring the necessary . . . or the desired outcome.

So I do understand that this is a work in progress and some of the objectives that have been highlighted in your document have already been implemented and will continue to be, I hope, modified when necessary to bring about the outcomes that you are looking for.

But when looking overall, at what you are aiming to bring about and the budget here that I am looking at, I have to wonder—again, if the programme is already sufficiently addressed, the changes that have been implemented to bring about the outcomes that you are looking for and I have to say that from where I sit it looks like the Ministry is moving away from the very direction and policy changes that it is hoping to implement because I just do not see how the two will pan out.

So I have to ask where, in areas like . . . that you have highlighted, just how this funding that has been put in place can ensure that it is going to bring about the changes that you are looking for.

Just looking at Learning Support—

[Inaudible interjection]

Ms. Lovitta F. Foggo: Okay. What time did you say that we are finishing, Mr. Chairman? Because I do not want to . . . if I have to—

The Chairman: Forty-one minutes.

Ms. Lovitta F. Foggo: I do want to give my colleague (as long as he can stand up next) some time to speak.

The Chairman: Okay.

Ms. Lovitta F. Foggo: Okay. Even looking at the areas of Learning Support and Early Childhood Education and looking at the [cost centre] for Paraprofessionals, with less funding in place, with inclusion of special needs students which necessitates that a [paraprofessional] be available, I just have to say, Minister—in the normal classroom setting with your vision of inclusion—we have students who rely heavily on [paraprofessionals], in the classroom without the necessary help, which in my opinion is going to translate into a paraprofessional being there to ensure that the student is not impeded in any way in the classroom. The funding, again, does not, to me, speak to that.

I am just going to jump to the Summer Programme which is [cost centre] 27073. I am actually skipping some stuff because I do want my colleagues

to be able to speak. When I look at some of this—27073—the funding for the Summer Programme, there has been an allocation of \$299,000 with no staffing numbers in place.

Now that caused me to reflect on how the Summer Programme operated when I actually taught the Summer Programme for biology, and other science subjects. And again, normally that programme runs for about three weeks, sometimes three and a half weeks, and the student has to digest and master quite a bit of work in order to be able to successfully perform on whatever testing materials they will . . . which will measure mastering.

In the past, there have been modified programmes put in place but many have argued that such programmes do not really cover the material that should be covered, and therefore, when a student receives a passing grade many feel that that grade does not reflect the same level of work or even mastery that . . . when a student actually does the subject during a normal school term.

Now, when I say that, I am not ignoring the fact that usually students who are in summer school did not pass a particular subject during the term and have indeed had some exposure to that subject, but what I am saying is that strict guidelines should be implemented and courses should be pre-established so that one can . . . so that it allows for a much smoother running of the Summer Programme. And indeed from beginning to end the objectives are very clear, very orderly, laid out to ensure that the student gets more of an in-depth exposure to the subject and in a way that where he or she did not pass during the regular school year, will indeed pass, but where one can feel assured that learning has taken place to the level of mastery. And so I felt duty-bound to point that out.

I am going to skip to some of the Performance Measures. Looking on page B-115 where you had the percentage of classroom lessons demonstrating proficiency in areas such as planning, instruction and environment. What are you measuring this against? Because this becomes very subjective.

I recently was able to provide, I guess you can say, instruction in terms of drafting summary exams in biology, and my concern was that some of the objectives which may not have been explicitly written out for a professional, should indeed have been understood because there are certain materials you cannot teach without teaching certain content. And so looking at this and knowing that what one person feels is sufficient may be totally lacking to another teacher, for instance, I have to ask what guidelines are you putting in place to be able to evaluate that?

The objective to ensure that those who sit the IGSCCE will . . . you would like to increase it 10 per cent each year, and of course, anybody who is in education wants to see that. But I have to ask what programmes, support systems, training and the like,

again, will be implemented so that those become deliverables?

When looking at the pass rates and the most recent that I had, and I heard you call out some statistics, Minister, but I . . . not having the benefit of a brief in front of me I was not sure for which year level and, indeed, for which year. But the last printed outcomes for 2013/14 we saw an 89 per cent rate whereas in the previous year there was a 96 per cent pass rate. For Primary 6 we saw for English—56, math—41, science—64 and that is the Cambridge exams. And measuring that against the previous year, in math we saw a reduction in performance and in English we saw a reduction.

When looking at the middle school there are some increases, from 23 per cent to 27 per cent, for math a 43 per cent pass rate when compared with 27 per cent in the previous year, and science 51 per cent. So, yes, there are areas that we definitely need to improve and I would hope that with your transformational reform, particularly in the middle school, that something will be in place to ensure a better performance.

For the Early Childhood Education you write “Improvement in the standards of services as evidenced through the international accreditation of the Child Development Programme.” The budget allocation was \$109,000. You only had one employee, Minister, and I just wondered with given how ambitious your transformational reform is how, indeed, one person is going to be able to ensure that this programme will realise improved results.

Minister, I do not want to repeat some of the comments that I made last year, but overall, again, I have to say when we are looking at the Department of Education and the respective schools, I see that there is a reduction of 13 staff members—some from the preschool, some from the elementary—and some schools have more numbers, but overall I hope that we have the requisite staffing in place to ensure that our students get the best instruction, best tuition, and are able to perform proficiently in all areas with all of the tools and programmes that you are suggesting will be implemented for those who are highlighted as having special needs and even for the so-called (I hate to use this word, but just for want of a better word) “normal”—the so-called normal student—the child who operates.

So quickly moving on to Bermuda College, looking at the aims and the mission statement of Bermuda College and much of what they have been able to accomplish up there, I say congratulations to Dr. Greene and her team.

However, where I see programmes such as the programme that has high school students and they are able to take college courses, and we have a situation where you have reduced funding, I am hoping that in no way this negatively somehow becomes reflected throughout the institution. Again, I say all of this because education in my opinion is paramount in

any country and it should never be an area where we, in my opinion, short-change our people. And so I see a reduction of a million dollars, other areas where the college is able to through various revenue streams increase that particular budget, I am hoping that the college will be able to continue with their mission statement and their aims and provide the quality education that they, indeed, provide.

I have one suggestion and I am not going to say that this is a novel idea, but I am hoping that the college with their sister institutions will be able to realise a situation where (and it may already happen) professors from the University of the West Indies and the like will be able to come over and guest lecture, and our students will have the benefit of their instruction. And I am hoping . . . because the more exposure, I feel, that our students get, the better off they are.

The other idea that I came up with and I am not going to say it is not done, but when it comes to particularly your trade programmes at Bermuda College and your technical programmes and the college . . . I see a reduction in funding for certain areas that are related to that. In terms of apprenticeship or hands-on work, to me, such areas as your trades courses lend themselves to being able to enrol the student body that is there to help carry out some of the works, some of the aims of the college, in meeting its mandate to ensure that the institution has the requisite structure, is . . . whatever repairs and stuff can be done, and perhaps that can, by having students working at that, they get their apprenticeship within that institution and it goes towards their grade.

I do still envision the Bermuda College becoming a four-year college. It does have programmes where students get their four-year degrees, which is excellent. And I am hoping that that can be grown a little further. I was elated when the Nursing Programme came on board and I would like to see other like programmes implemented because when you look overseas at other jurisdictions that are not as sophisticated as ours (and I am not saying ours is that sophisticated) but [they do] not have the capital that we have, I believe that we are able to with ingenuity, putting the right programmes in place, using the right resources and expertise that we have at our fingertips, we can grow our Bermuda College into a four-year college, bachelor institution in a few areas. And we can grow its ability to provide research for those students who go beyond the bachelor level into the masters and doctoral areas.

I believe in our education system at every level. I believe we can have a first-class education system, which is second to none. And I believe if we devise the right budgets and provide the right programmes and have the requisite staffing in place that that will be realised. Bermuda deserves nothing less than that.

Thank you.

The Chairman: Shadow Minister, thank you for your contribution.

Does any other Minister or Member wish to speak?

We recognise Mr. Walton Brown.

Mr. Brown you have the floor. Mr. Brown there are 23 minutes left to this debate.

Mr. Walton Brown: Thank you, Mr. Chairman.

We may need to really work on the format of this so-called debate, Mr. Chairman. If you can let me know when 10 minutes are left, I would appreciate it.

First of all, Mr. Chairman, let me commend the Government for bringing back a level of civility to the granting of scholarships. The money was put back in. There was a dark period where you lost your moral compass; it is nice to see that you have it back.

[Inaudible interjection]

Mr. Walton Brown: Well, it is good because we recognise the importance of scholarships and what it means for young people and opportunities. When the money was taken away it represented a loss of opportunity for a number of young people. So I congratulate the Government—

[Inaudible interjections]

Mr. Walton Brown: I understand all that. Like I say, the money you allocate indicates the sentiment that you attach to certain things. The money is back in. Take the congratulations and let us move on.

Now, Mr. Chairman, we have a number of challenges in our public education system and how we allocate our funding is going to reflect how we intend to address those challenges. My colleague has addressed a number of issues and I will speak only for a short period of time, really with a view toward presenting some questions for the Minister to answer.

I was one of the small minority of people who supported the appointment in early 2013 of Dr. Heatley. He left under a cloud. It has been two years since that time, Mr. Chairman, and we do not have a full-time Commissioner of Education. The idea was to assure a Bermudian was going to be trained up and qualified, identified and selected. Two years later, Minister, why are we not in a position where you can say you are going to appoint someone now as the Commissioner of Education?

[Inaudible interjection]

Mr. Walton Brown: Sorry. He came into 2013 with a view toward identifying and training a Bermudian. So it has been a two-year period.

[Inaudible interjections]

Mr. Walton Brown: So the question is, Why not appoint someone? We have eminently, well-educated individuals who have now had a two-year period to learn more of the ropes, and I would like to see someone appointed.

Time does not permit me to be all that precise about heads, Mr. Chairman, but the Head that refers to the Commissioner's Office and Curriculum, in particular. I wrote it down but my eyesight is not that good. We had a very well-developed curriculum that looked at Bermuda. It was meant to be applied for all the schools, it was meant to be the foundation on which young people would gain an understanding about their country. I know Ms. Leona Scott left Education a year or so ago, maybe two years ago now, she developed that programme—an excellent programme—I spent a lot of time with her, but I know that teachers are not teaching it.

I know that a lot of principals do not require that it be taught. So I want to know whether or not the Minister will give an undertaking that with the money spent on the development of this curriculum that there will be a firm commitment to ensuring that our young people can get exposure to a Bermuda-based curriculum in tandem with the Cambridge requirements and other such things.

But how can you have people going through an educational system and not learning about the country? I spoke to two teenagers recently, one in private school, one in public school, I said, *Who runs the country?* They said, *The Governor*. Well, maybe they are right, actually, based on recent decisions. I said, *Who is the Premier?* [They said,] *Premier?* They did not know who the Premier is. How do you have a 13-year-old doing research and history on the Civil Rights Movement in the United States that does not even know who runs the country—private schools and public schools?

So that needs to be addressed, and it is unacceptable that in 2015 we are not looking at the kinds of resources that our young people need in order to be truly effective.

Mr. Chairman, we know that one of the keys to great improvement in education is to have an increased level of principal autonomy. When principals have the authority and the resources to manage and run their schools, there tends to be an improvement. When you have an over-bureaucratized system with a whole series of things laid out that everyone must need to do [with] no accounting for variation in leadership style and individual issues within particular schools, principals get hamstrung.

I know the previous Minister and Ministers before recognise the importance of principal autonomy. What steps is the Government taking or prepared to take to ensure that there is a great degree of principal autonomy? Because that is one of the key factors involved in helping to bring about student . . . increased performance.

Just as a side note before I get to my final point, Mr. Chairman, I guess last week (maybe last week or this week) I posed a question to the Minister to tell us based on the objectives in this book on the Ministry of Education, is there also an objective to increase the percentage of students who enrol into public education? What is the measure of success of public education? We know we have a challenge because we have an abnormally high percentage of students enrolled in private schools in Bermuda. Well-developed countries, rich countries, have a very small percentage, on average between maybe 10 [per cent] and 15 per cent. We have closer to 50 per cent. That is an indictment of public education.

One of the measures of improved confidence in public education will be increased enrolment as a percentage of public education. Can the Minister say whether or not increasing the percentage of students in public education *vis-à-vis* private education is one of the objectives of the Ministry?

And then, Mr. Chairman, getting to Bermuda College. Bermuda College is very well run. Yes, I am a champion, as the Minister knows, of Bermuda College, and I do it every year.

[Inaudible interjection]

Mr. Walton Brown: Yes. And you know it is amazing, it is very well run under the leadership of Dr. Greene who was once a Burgess, but I think her skills improved dramatically when she became a “Greene” as opposed to “Burgess.”

[Laughter]

Mr. Walton Brown: Perhaps, I do not know. We will leave that one alone.

The college remains one of Bermuda's best kept secrets. During this time of great hardship and economic hardship it is much more cost-effective for our young people—and not so young people—to go to Bermuda College to get a quality education. It has the New England Association of Schools and Colleges accreditation. I understand the re-accreditation is taking place now. And we do not have enough confidence in it, it seems, because if you could save \$30,000 a year and go to a school where you are going to get credit—full credit—for your courses and your programme throughout North America and other parts of the world, why would you not do it? So that needs to be put in place. I am hoping the Minister can speak to that and say what steps he is prepared to take to try to encourage greater awareness and understanding of that.

Then also, a question for the Minister through the president of the college. One of the impediments to getting foreign students to come to Bermuda has always been—and of course there are other Ministers who want to bring more people to Bermuda so here is

an idea—one of the impediments to Bermuda College getting more foreign students was the cost of living in Bermuda and the cost of accommodation. And there was a time during a previous chair of the college where there was an interest in having a student dorm built, because if you do it right you can get very good prices for students—local as well as overseas students. And that would potentially be an attraction to Bermuda.

I understand that in previous years there were queries from overseas about Bermuda College. Once they found out what it cost to live here, they backed away. So is anything taking place at the college now at the board level to look at the issue of student dorms?

Then finally, about the research centre; this is a long-standing issue for me. I taught at Bermuda College for 12 years, all I ever wanted to do was see a research centre. A research centre can do a lot for the country. It can be a revenue earner for the Bermuda College. It can give the faculty a wider range of skill set and opportunities. Is there any appetite for examining the viability of a . . . at a minimum, social science/policy research centre, which could save the Government a lot of money, generate revenue, and put the College in a much stronger position?

Mr. Chairman, as a prior agreement with one of my colleagues on the other side, the Honourable Grant Gibbons, I am going to have a seat in the hope that the Minister can address some of those questions.

The Chairman: Well, he has to catch my eye, but thank you, Mr. Brown for your contribution.

I noticed that Mr. Burgess is up.

Mr. Burgess, you have the floor.

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

Mr. Chairman, very quickly, a few questions. Is the Minister in a position to let us know at this point what schools will consolidate and what schools will close?

Also on [pages] B-108 and B-109 there is an increase of just over a million dollars for the pre-schools, primary schools, and middle schools, and yet we are going to have this closure.

[Inaudible interjection]

Hon. Derrick V. Burgess, Sr.: Oh, the furlough day. Okay, that is wonderful.

And also with the senior schools, you have got a 7 per cent decrease of \$1.8 million, can you explain that?

Now, Mr. Chairman, just taking over where my colleague left off regarding the commissioner. That nonsense started under us [of] putting in a requirement that no one here can achieve. And I am hoping

that this present Government will do the right thing and hire one of our Bermudians because I am tired of getting on this floor and telling you, reminding people that we spent a lot of money to send our children to school to come back with all sorts of degrees and they still cannot achieve the job that they are well trained to do. Now, we need to make sure that that job goes to a Bermudian. And do not be like Government House that disregards the qualifications of the people of this country.

One other thing, we know that Cup Match is dear to our heart—it is the national sport—and if you look in the senior schools, Mr. Chairman, the senior schools—cricket is nonexistent. We have some good senior people around here that can spearhead that programme in the schools. When we were going to school you had a lot of competition in soccer and cricket. Again, and even in some of the elementary schools you have got people in charge of the programme that do not even know cricket. Right? And so I know you are an athlete. You are a former champion in cycling (but you cannot beat me), but we need to look at that cricketing because it is a national sport. If you do not do something about it, the sport will gradually die.

Thank you, Mr. Chairman.

The Chairman: Thank you, Mr. Burgess.

Minister, would you like to use the last 11 minutes we have left?

Hon. R. Wayne Scott: Yes.

The Chairman: Go ahead.

Hon. R. Wayne Scott: Please.

I will do my best, Mr. Chairman, to answer the questions that were asked. If I cannot get to everything, I would ask that if the Members would like to come to me afterwards I would gladly answer because I think this is very important.

The first thing that the Shadow Minister talked about was a rumour [heard] that there was a commissioner lined up to come from the private sector. I do not know where that came from, but that is false. There has been—

[Inaudible interjection]

Hon. R. Wayne Scott: I am just confirming that. But I think, importantly, and I think a lot of the questions that were asked were framed based on the \$127 million budgeted to Education, and is that sufficient funding to achieve our desired outcomes. And I actually believe it is.

When you look at the thought that spending more money equates to better education, the facts just do not support that assumption. The facts just do not support that assumption that spending more

money will give you better outcomes. As a matter of fact, back, I believe, in 2006 Bermuda spent \$150 million on Education and—

[Inaudible interjections]

Hon. R. Wayne Scott: Back in 2006.

Under the former Government we spent \$150 million, and if there was a direct correlation between money spent and outcomes, we would have had stellar outcomes, but that was not the case. So it is not about—

[Inaudible interjection]

Hon. R. Wayne Scott: Right. And Hopkins Report in 2007 because of the outcome.

So I think that, again, the facts just do not support the assumption that more money equates to more education.

Now I will say that the allocation of funding is what is very critical and we are working very diligently to ensure that the allocations of our funding is adequate and is spent as close to that child as possible. Because when you talk about *Children First*, Mr. Chairman, you have to ensure that you are addressing the children's needs. And if you are spending dollars that are not directly affecting the outcomes of those children, then those are dollars that we can look at reallocating. And that is something that I commit to the people of Bermuda to spend my time doing. And I know that my team certainly shares that same view.

There was a question of the \$1 million charge under [cost centre] 26100 and what I had stated [is] that even though that is allocated under Head 16 because it is an administrative function, it is ultimately something that will come out of Head 17, the Department of Education.

But to answer a question that was just asked by the Member who just sat down, the Honourable Member Burgess, with regard to which schools will consolidate and all of that, we just do not have that information yet. We are actually putting information together. We are having public consultation, as a matter of fact I have a meeting tomorrow with the PTAs and the principals, let us look at the data. And public consultation for this sort of thing need not take six months or a year or two, let us look at the data, let us make a decision.

If we are serious as a country about getting the outcomes that we want for our children and putting our children first, then we need to ensure that we are spending dollars in an effective manner so that we can achieve those. And that is looking at what is in the best interests of the child.

I would argue that when you look at class sizes, and as a matter of fact, it goes right on to the next question that was posed by the Shadow Minister with regards to preschools and there is a ratio right

now of 1:10, will that be compromised if and when we look at consolidation? And I would say absolutely not.

You know, transformation within our schools has already started. And when you look at our pre-schools with the new curriculum, et cetera, we are already doing that. But part of the effective development of a child . . . so the curriculum is critical to have a relevant, valid curriculum, the instructional expertise is critical, and if we have to provide professional development to do that then so be it, and then accountability because it is an improvement loop, not a *gotcha*. So if we are doing those things, then you also have to look at the social development of a child, and class sizes and school sizes are very important to that social development. So if you look some of our better performing primary schools, as an example, they ironically happen to be the primary schools with the largest population because the—

[Inaudible interjection]

Hon. R. Wayne Scott: Well, there is a larger student population and with . . . and if you are looking at having effective student to teacher ratios, certainly you are going to have more teachers in a school that has 250 people than in a school that has 100. But the children that are in that school with 250 have a much better opportunity for social development than students that are in a school with 100. So if we are serious about looking at effective outcomes, then this is something that we must look at.

Let us be clear (because this was a question that was asked by the Shadow Minister), yes, the budgetary constraints primarily have been the sentinel event that has started us looking at this process. However, I would actually say that that is a very good thing because we tend to just go along with doing the things that we have always done and sometimes you need that wake-up call to really look at things.

So as a country when we look at, again, if we accept that facts do not support the assumption that spending more money directly equates to better student outcomes, then we need to actually look at the opportunity that we have now. If we are looking at providing effective outcomes and developing our children and we accept that the social development is important as well, we have an opportunity as a country to . . . let us look at right-sizing this, or let us look and see whether or not it is or is not. Let us at least have the conversation, look at the data, and make some decisions based on that.

That actually is a very responsible and exciting thing to do because, you know, we actually do have a goal just to . . . because this flows into a question by the Member Walton Brown, is there a goal to increase the population in public schools? Well, no, that is not a stated goal, per se.

[Inaudible interjection]

Hon. R. Wayne Scott: But no, that is not a stated goal. The goal is to let us create an excellent public school system. I believe if we do that, by default, it will be a first choice, not the other way around. All right? And I think that that would be a great problem to have actually, if we created our public school system that was that good that people would sit there and it is like, *Wow, why would I even consider spending money to go to private school because we have excellent schools here?* And there are school districts around the world—public school districts—that do that, and they do that very well.

Scholarships, yes, we were talking about scholarships and I will point out that, and I think it was corrected by the Member Walton Brown, the Shadow Minister asked a question with regard to the scholarships because it looked like it decreased. Scholarships have actually increased, so scholarships are just under \$1.25 million. If you look in the Budget Book, however, there are items that show up in the capital expenditure that say “scholarships,” but the capital expenditure items tend to be more of . . . and I will wait to get the Member’s attention so . . .

[Inaudible interjection]

Hon. R. Wayne Scott: I understand, but I want to make sure that the Shadow Minister understands this. So you have got . . . the scholarships have actually increased to just under \$1.25 million, which is a good thing. As a Government we recognise the need to do this, and we have done it. If you look in the back of the [Budget] Book under the Capital pages, on page C-16, it also has an item that says “Government Scholarships.” So it could be a bit misleading. But those items are geared more towards kind of fee for service or part of external grants and such. So that is why that looks different.

[Inaudible interjection]

Hon. R. Wayne Scott: Well, actually, no. They have the same name, but it is different account codes, so it is actually misleading in the capital expenditures because the capital expenditures are fee for service programmes, which we have actually—

The Chairman: Minister, you have 59 seconds.

Hon. R. Wayne Scott: Okay.

So instead of just putting basic external grants, you want to ensure that with a lot of these programmes that are extraordinarily valid that you do fee for service.

So with regard to Educational Standards, there was a question asked specifically on Educational Standards. And I think if you look at the actual for 2013/14—

The Chairman: Thirty seconds.

Hon. R. Wayne Scott: —there was just under a million dollars spent, our current run rate is approximately the same, so we are actually still budgeting for what we need in this coming school year.

So let me just say—being, clearly, I do not have enough time to answer any more of these questions—that our goal is—

The Chairman: Ten seconds.

Hon. R. Wayne Scott: —*Children First* and we will be doing everything that we can towards that end.

Thank you, Mr. Chairman.

[Gavel]

The Chairman: Minister, would you like to just move your heads?

Hon. R. Wayne Scott: Yes, Mr. Chairman, with that I would like to move Heads 16, 17, and 41.

I thank the Opposition for a good debate on this.

The Chairman: That completes the debate on the Ministry of Education, Heads, 16, 17 and 41.

[Motion carried: The Ministry of Education, Heads 16, 17 and 41 were approved and stand part of the Estimates of Revenue and Expenditure for the year 2015/16.]

The Chairman: We now move on to the Ministry of Transport, Heads 48, 30, 31, 34, 35, 57 and 73.

Minister Crockwell.

MINISTRY OF TOURISM DEVELOPMENT AND TRANSPORT

Hon. Shawn G. Crockwell: Yes, thank you and good afternoon, Mr. Chairman.

HEAD 48—MINISTRY HEADQUARTERS

Hon. Shawn G. Crockwell: Starting with Head 48, Mr. Chairman, the function of the Ministry of Tourism Development & Transport Headquarters is to ensure safe, efficient operation of the departments and special operations units within the Ministry. Headquarters also ensures that the policies of the Bermuda Government relating to the Ministry are enacted. In addition, it helps ensure the cooperation of other Government Ministries which are impacted by Ministry of Tourism Development & Transport initiatives and activities.

The Ministry of Tourism Development & Transport Headquarters oversees and coordinates the activities of the following departments:

- Head 30—Marine & Ports Services;
- Head 31—Airport Operations;
- Head 34—Transport Control;
- Head 35—Public Transportation;
- Head 57—Civil Aviation;
- Head 73—Maritime Administration.

The Ministry of Tourism Development & Transport Headquarters can be found on pages B-157 to B-159 of the Budget Book and is divided into three cost centres as follows.

Administration, [cost centre] 58000. The original 2014/15 budget was \$25.1 million. The estimate for 2015/16 is \$23.5 million, a variance of a \$1.6 million decrease. The full-time equivalents are four.

The Administration team is primarily responsible for the day-to-day administrative activities within the Ministry's headquarters which include the coordination of the various services provided within the Ministry. In 2015/16, the Administration section will oversee annual operating grants to the Bermuda Tourism Authority of \$21.7 million and Government Golf Courses of \$750,000 (located on page C-18 of the Budget Book), which together comprise 97 per cent of the Ministry's total budget.

Mr. Chairman, with the introduction of the Cruise Ship (Casino) Act 2013, which came into effect on the 1st April 2014, the Administration section is responsible for the management of the application process and the issuance of permits that enable the cruise ships to open their casinos within the prescribed operating hours.

Mr. Chairman, I am pleased to advise that our Ministry generated over \$600,000 in revenue from the issuance of permits from the period of 1st April 2014 through the 31st of December 2014. However, I must mention that this revenue is captured under government miscellaneous taxes; therefore, it is not identified as a revenue cost centre in our Ministry. [The] \$600,000 may be considered a relatively small amount of revenue within the context of the total government revenues, but the policy decision is a good example of what can be achieved by working closely with our business partners to create mutually beneficial initiatives and programs.

Mr. Chairman, I would like to highlight one of the very important projects that our Ministry headquarters, with the able assistance of Management Consulting Service, is working on. This project is entitled "A New Way of Doing Business" and it can be defined as a model review of the Departments of Civil Aviation and Maritime Administration.

Mr. Chairman, the Departments of Civil Aviation and Maritime Administration are currently operating under a model that inhibits the growth of both registries which results in less revenue for government.

The model is not conducive to address and best manage the global labour shortages in both industries. In addition, the current structure limits productivity due to existing agreements, limits our ability to offer globally competitive wages and benefits for highly technical posts. The government's internal bureaucracy hinders the recruitment and hiring process, negatively impacts compliance audit results, positions both registries to be less competitive globally in a highly competitive and lucrative industry and, potentially compromises the "World Class" registry status Bermuda currently holds.

Mr. Chairman, the Government's public policy is NOT aligned with the commercial services both departments perform. In today's global marketplace for aviation and maritime administration products, the Bermuda Government can no longer manage both departments as if they are delivering public services. These government departments must change to a business model and manage their services comparable to a commercial entity, which will improve efficiency, increase revenue for government, excel in customer service and ensure the Bermuda Aircraft and Ship Registry are strong competitors in these lucrative and highly competitive markets.

The demands of DMA and DCA's clients and regulators, who oversee the work of DMA and DCA, are beyond the current service delivery capacity of both departments and are placing a strain on government's internal systems, such as human resources and finance.

Mr. Chairman, the client base of both departments are outside of government. They expect a high standard when it comes to client service and delivery. Currently, internal government administration and financial processes are not conducive for these clients who expect to be dealt with in a business driven time-frame. "Time is money" and the current business and operating model of both are not meeting international best practices.

Mr. Chairman, under the Public Sector Reform initiative of Government, changing the model of how the Department of Maritime Administration and Civil Aviation conduct business qualifies as a public sector reform. There is a clear and undeniable business logic for a change in the business model to enable both DMA and DCA to function as a business entity, which will ensure efficiencies and enable both to be strong global competitors in Maritime Administration and Civil Aviation industries. This change will support our objective to globally position Bermuda as the number one choice to register ships and aircraft and enable both DMA and DCA to excel in customer service for their registry clients.

Mr. Chairman, our Ministry will continue to progress this project during this fiscal year.

Transportation Planning Team, [cost centre] 58010, which can be found on B-158. The original 2014/15 budget was \$180,000. The estimate for

2015/16 is \$175,000, a decrease of \$5,000. The full-time equivalent is one.

Mr. Chairman, the role of the Transportation Planning Team (TPT) is to provide research support to the Ministry and departments, to continue implementation of the proposals contained in the National Transportation Management Report (2002), to promote and explore new initiatives within the Ministry and to review and ensure the efficiency and integration of transportation services of Bermuda.

The TPT is also, and importantly, responsible for helping ensure that Bermuda's air services and cruise ship strategies are sustainable, involving a high level of coordination with all on-Island stakeholders and negotiating with cruise lines.

Regulatory & Policy/Hotel Administration, [cost centre] 58020. The original [budget] for 2014/15 is \$280,000. The estimate for 2015/16 is \$233,000, a decrease of \$47,000. The full-time equivalents are three.

Mr. Chairman, It was identified early on that the function of the Regulatory & Policy/Hotel Administration section would need to exist outside of the newly created Bermuda Tourism Authority. As a result of the section's absorption by Headquarters, there were personnel efficiencies identified, resulting in the reduction of three full-time equivalents (FTEs) and corresponding reduction of \$240,000 in operating costs when compared to the operation under the former Bermuda Department of Tourism.

Mr. Chairman, this section is responsible for the hotel licensing and inspection process which includes a team that works within regulatory guidelines to ensure that all licensed hotel properties maintain the appropriate standards. It is also charged with overseeing the hotel concessions process from the application stage of a new hotel development and/or major renovation to the issuance of "opening date certificates" which certify that the planned redevelopment is complete and that relief guided by each order can commence. Regulation and Policy also oversee the timesharing administration and the hotel bed and unit inventory tracking.

Mr. Chairman, the Ministry established an in-house hotel development process that includes cross-ministry involvement whereby hotel developers channel their activities through the Ministry of Tourism Development and Transport and we consult directly with all relevant Ministries at the Economic Development Committee level. This process has helped developers by minimising the burden of dealing with ministries individually as applications are addressed simultaneously which expedites the process. The Ministry working in tandem with the Bermuda Tourism Authority will continue to work with current and potential hotel development investors with a view to increasing hotel room inventory and attracting world-class hotel brands.

Mr. Chairman, we have seen an upturn in hotel development and concession applications. We are encouraged by the hotel developers that are still progressing with their projects. Additionally, even with the economy in its current state, Bermuda remains attractive to prospective developers. In addition to the projects already in channel, including the St. George's Development Site (known as the Club Med site), Fairmont Hamilton Princess and its new Princess Beach Club at the former Sonesta Beach property, Pink Beach Hotel, Morgan's Point, Coral Beach and Tennis Club, Fairmont Southampton, and a few more on the horizon including the Ariel Sands and Bermudian Beach Club, known as Grand Atlantic.

The total budget for the Ministry Headquarters (Head 48) for the fiscal year 2015/16 is \$23.51 million, a decrease of \$1.6 million from the 2014/15 original estimates.

Salaries and wages for the eight full-time equivalents account for \$802,000 which represents 3 per cent of Headquarters' budget. The annual grants to the Bermuda Tourism Authority of \$21.7 million and the Government Golf Courses of \$750,000 represent 92 per cent and 3 per cent, respectively, of Headquarters' budget. Professional Services account for \$84,000 and Travel Expenses \$110,000, each equating to less than 1 per cent of the total 2015/16 budget.

Mr. Chairman, I would like provide an update on cruise ship initiatives currently under way in the Ministry.

The Ministry, along with the Bermuda Tourism Authority, has developed a positive relationship with the premium/luxury cruise ship companies in attracting their brands to come to our shores, and for 2015 we will see some of the world's top-rated cruise lines sail here. This will include Oceania Cruises making three cruise calls to Bermuda, Silversea Cruises making three cruise calls, Regent Seven Seas Cruises making one call, Princess Cruises making two calls, and Crystal Cruises making one call. We will also see the return of the German-speaking ship *AidaLuna*, who will visit Bermuda on three occasions, and the *Club Med 2* making one call.

After a two-year absence we will also see the return of Holland America Line's *Veendam*, which will be making six calls to Hamilton this season from Boston. We are excited that Holland America will be returning to Hamilton.

Mr. Chairman, Norwegian Cruise Line will once again return with the *Norwegian Breakaway* in 2015, with a total of 26 calls from New York City. The *Norwegian Breakaway* alone is anticipated to bring to Bermuda over 100,000 cruise passengers, making a financial contribution of \$30 million to our economy, including government fees and expenditures made by cruise passengers and crew members.

Royal Caribbean will deploy the *Liberty of the Seas* in 2015, making 21 calls from Cape Liberty, New Jersey. The *Liberty of the Seas* will replace the

smaller *Explorer of the Seas* and is projected to bring 82,000 passengers to Bermuda making a financial contribution of \$20 million. Royal Caribbean's *Grandeur of the Seas* will return with 12 calls from Baltimore and Celebrity Cruise Line's *Summit* will return with 19 calls from Cape Liberty, New Jersey.

In total, we are projecting 135 cruise calls in 2015, five more than the 130 we had in 2014. We are projecting approximately 370,000 cruise visitors will sail to Bermuda in 2015, which will be significantly higher than the 356,000 experienced in 2014, a 4 per cent increase in cruise visitor arrivals. So we anticipate a very robust and successful cruise ship season in 2015.

Mr. Chairman, each cruise passenger arriving in Bermuda pays a passenger and a cabin tax to government (projected to be \$22 million in 2015), while cruise visitors make purchases in local retail establishments and purchase shore excursions in support of our taxi, minibus and water sport sectors. They also extensively use our public transport system, resulting in increased revenues. The secondary impact of the cruise segment on our economy is significant, with many tour operators relying on cruise visitors for their livelihood. In total, the cruise ship segment is projected to make a financial contribution in excess of \$90 million to our economy in 2015.

In consultation with the Bermuda Tourism Authority, we continue to meet with cruise lines in an attempt to secure small ships for Hamilton and St. George's, recognising that there are increasingly fewer ships capable of docking in those ports. Finally, we are also working with the BTA on securing cruise ships for the America's Cup in 2017. Although early in the process, the overall strategy is to offer America's Cup themed cruises as well as the possibility for cruise ships to be chartered for the month-long event. These discussions are in the early phases, and we hope to have more detailed plans as the year progresses.

Mr. Chairman, in 2014 we implemented a new transportation plan at Royal Naval Dockyard. The plan relied on input and cooperation from taxi and minibus operators, the bus and ferry systems, the cruise lines and the West End Development Corporation. That plan will be further refined for 2015. Much of the effort will be in providing quality transportation services for our visitors, including scheduled ferry and bus services, sightseeing bus service, beach shuttles and taxi and minibus tours. In 2014, the West End Development Corporation assumed responsibility for managing passenger movements from Royal Naval Dockyard to Horseshoe Bay Beach and that will be continued in 2015. This creates employment opportunities for Bermudians who choose to enter the transportation sector and provides much needed relief for the public transport system.

In order to provide more lift from Dockyard to St. George's, the Department of Marine & Ports Ser-

vices will once again lease the *Millennium* from Rhode Island Fast Ferry. Leasing a vessel will enable us to enhance ferry service for our commuters and visitors travelling from Dockyard to Hamilton, while reducing the "stress" placed on the existing and ageing fleet.

The Transport Control Department will allocate Traffic Officers to be at Dockyard when the cruise ships arrive. Their role is to manage the private transportation services, including the taxi and minibus operators, who have a major role in ensuring that our visitors are moved efficiently and effectively.

The private sector has a major role to play in providing transportation services and we continue to work with them in ensuring that they are provided their fair share of business.

Working with the Ministry of Finance, we will be increasing the rate of the transportation passes, which are commonly used by visitors to the Island. This will help reduce the subsidy to provide public transport while encouraging more of our visitors to use private transportation such as taxis and minibuses.

Thank you Mr. Chairman. This concludes my brief on Ministry Headquarters, Head 48.

I am now moving to Head 30, Department of Marine & Ports Services.

HEAD 30—DEPARTMENT OF MARINE & PORTS SERVICES

Hon. Shawn G. Crockwell:

Mr. Chairman, one of this department's primary roles is to facilitate the movement of shipping commerce in and out of Bermuda's ports. This is undertaken through the provision of marked navigational channels, provision of pilot and tug services and coordination of channel and port infrastructure development work to ensure that the needs of the cruise and cargo ships are maintained in collaboration with the Ministry of Works and Engineering.

The department is also responsible for the coordination of international search and rescue operations in this area of the Atlantic, and oversees seaport security compliance in accordance with international standards designed to counter the spread of terrorism.

The department also manages the allocation of mooring positions to local boats as well as undertaking the annual registration of private vessels. Additionally, more detailed safety inspections and the licensing of commercial passenger carrying vessels or island boats also occurs annually. The final, perhaps higher profile element of the department's activities is the operation of the "Sea Express" Ferry Service that directly compliments public transport services through the efficient, mass carriage of local commuters and visitors Island-wide.

The operating budget for the Department of Marine & Ports Services for 2015/16 is \$19,726,959 against estimated revenue of \$5,860,000.

Mr. Chairman, the breakdown of estimates, as found on pages B-160 to B-164 of the Budget Book, is set out under three [line items] as follows:

[Line item] 3006, West End (Dockyard). This program operates in direct support of international shipping calling at Bermuda through:

- The provision of tug services assisting cruise ship and cargo ship berthing and un-berthing operations;
- The maintenance of marked channels, light-houses and other marine aids to navigation;
- The operation of a tender service to cruise vessels that go to anchor; and
- The operation of slipway and maintenance facility support services for the department's vessels.

[Line item] 3006, [cost centre] 40040, Navigational Aids. The original 2014/15 budget was \$743,000. The estimated for 2015/16 is \$706,000, a decrease of \$37,000. Full-time equivalents are nine. Revenue is expected to be \$500,000.

The Aids to Navigation Section maintains some 200 channel markers, the Island's two light-houses as well as offshore beacons and small boat markers to the international standards.

This is accomplished with a team of skilled and dedicated staff who receive training from the US Coast Guard and a US-based supplier of aids to navigation systems. The section also assists with the operation of a line boat assisting ship berthing at Dockyard, small boat wreck removal around the Island, minor dredging work and marine oil pollution response when required.

Mr. Chairman, in 2014 this section undertook the installation of the last of the SB-2200 maintenance free, polyethylene plastic buoys in the Narrows Channel. This section also started with the upgrade to the Crescent Beacon in the North Channel which, when completed, will have a weather station in operation in this location for use of the larger cruise vessels that are entering our waters, giving them up to date information of the weather at this critical turning point of the North Channel for safe navigation.

Meanwhile the department will continue to retire older steel buoys in the Dundonald Channel and the branch off towards Two Rock Passage, using a new SB-1800 maintenance free polyethylene plastic buoy designed for more protected harbour approaches. The department is also working closely with Works and Engineering on channel improvements and new beacon upgrades to replace buoys during the upgrade. Revenue to pay for this service is generated by ships paying a lighthouse entrance fee, port dues and light tolls which are estimated at \$519,000 for 2015/16, down from \$544,000 the year prior. Some 73 per cent of the cost to provide this service is therefore directly recovered.

[Line item] 3006, [cost centre] 40140, Tug Service. (We are still on page B-160.) The original budget for 2014/15 was \$1.532 million. The estimate for 2015/16 is \$1.471 million, a decrease of \$61,000. Full-time equivalents are 18. Expected revenue is \$1.128 million.

The tug service provides berthing and slipping assistance to international shipping calling at our various ports. The threat of an accident resulting in damage to a ship and/or our port infrastructure and the potential for marine pollution requires that at least one tugboat to standby when ships are manoeuvring in port. The only ships routinely exempted from this practice are the three smaller containers ships calling at Hamilton. Our tugs also provide an offshore towing and salvage rescue capability which remains important given Bermuda's isolated geographic position in the Atlantic and the potential threat from passing vessels potentially grounding on our environmentally sensitive outer reef.

Mr. Chairman, the department maintains three harbour tugs with the sister tugs *Powerful* and *Faithful* having a bollard pull of 40 tons as well as fire-fighting, oil dispersant and oil recovery capabilities, while the third tug, the *Edward M. Stowe*, has a lower 32 ton bollard pull and generally serves as a relief tug when one of the larger tugs is undergoing maintenance. The future of the tug fleet remains under review given the age of the individual vessels and potential increases in maintenance costs all balanced against the capital investment in new tugs. An additional consideration has also been the relatively low power of all of our tugs compared with the size of the largest cruise ships now calling at Bermuda in order to safeguard their berthing and unberthing in extreme wind conditions.

Two modern, more powerful tug boats with a minimum bollard pull of 70 tons remain an identified requirement in Bermuda's port capabilities moving forward.

[Mrs. Suzann Roberts-Holshouser, Chairman]

Hon. Shawn G. Crockwell: Madam Chairman, I am now on [line item] 3006, [cost centre] 40210, Tender Service. The original 2014/15 budget was \$438,000. The estimate for 2015/16 is \$382,000, a decrease of \$56,000. Full-time equivalents are four. Estimated revenue is \$60,000.

Madam Chairman, the tender *Bermudian* is primarily used to supplement our regular ferry service during our peak tourism and cruise ship season running from April through November. The tender also occasionally transports passengers to and from shore when cruise ships are at anchor in the Great Sound or Grassy Bay. Ongoing maintenance costs are increasing due to the age of the vessel. However, considering the passenger lift capacity of 750 persons against the fuel burnt, this vessel is still economically viable to operate.

The tender is also available for hire to the general public and is popular for weekend and evening summer cruises given her 450 passenger carrying capacity for social events.

[Line item] 3006, [cost centre] 40260, Dockyard Maintenance. The original 2014/15 budget was \$3.25 million. The estimate for 2015/16 is \$2.91 million, a decrease of \$337,000. Full-time equivalents are 25.

Madam Chairman, the Dockyard Maintenance section provides mechanical and engineering support to the department's vessels. The marine cradle at Dockyard is now the only slipway of that size remaining in Bermuda making it critical to the department's needs but also a resource for the largest private vessels operated locally that might need to use the cradle for emergency repairs or scheduled maintenance. A charging mechanism is presently being created with the help of the Government Estates Section to facilitate private use.

A cause of concern from a tourism image and basic health and safety standpoint is the proximity of the department's heavy maintenance work which is in close proximity to pedestrian and retail activities. The department's heavy maintenance is being interrupted under certain wind conditions resulting in work having to be done outside of normal working hours and also on weekends. With the South Basin reclamation project scheduled to get underway early in the next fiscal year, this problem will be solved when the maintenance activities of the department are relocated to an area already identified within the south basin development.

Madam Chairman, I am now looking at [line item] 3007, Central (Hamilton Office) and [cost centre] 40090, Ferry Service, still on page B-160. The original for 2014/15 is \$8.89 million. The estimate for 2015/16 is \$7.93 million, a \$0.96 million decrease. The full-time equivalents are 72. The estimated revenue is \$1.79 million.

Madam Chairman, the "Sea Express" ferry service represents a comfortable and efficient means of public transport supporting the local commuter and visitor markets. The department continues to operate six high speed catamaran ferries and three harbour ferries with additional ferry lift between Dockyard and Hamilton also being provided by the previously mentioned tender *Bermudian*.

Ferry capacity was further bolstered in 2013 by the hire of the 400 passenger ferry *Millennium* and this initiative has been continued for a third year to assure that cruise ship passenger lift between Dockyard and St. George's is assured in order to sustain ailing businesses in St. George's. Despite budgetary pressures, in 2015 the department will undertake to incrementally increase ferry capacity on this route at the request of the Corporation of St. George's and the Chamber of Commerce. Meanwhile scheduled services between the West End and Hamilton will occur

in much the same way as 2014 with minor adjustments being undertaken to optimise ferry departures in line with cruise visitor and local commuter demands.

Public transportation is highly subsidised but wherever possible all efforts are being made to control costs with an emphasis on overtime reduction and fuel efficiency. Currently, a passenger load study is being conducted with the view to utilising the Paget/Warwick class ferries to run the Blue Route on winter weekends as opposed to the fast catamarans. This will result in vast savings as we will now be burning 24 gallons of fuel per hour as opposed to 110 gallons of fuel per hour.

Madam Chairman, it needs to be stated that to operate within budget a compromise in ferry service levels may be required if ridership levels do not improve and flexibility in fleet operating methods and crewing will need to occur. Examples of this include a change of work practice involving pilots, crews and mechanical support staff all working a seven day per week roster given the demands imposed on us by cruise ship itineraries and tourist volumes on-Island at any given time—at least during the cruise ship season. In addition, a reduction in crew from three to two persons on the Paget/Warwick ferry route is imperative to immediately create cost-savings, and without such smaller cost-saving initiatives occurring, more aggressive changes in other areas may be required.

The cost of operating this service is estimated at \$8 million, with anticipated revenue of \$1.7 million. It should be noted that the nature of the bus and ferry ticket, token and pass fare collection system results in most ferry revenue being collected by the Department of Public Transportation as opposed to the Department of Marine & Ports.

[Line item] 3007, [cost centre] 40150, Boat and Mooring Registration. The original budget for 2014/15 is \$234,000. The estimate for 2015/16 is \$265,000 a \$31,000 increase. Full-time equivalents are three. Estimated revenue is \$1.43 million.

Madam Chairman, the Boats and Moorings Registration Section is staffed by two full-time officers and one temporary clerk. These three people are responsible for the annual licensing of all private boats, commercial tour boats and moorings in Bermuda. This includes the physical inspection of all passenger-carrying island boats against an industry Code of Practice to ensure that they are fit for passenger carriage. There are approximately 8,500 private boats, 5,000 moorings, and 270 commercial, rental and charter boats to be processed each year.

Additional duties for this section include incident investigation and mooring dispute resolution, inspections of foreshore encroachments, management of small boat channels, and the processing of applications for commercial operators, as well as moorings, pylons and floating dock applications. Responsibility for small boat wreck removal also falls under this sec-

tion, and with the two back-to-back hurricanes in October of last year there are more wrecked boats than ever littering our shores. However, until there is a budget for this undertaking the section will continue to struggle to deal with this growing and pervasive problem.

Last year's launch of boat and mooring registration payments through the department's website was well received and proved to be convenient and efficient for all who used it. It is hoped that this year more customers will be aware of and partake in relicensing via this method.

The digital mapping of all moorings Island-wide has been completed. The map is now available for public viewing on the department's website and has already proven extremely beneficial to the assessment of new mooring applications and in resolving mooring position disputes, particularly after the two hurricanes in October which saw many moorings dragged out of position. The priority now is to keep this information up to date so that it remains relevant. This will require consistent and frequent monitoring. Phase 2 of this initiative, planned for this year, is to map all floating docks and pylons in order to regularise any that are not licensed.

Madam Chairman, last year we proposed advancing the department's mooring management plan with the implementation of a mooring licence fee assessed by the length of the vessel for which a given mooring is designed. Whilst we believe this is a much more equitable method of calculating mooring fees, we realise it will require greater oversight and management than we are currently staffed to provide.

Madam Chairman, with only two full-time staff overseeing 5,000 moorings, and over 250 charter and rental vessels, the section will be challenged to advance with these, and other, important initiatives. The number of charter vessels is expected to double and even triple in the lead up to America's Cup. It is hoped this section can retain a full-time clerk and take on another marine services officer to assist with the varied and demanding workload the section experiences. In light of the current situation, we will seek to make the internal adjustments with personnel to advance these initiatives.

[Line item] 3007, [cost centre] 40200, Administration. The original 2014/15 budget was \$2.25 million. The estimate for 2015/16 is \$2.14 million, a \$0.11 million [decrease.] Full-time equivalents are eight. The expected revenue is \$22,500.

Madam Chairman, this programme relates to the administrative duties and personnel functions of the entire department. Responsibilities include:

- Staff human resources oversight;
- Department accounting services;
- Administration support relating to shipping and ferry public transport policy execution;
- Examination of local pilots and island boats operators;

- Inspection and licensing of private boats and commercial charter boats;
- Regulating resort diving (SCUBA) operations;
- Allocation and registration of all moorings;
- Investigation of marine accidents; and
- Drafting of marine legislation.

Looking at [Line item] 3008, East End (Fort George), still on [page] B-160, and under [cost centre] 40100, Maritime Safety and Security. The original for 2014/15 was \$2.14 million. The estimate for 2015/16 is \$2.11 million, a \$31,000 decrease. Full-time equivalents are 10.

Madam Chairman, services provided by this section relate to maritime safety and security obligations under the United Nations Safety of Life at Sea (SOLAS) Convention. Such functions are centrally coordinated from the Bermuda Maritime Operations Centre located at Fort George which operates in direct support of various Government agencies with local and overseas marine interests including the Bermuda Police Service, HM Customs, the Bermuda Regiment, the Department of Environmental Protection, Maritime Administration, Airport Operations and Civil Aviation.

The Maritime Operations Centre operates around the clock with a total staff of nine. This facility provides the functions of a Rescue Coordination Centre, a Coast Radio Station (known to mariners as Bermuda Radio) as well as providing Vessel Traffic Radar Surveillance and the Registry of Satellite Distress Beacons which are fitted on Bermuda registered ships and aircraft operating worldwide. All vessels calling at Bermuda are scrutinised prior to entry into port and detailed information about visiting ships and yachts as well as their voyage history is collected for reasons of safety and international seaport security combined with local border security concerns.

Madam Chairman, Bermuda has an aggressive programme of coastal monitoring that, despite a lack of costly vessel and aircraft patrol capabilities, has led to many successes in collaboration with the Bermuda Police Service and HM Customs and the Government continues to invest in maritime safety and security measures in line with recommendations contained within the National Security Review.

Cruise and cargo dock seaport security measures are also the responsibility of this section and the designation of restricted areas around such port facilities requires a mix of physical security equipment and contractual oversight of private security personnel in order to fulfil international port security obligations. Specialist technical support of coastal surveillance radar equipment, X-ray baggage screening equipment, metal detectors, and CCTV equipment covering port areas is all undertaken in-house by highly trained personnel within this section.

Madam Chairman, in a small country such as Bermuda, specialist capabilities must always be shared in the public interest. And nowhere is this bet-

ter demonstrated than with the collaborative approach taken with the Island's marine search and rescue response operations. While the Rescue Coordination Centre is central to any local or international response effort, an interagency collaboration using all available marine search and rescue units within Government departments is required when a distress case occurs and time is short to affect a successful rescue.

[Line item] 3008, [cost centre] 40180, Pilotage Services & Offshore Search and Rescue. The original budget for 2014/15 was \$1.83 million. The estimate for 2015/16 is \$1.82 million, an \$18,000 decrease. The full-time equivalents are 18. Anticipated revenue is \$0.89 million.

Madam Chairman, this service provides pilot services to international shipping calling at Bermuda thereby ensuring that visiting ships are able to safely navigate Bermuda's narrow channels into port. The service also facilitates offshore cargo and crew transfers in cases where a ship that diverts to Bermuda is too deep to enter port. Such offshore transfers are particularly challenging when an injured or sick person must be stretchered off a ship under emergency circumstances and in inclement weather.

Madam Chairman, Bermuda undertakes responsibility for marine search and rescue response out to a distance of 30 miles from shore. The pilot service vessels *St. David* and *St. George* are the backbone of this service together with their three-man boat crews. Rigorous crew training must be undertaken to ensure that crews are able to safely operate offshore and normally in poor weather conditions.

Madam Chairman, projects for 2015 include the following:

- continued assistance to Works and Engineering in relation to the ongoing review of channel modification options to accommodate larger cruise ships; and
- continued progression of the night pilotage initiative to potentially allow cargo ships to enter and depart port at night.

While no channel modification work was required to accommodate the *Breakaway*, certain risks during periods of high cross winds during transits of the North Channel do remain for many of the largest ships already calling at our shores. The benefits from wider, deeper channels will definitively mitigate the threat of manoeuvring errors resulting in grounding that might possibly cause cruise ship damage and potential widespread environmental impacts from pollution.

Such channel work will also open the door to a night pilotage option for various classes of smaller cargo ship and possibly even cruise ships that are presently limited to arriving and departing via the channels during daylight hours only. The design analysis, cost projections and overall project management of such channel work is a collaborative exer-

cise that is ultimately led by Works and Engineering given the scope of the capital works involved.

Madam Chairman, that concludes the brief for the Department of Marine & Ports Services. But I have much more. I see you are riveted.

HEAD 31—DEPARTMENT OF AIRPORT OPERATIONS

Hon. Shawn G. Crockwell: I am now moving, Madam Chairman, to the Department of Airport Operations, which is Head 31, and can be found on page B-165.

Madam Chairman, the L. F. Wade International Airport has continued with improvements to various areas of the terminal facility, its aerodrome and airfield infrastructure, its surveillance radar and other navigational aid systems. These ongoing improvements are necessary in order to maintain Bermuda's compliance with local and international aviation regulatory requirements.

Madam Chairman, in October of 2014, the L. F. Wade International Airport suffered significant storm damage to its terminal building and other facility assets throughout the airport campus, as a result of Hurricanes Faye and Gonzalo. Despite the impact and severity of both storms, the Department of Airport Operations (DAO) was able to return to a sense of normalcy following only three combined days of closure that led to suspended flight operations.

I would like to acknowledge the efforts of the staff at the DAO and other airport personnel, the Bermuda Regiment and the Royal Navy, who all worked tirelessly to reopen the airport and re-establish our connection to the rest of the world. The damages sustained in these storms are one of the reasons that underscore the importance of developing a robust, purpose-built terminal facility that could better withstand nature's fury.

Madam Chairman, to that end, the DAO completed its Master Plan in 2006 and its terminal complex study in 2008 for an airport redevelopment. In 2014, the Canadian Commercial Corporation (CCC), a Crown company of the Canadian Government, and the Government of Bermuda, signed a non-binding Memorandum of Understanding that seeks to build upon the airport's initial master planning process and deliver a world class, signature airport terminal building through a public/private partner initiative.

The MOU is intended for both parties to continue to foster collaboration and carry out analysis and due diligence to determine whether or not the airport redevelopment project is financially viable and of mutual benefit. As such, the DAO shall continue to utilise its resources and personnel along with the financial, legal and engineering services of professional advisers, to fully evaluate the CCC proposal and make a recommendation on the way forward.

Madam Chairman, have you noticed how quiet it has become? Dinner must be served.

Madam Chairman, the success of the airport redevelopment project will be driven in part by an anticipated revival in air services following the announcement of Bermuda's successful bid to host the 2017 America's Cup and the advancement of numerous hotel development projects. In the interim, however, the airport continues to be challenged in its efforts to safeguard the Island's scheduled air services for 2015.

Whilst we believe the tourism sector is heading in the right direction, the overall total number of air passengers has softened year over year as a result of the declining number of Bermudian residents. This reduced demand has led to airlines having to adjust its winter schedules in order to ensure the year-round financial viability of its Bermuda services. However, despite the reduced winter schedules by some airlines, the airport has been successful in ensuring that for 2015, Bermuda maintains the equivalent level of direct service to each one of the gateway cities that was served in 2014.

Now looking at Operation & Maintenance & Airside Service, it can be found at [line item] 3102.

Madam Chairman, in December 2013, the DAO entered into an agreement with Boeing Digital Aviation, a business division of aviation giant, Boeing, to study the management and further modernisation of Bermuda's airspace. The study, completed in August 2014, outlined a multi-year plan that would see Bermuda collaborating with the U.S. Federal Aviation Administration (FAA) to become a certified Air Navigation Service Provider (ANSP). This certification would allow Bermuda to expand its area of airspace for air traffic control management services from its present five-mile radius, out to 50 miles and potentially out to a further distance at a later stage.

Madam Chairman, the study identifies opportunities to accelerate the already fast pace Bermuda has taken in modernising its air traffic management system by developing Performance Based Navigation [PBN] procedures for arriving, departing and en-route traffic. This enhanced modernisation shall enable airlines to realise greater efficiencies and improved operational safety. Many advanced types of commercial aircraft, including those manufactured by Boeing and flown here every day, stand to optimise their in-flight navigational performance capabilities when traversing through Bermuda's advanced airspace.

Madam Chairman, financial year 2015/16 will see the continuation of Phase II of the Visual Slope Segment Penetration (VSSP) project which calls for the installation of additional airfield lighting, the completion of geotechnical and environmental impact reviews, safety enhancements to the aerodrome, and the installation of approach lighting barrettes on Runway 3-0 at the Clearwater end of the airfield. The public shall recall that in 2013, the airport completed the first phase of the VSSP capital improvement project in order to comply with new International Civil Aviation

Organization (ICAO) regulations that require arriving aircraft to increase its descent angle when on final approach over Ferry Reach, in order to ensure that the approach path is free of newly-defined physical obstacles. This necessitated the repositioning of lighting systems and runway markings, along with the installation of runway centreline lighting and the recalibration of navigation aids.

Madam Chairman, according to international weather minimal criteria set by ICAO and the FAA, completion of the first phase of the VSSP project now ensures that the L. F. Wade International Airport is equipped with the necessary lighting and navigational aid equipment essential for a full Category 1 approach. Prior to the completion of the upgrades, our navigational aids and minimal lighting capability dictated that an arriving aircraft would have to circle until visibility on the approach improved to at least 1,200 metres. With the new runway centreline lighting, aircraft can now safely land at our airport with visibility as low as 800 metres, which represents the type of conditions one could expect during a heavy downpour, as an example.

Madam Chairman, the airport will also look to undertake jointly with the FAA, the restoration of the VHF Omni-directional Radio (or V-O-R) system at a cost of \$1 million of which DAO will be responsible for covering 25 per cent. The VOR is a fixed-based ground radio instrument used by in-flight aircraft to provide navigational aid. This instrument is also very useful when visual reference of the ground is lost. It was constructed in 1986 on the southern shoreline of the airfield and has since been besieged by the corrosive effects of the salty marine air and as such, is in need of repair. The ability of the FAA to initiate repair plans was hampered by recent US funding constraints and sequestration which imposed severe operational restrictions. However, in September 2014, following continuous lobbying efforts on the part of the DAO, the FAA's Operations Review Board approved funding and established a timeline for repair of the VOR.

Mr. W. Lawrence Scott: Point of clarification, if the Minister—

The Chairman: Yes, thank you.

The Chair recognises the Member from constituency 24.

POINT OF CLARIFICATION

Mr. W. Lawrence Scott: Just . . . only because I am an aviation buff. I just wanted to help the Minister out. It is actually V-O-R, it is not the word, the acronym.

The Chairman: Oh. It is an acronym.

Mr. W. Lawrence Scott: It is not the word "VOR," that is all.

The Chairman: Thank you.

Hon. Shawn G. Crockwell: Thank you, Honourable Member.

[Pause]

Hon. Shawn G. Crockwell: Yes, I am just trying to figure out where I was.

Madam Chairman, the V-O-R is a fixed-based ground radio instrument used by in-flight aircraft to provide navigational aid. (I will just repeat some of it.) This instrument is also very useful when visual reference of the ground is lost. It was constructed in 1986 . . . The ability of the FAA to initiate repair plans was hampered by recent US funding constraints and sequestration . . . However, in September 2014, after lobbying we have established a timeline for repair of the V-O-R.

The construction phase will commence December 2015 and is expected to be completed by May 2016 and returned to operation by July 2016 following a flight check.

Madam Chairman, the airport continues to partner with the FAA in order to further integrate state-of-the-art global satellite-based technology as part of the next generation programme entitled “NextGen”—a comprehensive initiative designed by the FAA to update its highly complex air traffic control system. This programme will enhance safety and improve fuel efficiency; reduce environmental impact—noise and emissions; while expanding operational efficiency and the rate of flight arrivals and departures. These deliverables will be met through the introduction of PBN [Performance Based Navigation] which will realise reductions in miles flown with stabilised, vertically and laterally optimised flight paths for every approach.

Still on page B-165, [line item] 3102, [cost centre] 41210, Airport Security and Flight Safety.

Madam Chairman, the Government continues to take its responsibility seriously in ensuring the safety and security of airport agencies and the travelling public. As such, the regulatory criteria for maintaining the integrity of the security fence line and airport baggage and passenger screening processes are continually being met through the training of our service provider personnel and the ongoing monitoring of daily operations. Airport safety management systems and change risk management processes continue to serve as essential tools for further identifying and mitigating operational risks.

Madam Chairman, the safety and security of aircraft and passengers continues to be of paramount importance to international regulators. Airport baggage and passenger screening is a mandated requirement being achieved through the engagement of an approved and qualified aviation security firm on a multi-year contract.

[Line item] 8769, Terminal Building and Properties. Madam Chairman, despite economic challenges, the DAO continues to find creative ways to engage the private sector in investing in the overall improvement of the L. F. Wade International Airport terminal facility. Most recently, the DAO entered into a contract with “Look Bermuda” to curate and install art inside the terminal building at no cost to the Government. The first phase of the “Airport Art” project calls for the installation of large scale art installations on open wall spaces throughout the terminal in order to help enhance the travellers’ experience and their first and last impressions of the island. The photography will highlight Bermuda’s natural and cultural assets by showcasing the biodiversity of the Nonsuch Island Nature Reserve and its surrounding waters. The Nonsuch Island sponsored art installation has received much commendation and has instantly brightened up public areas within the terminal building.

DAO Financial Summary. Madam Chairman, the Department of Airport Operations has been allocated an Operating and Maintenance (O&M) budget of \$19,331,000 under the 2015/16 Medium Term Expenditure Plan, which amounts to a significant decrease of \$1,230,000, or 6 per cent when compared to the 2014/15 O&M budget of \$20,561,000.

The change highlighted above is spread over the following programmes:

[Line item] 3101, [cost centre] 41010, Baggage Handling. The original 2014/15 budget was \$269,000. The estimate for 2015/16 is \$263,000, a \$6,000 decrease. The full-time equivalents are five. This decrease relates to employees accepting time in lieu for overtime.

Baggage handling expenses are primarily wages of the skycaps serving our arriving and departing passengers.

[Line item] 3101, [cost centre] 41040, Safety and Quality. The original 2014/15 budget was \$524,000. The estimate for 2015/16 is \$530,000, a \$6,000 increase. Full-time equivalents are six.

The minimal increase is for airport duty officer premium and overtime.

Safety and Quality expenses are primarily salaries of the safety and quality manager and the five airport duty officers.

[Line item] 3101, [cost centre] 41050, Air Terminal. The original 2014/15 budget was \$2.02 million. The estimate for 2015/16 is \$2.09 million, an increase of \$76,000. Full-time equivalents are eight.

Air Terminal Operations involves managing all aspects of the air terminal and its outlying buildings. These facets include rental management and other revenue generating opportunities, and salaries for traffic officers and Terminals management.

Madam Chairman, the following three cost centres—Air Traffic Control, Meteorology and Ground Electronics represent aviation operations and infra-

structure maintenance that are outsourced to BAS-Serco.

[Line item] 3102, [cost centre] 41060, Air Traffic Control. The original 2014/15 budget was \$1 million. The estimate for 2015/16 is \$0.84 million, a \$0.16 million decrease.

This cost centre is managed entirely by BAS-Serco and the air traffic controllers direct the flow of aircraft on the ground and within the Bermuda airspace.

[Line item] 3102, [cost centre] 41070, Meteorology. The original 2014/15 budget was \$2.35 million. The estimate for 2015/16 is \$1.85 million, a \$0.5 million decrease. This cost centre is managed entirely by BAS-Serco and provides meteorology services for the airport, the EMO and the Island at large and thus appears to have no DAO full-time employees. That weather service has become quite popular here lately, Madam Chairman.

[Line item] 3102, [cost centre] 41090, Ground Electronic Services. The original 2014/15 budget was \$1.1 million. The estimate for 2015/16 is \$1.07 million, a \$39,000 decrease. This cost centre is managed entirely by BAS-Serco and this programme provides ground electronic services support and maintains airport equipment from airfield navigational aids to parking machines.

[Line item] 3102, [cost centre] 41160, Airside Operations. The original 2014/15 budget was \$619,000. The estimate for 2015/16 is \$476,000, a \$143,000 decrease. The full-time equivalents are two. The decrease is due to reduction in overseas consultancy budget and the service shall be performed by our in-house manager of air operation.

Airside operations ensure compliance with international airport regulations pertaining to the aprons, runway, taxiways, airfield lighting, navigational aid equipment, minimum obstacle clearance and air traffic control.

[Line item] 3102, [cost centre] 41210, Security. The original 2014/15 budget was \$4,831,000. The estimate for 2015/16 is \$4,823,000 a decrease of \$8,000. The full-time equivalents are two.

Airport security screening contract administration has improved and being maintained, thereby causing no significant shift in government's cost.

Security ensures the safety and security of the airport, its passengers and staff along with baggage and passenger screening.

[Line item] 3103, [cost centre] 41150, Maintenance and Engineering. The original 2014/15 budget was \$3.6 million. The estimate for 2015/16 is \$3.3 million, a decrease of \$263,000. The full-time equivalents are 12.

Maintenance and Engineering manage and support the airport runways, taxiways and aprons; the terminal building facilities including plumbing, electrical, and mechanical services.

[Line item] 3104, [cost centre] 41190, Finance and Administration. The original 2014/15 budget was \$4.26 million. The estimate for 2015/16 is \$4.07 million, a decrease of \$183,000. Full-time equivalents are seven.

This decrease is due on the prospect that oil prices will remain low and shall yield a reduction of energy cost while we continue to maximise on discount offered and energy efficiency.

Finance and Administration provides budgeting preparation and implementation; financial recording and control of expenditure; revenue; the billing and collection of \$10.8 million in aeronautical and non-aeronautical revenue and human resource and administrative support services for the Department of Airport Operations.

Madam Chairman, this concludes my remarks on the Department of Airport Operations.

HEAD 34—TRANSPORT CONTROL DEPARTMENT

Hon. Shawn G. Crockwell: I am now moving to Head 34, which is the Transport Control Department. Madam Chairman, the Transport Control Department (known as TCD), administers the operation of all motor vehicles on the roads of Bermuda. The department monitors and regulates the size, functionality, physical condition, and quantity of all vehicles by carrying out the following activities:

1. overseeing the management of the Vehicle Safety and Emissions Inspection Programme, which is currently contracted to the Bermuda Emissions Control Ltd.;
2. administering the registration and licensing of all motor vehicles;
3. executing the examination, registration and licensing of all drivers;
4. regulating traffic by monitoring drivers and motor vehicles, and;
5. implementing road safety programmes.

Periodically, the department inspects public garages, filling stations, and cycle liveries to ensure compliance with their permits. TCD issues special permits, such as one-day permits, which allow one to drive an unlicensed motor vehicle upon application for the same.

Madam Chairman, the Transport Control Department has been allocated a total expenditure budget of \$5.2 million for the 2015/16 financial year. This is a decrease of \$549,000 from 2014/15. Salaries and wages, totalling \$2.46 million make up 46 per cent of the total department budget.

It is anticipated that in 2015/16, the department will collect \$27.2 million in revenue (you can find this on page B-177). It should be noted that this amount does not include revenues generated by the department through traffic violation notices which are collected by and managed through the Bermuda

courts. The estimate of expenditures is shown on page B-177.

Cost centre 44000, Examination. The original 2014/15 budget is \$618,000. The estimate for 2015/16 is \$627,000, a variance of a \$9,000 increase. Full-time equivalents are eight.

Madam Chairman, the functions of the Examination Section are carried out by eight staff members: manager, technical services, one senior examiner, five examiners and one trucks clerk. Due to the Early Retirement Incentive Plan, one examiner post is frozen for two years.

The Examination team is responsible for auditing and oversight of the vehicle safety and emissions inspection programme as well as administering all driving and riding tests to certify that applicants are fit to operate vehicles on Bermuda's roads. The examiners are also responsible for writing-off private cars prior to their disposal. This assists the department in maintaining the motor vehicle register.

Whilst there is a minor increase in the overall budget, there is actually a decrease since last year's budget included repairs and maintenance to the sections equipment, general stationery supplies and cleaning materials which have all been rolled into the Administration budget where they are more suited. Also, there is an increase in salaries due the manager post being filled in 2014.

Cost centre 44040, Registration. The original 2014/15 budget was \$1 million. The estimate for 2015/16 is \$804,000, a decrease of \$270,000. The full-time equivalents are 11.

Madam Chairman, the Registration Section is responsible for registering and licensing all vehicles, licensing all persons who operate vehicles, and collecting revenue for all transactions conducted within the department. The functions of the Registration Section are normally performed by 18 staff members, including: one manager, one registration officer, one assistant registration officer, and 15 clerks. However, the number of clerks was reduced by three to 12 in 2014 due to budgetary cuts. Those three employees were seconded to the Administration Section to fill a labour resource gap.

Further cuts this year result in the manager of registration post not being filled. This means that the responsibilities and tasks of the manager will fall on the director. Also, there would be no direct leadership for the section. The reduction of the three registration clerks and the registration manager will have a detrimental impact on customer service levels. Customers will have to wait longer periods of time to complete transactions and section staff members will not have a direct report which in itself is not good for the staff or overall operation. There will also be delays in registration and licensing requests and queries that would have normally been handled by the manager. So the public, the motoring public, will have to be patient.

This budget does not include printing and office supplies which have been rolled up into the Administration Section budget. There is also a decrease in funds available for driver's licences as well as licence plates. Therefore, as driver's licences are core to the department's operations, licence plates will not be available through the department after the existing stocks are depleted.

Cost centre 44090, Road Safety. The original 2014/15 budget was \$184,000. The estimate for 2015/16 is \$148,000, a decrease of \$36,000. There is only one employee. The Road Safety Council grant will be cut from \$50,000 to \$10,500.

Madam Chairman, the goal of the Road Safety Programme is to promote road safety awareness through education, training and public events. Notwithstanding the drastic cut to the Road Safety Council grant, the Council will continue its road safety awareness "Do Not Drink and Drive" programme on a smaller scale, taking advantage of publicity opportunities and any initiative that does not require financial resources.

The Road Safety Council advises the Minister on Transport matters pertaining to road safety and devises strategies and programmes to address prominent problems. Reporting directly to myself, the Council also coordinates the Project Ride Programme.

The functions of the road safety programmes are administered through the road safety officer, which is a post which answers to the Director of the Transport Control Department.

Madam Chairman, you may recall (and it's worthy to mention) the Road Safety Council coordinated a Road Safety Summit on February 11th, 2015 under the theme, "How do we make Bermuda's roads and road users safer?" The Summit was attended by 48 representatives from the relevant Government Ministries, the Opposition, the Bermuda Police Service, the insurance sector, CADA, Road Safety Council, Bermuda Health Council, and the Corporation of Hamilton among others. It was agreed that Tourism Development and Transport through the Road Safety Council will take the lead to immediately progress three recommendations from the Summit:

1. establish a continuous working group to implement road traffic safety concerns and initiatives set out in the Bermuda Police Service Road Safety Strategy (we have identified persons that we want to serve on this committee or working group);
2. to have roadside sobriety checks; and
3. speed cameras and other traffic-calming deterrents to encourage drivers and riders to slow down.

In line with the reduction of the grant, Madam Chairman, as you will know, the Bermuda Police Service has recently rolled out its safety strategy. And we are hoping that because it is a very comprehensive

strategy that it will help reduce the impact of this reduction.

Cost centre 44110, Traffic Control. The original 2014/15 budget was \$686,000. The estimate for 2015/16 is \$529,000 a \$157,000 decrease. The full-time equivalents are eight.

Madam Chairman, the Traffic Control Section is responsible for the management and enforcement of traffic, issuing permits for the movement of oversized containers, heavy loads, unlicensed vehicles, and casual Sunday permits. There are normally 10 positions in the Traffic Section: one special investigations officer, one senior traffic officer and nine traffic enforcement officers, all who work with the Bermuda Police Service as a support in traffic enforcement.

Due to budgetary cuts, the vacant senior traffic officer post as well as one traffic officer post will not be filled. This will result in the lack of leadership and oversight for the Traffic Section as well as a decrease in revenue opportunities as the department's resources for writing parking tickets and traffic violations will be minus one person.

The TCD traffic enforcement officers are deployed on street patrols along with managing the Electronic Vehicle Registration system to ensure all vehicles operating on Bermuda's roads are compliant with legislation. They are responsible for ticketing abandoned vehicles and moving abandoned cycles.

To ensure that visitors receive a first-class transportation experience, traffic enforcement officers are also responsible for maintaining the orderly flow of public service vehicles at Bermuda's ports. The reduction in staff and the reduction in funds for overtime on weekends and public holidays will result in fewer resources at the ports which may result in some chaos during peak periods. In addressing this potential issue, consideration is being given to other options to manage the flow of traffic in Dockyard at our major cruise port.

The officers of the Transport Section also work closely with the Public Service Vehicle Licensing Board and the Trucks Advisory Committee to monitor and enforce the use of public service and commercial vehicles. The bodies deliberate on the issuance of associated permits to those persons operating vehicles, such as: trucks, community service vehicles, taxis, limousines and tractor trailers.

The senior traffic officer is the key officer responsible for implementation and follow-through of the decisions of the Public Service Vehicles Licensing Board which includes any and all matters pertaining to public service vehicles; purchasing, transferring, licensing, et cetera. Not filling this post will have a negative impact on the department's ability to process any transaction pertaining to a public service vehicle. Therefore, we will closely monitor this situation.

Cost centre 44210, Administration. The original 2014/15 budget was \$3.1 million. The estimate for 2015/16 is \$3.1 million. There is a decrease of

\$95,000. The actual figure is the original was \$3,189,000; the estimate was \$3,094,000; which resulted in a decrease of \$95,000. The full-time equivalents are eight.

Madam Chairman, the Administration Section is responsible for the overall operation and administration of the Transport Control Department. There are eight positions in the Administration Section. They are the director, the administration services manager, the secretary, the accounts administrative officer, the accounts clerk, a switchboard operator, a customer service representatives and a receptionist clerk.

This is one additional post over last year. Two employees from the former Department of Tourism transferred to this Section; one filled the vacant receptionist clerk position and the other filled a new customer service representative position. Three of the posts are filled with secondees from the Registration Section. These include the accounts clerk, secretary receptionist and switchboard operator.

Many of the costs associated with the functioning of the department, such as: staff training costs, supplies, support services, communication charges, repair and maintenance, the management of the safety and emissions programme and utilities are consolidated under the Administration cost centre. This year the budget for all office supplies and equipment maintenance from other sections was rolled into the Administration Section. It should be noted that the overall budget for these items has decreased substantially.

Forty per cent, or \$2 million, accounts for professional services including the management of the safety and emissions programme as well as IT support for the e-TCD, the Driver and Vehicle Registration System (DVRS), the Appointment Management System (AMS) and the Electronic Vehicle Registration System (EVR). All of which are critical to ensuring smooth operations and excellent customer service.

[In summary], Madam Chairman, over the last five years the Transport Control Department was recognised for improved customer service, especially short transaction times with boasts of 5 to 10 minutes. Budgetary cuts last year resulted in long waits at the department for licensing and registration transactions (sometimes up to four hours) and delays in processing commercial and public service vehicle applications. I regret to advise that the continued budget cuts will result in the same situation.

I would like to take this opportunity to express my sincere appreciation to all of the staff members of the Transport Control Department for their efforts and commitment to quality customer service during these trying times. I would like to extend special thanks to Director Jasmin Smith, who will be seconded to the ACBDA for the next few years.

Madam Chairman, that concludes the brief for the Transport Control Department.

HEAD 35—DEPARTMENT OF PUBLIC TRANSPORTATION

Hon. Shawn G. Crockwell: I am now moving to Head 35, the Department of Public Transportation, which can be found on page B-180.

Madam Chairman, the Department of Public Transportation—and I would like to acknowledge the Director who is in the Chambers, Mr. Dan Simmons—oversees an Island-wide operation that services 11 bus routes, some on 15-minute schedules.

These services are currently being provided with an ageing bus fleet, whose weighted average age is now 9.3 years. I am pleased to announce that in fiscal 2014/15, we received 16 new replacement buses, the first replacement buses since 2009. This will improve the efficiency and reliability of the fleet, and will serve to offer an enhanced service experience to the travelling public. These buses come equipped with video cameras and recording devices to enhance operator and public safety.

DPT provides a variety of services, including a weekday commuter service, school bus services, charter services, and sightseeing services. DPT also provides special mass transit for various events throughout the year. These events have included the PGA Grand Slam of Golf and the Bermuda Institute of Ocean Sciences (BIOS) event for all Bermuda students and others. In the not too distant future, we anticipate service provision for the America's Cup competition to be held in Bermuda.

The current operating bus schedule at DPT was initially implemented in 1998. Since then, a significant number of "runs" have been added to the schedule in support of development around the Island. As part of the effort to cut costs and save money, DPT has reworked the existing schedule, reducing some of the schedule headways on selected routes, reducing the number of rosters and expanding the number of operators that are available to cover sickness and vacations without resorting to overtime pay. These changes alone are anticipated to save hundreds of thousands of dollars per year.

DPT will institute the new revised schedule at the start of the summer schedule in June and make similar adjustments to the winter schedule to be implemented at the beginning of school in September. You will know, Madam Chairman, that for the last 10 years administrations have been trying to implement a new and more effective and efficient bus schedule. These revised schedules and associated work rosters will benefit DPT workers by preserving jobs, reducing departmental expenditure and that of the public purse. These changes include but are not limited to:

- **Modified Trips:** Trips that now start and end at Grotto Bay will continue on to St. George's. In like manner, trips that start and end at Barnes' Corner and Somerset will continue on to the Royal Naval Dockyard providing additional

ridership travel choices and the convenience of reduced transfers.

- **Rostering all existing work:** All scheduled work will be incorporated to the extent possible in new rosters along with an expansion of the number of cover operators. This will substantially reduce the current levels of overtime pay.
- **Acquiring and maintaining the optimum level of bus operators** to minimise the cost of overtime.
- **Maintain service for low volume routes** on week days and Sunday mornings.
- **DPT's goal is to implement the revised schedule as the summer schedule in 2015.**
- **All bus routes emanating from the West End of the Island now start and end at the Royal Naval Dockyard.**

The estimates of expenditure can be found on pages B-180 to B-183. We are now at [line item] 3501, [cost centre] 45000, Auxiliary Bus Services. The original 2014/15 budget was no money allocated. The estimate for 2015/16 is \$190,000 which is an increase of \$190,000. The full-time equivalents will be three.

The budget allocated is for the funding of three employees previously budgeted for in 45010, Bus Operations. So it is just a transfer, Madam Chairman, of employees.

[Cost centre] 45010, Bus Operations. The original 2014/15 budget was \$10.1 million. The estimate for 2015/16 is \$9.5 million, a decrease of \$545,000. The full-time equivalents are 160.

The 2014/15 budget was inadequate to fund the required operations and staff levels required to satisfy the current schedule, the then-existing grey schedule and other events, resulting in a projected cost over run for the year. The decreased budget allocation mandates more efficient rosters in order to achieve the targeted reductions in expenditure. Along with a new schedule, legacy work practices and procedures are being improved to make DPT more efficient to achieve the required savings mandated the 2015/16 budget.

Bus Operations is the core of DPT's operation which employs, again, 160 staff. This represents a reduction of 14 vacant posts from 2014/15 as our contribution to Government's cost-saving measures. This section provides the manpower for scheduled and unscheduled operations, sight-seeing and charter work, and special events transportation.

[Cost centre] 45090, Repair Services. The original 2014/15 budget was \$4.8 million. The estimate for 2015/16 is \$4.6 million, a \$227,000 decrease. Full-time equivalents are 47.

The decrease in budget is in part attributable to minor changes in personnel funding. The major decrease is in the funding for diesel fuel.

Madam Chairman, the Repair Services section is responsible for the maintenance and repair of all vehicles. This section is also responsible for the fuelling of other Government vehicles, the cleaning of the buses and for carrying out a preventative maintenance programme. The preventative maintenance programme is an integral part of this section as this programme is responsible for ensuring that the out-of-service vehicles are kept to a minimum. The fleet for which they are responsible totals 110 buses and approximately 10 auxiliary vehicles. The average age of the buses in the fleet is 9.3 years, significantly higher than the ideal of less than 7 years.

Madam Chairman, during 2014, we have had the assistance of a technician from MAN who has assisted us greatly. These technicians, while here, pass on invaluable knowledge to our staff. During the year, three qualified local technicians left for more lucrative employment outside of Government. To mitigate this loss, we engaged two recently retired employees to rebuild and service engines as necessary, in order to meet our obligations through the cruise season. We have experienced substantial difficulty in attracting qualified technicians locally, and may need to recruit overseas. In the meantime, we are sponsoring the technical development of three Bermudians via a co-operative arrangement with the National Training Board.

Madam Chairman, this section also has responsibility for minor repairs to DPT facilities which are currently in need of substantial repair and refurbishment after being damaged by the hurricanes that devastated the Island last October.

Now going to [cost centre] 45115, Inventory Management. Still on page B-180. The original budget for 2014/15 was \$1.6 million. The estimate for 2015/16 is \$1.1 million, a decrease of \$459,000. Full-time equivalents are three. This decrease in the budget is due to the freezing of the store manager position as well as the decrease in the Purchase of Inventory budget.

Madam Chairman, the Stores/Spare Parts Section's main responsibility is to supply the Maintenance section with tires, consumables and service parts on a timely basis to repair and maintain the bus fleet.

[Cost centre] 45120, Administration section. The original budget for 2014/15 was \$2.1 million. The estimate for 2015/16 is \$1.9 million, a \$269,000 decrease. The full-time equivalents are three. Madam Chairman, the freezing of the assistant director technical position, the minimised level of security services and the lowered contractual commitment to WEDCO for the Dockyard depot are the main reasons for the decreased budget.

The Administration Section budget covers utilities such as electricity, communications inclusive of telephone and fax charges. Fleet insurance, local training, print production costs, fare media, security,

cleaning services and general office supplies are captured under this section.

[Cost centre] 45200, Management Support Section. The original budget for 2014/15 was \$818,000. The estimate for 2015/16 is \$724,000 a \$94,000 decrease. Full-time equivalents are 12. The reduction in budget is attributable to the freezing of two positions.

The Management Support Section provides support services to the director, assistant director and other management level staff. Services include human resources/personnel, payroll, accounts payable, accounts receivable, banking, cashiering, revenue collection and recording, and other support services.

Revenue for 2015/16 (which can be found on page B-181) is estimated to be \$7.9 million. DPT continues to sell advertising on the back windows of the buses as an opportunity to further expand revenues.

The overall Department of Transportation expenditure budget for 2015/16 is \$18 million, a decrease of 7.2 per cent from 2014/15.

Madam Chairman, in fiscal year 2015/16, DPT will re-examine the introduction of different classes of smaller vehicles to service existing routes that generally have a lower ridership, but remain important to residents that rely on the public transportation service. The opportunity also exists to have discussions with the private sector transportation providers to determine if they could support and augment the public system.

Madam Chairman, I would like to take this opportunity to personally thank the bus operators for their services and efforts as they have continued to put forward a good effort under some very trying conditions of late.

Madam Chairman, the depot on Palmetto Road is 28 years old and is showing its age and is in need of repairs, therefore, our Ministry will continue to work very closely with the Ministry of Public Works to have the necessary repairs completed during this year. I had the occasion a few weeks ago to walk around the depot along with Minister Cannonier during one of our recent downpours and I can attest that there are way too many leaks there causing mould and an unpleasant working environment. And so I would like to restate my appreciation to the workers who are committed under some difficult circumstances.

Madam Chairman, that concludes my remarks on the Department of Public Transportation.

HEAD 57—DEPARTMENT OF CIVIL AVIATION

Hon. Shawn G. Crockwell: I am now moving to the Department of Civil Aviation, which is Head 57. It can be found on page B-184. And I would like to acknowledge in the Gallery, Madam Chairman, the Director Mr. Thomas Dunstan. Well, I did see him walk in, he is

probably coming around to this side now, Madam Chairman.

Madam Chairman, the Department of Civil Aviation continues to maintain and develop the Bermuda Register of Aircraft and Flight Crews. The department is also responsible for the development of policy and regulation of civil aviation activities in Bermuda. This includes all matters relating to the licensing, certification and regulation of aircraft, flight crews and aerodromes, together with all air navigation services aspects and the regulatory oversight of the L. F. Wade International Airport. The department further advises the Government on matters relating to the economic regulation of air transport and air services development. In this activity, the department works closely with the UK Department for Transport.

Madam Chairman, the Bermuda Register of Aircraft continues to enjoy a high reputation internationally as a safe, well-regulated register. Approximately 773 aircraft are now registered—up from 702 last year and 662 the year before—representing a consistent growth. Sustained growth is occurring in the registration of large commercial aircraft, reflecting the status of Bermuda as the preferred jurisdiction for certification in this sector of the industry. However, with the majority of these aircraft operated by Russian airlines and the Russian economy in a downturn, we expect to see a slowdown in growth over the next year in this sector.

Registrations in the private category aircraft have been retracting over the last few years, mainly due to increased competition with other jurisdictions. Some stabilisation of this situation has been realised in the third quarter of 2014/15. Whilst Bermuda's excellent credibility and high standards of regulation are highly regarded in the offshore aircraft registry industry, we must continue to invest in and support the department to maintain these along with the vital revenue stream.

Companies or private individuals seeking to register their aircraft have many registers worldwide to choose from and we are mindful of this competition. We are confident that there are a variety of benefits which point to Bermuda as the jurisdiction of choice for the registration and financing of aircraft, including:

- tax advantages for incorporating in Bermuda;
- highly respected legal system which permits a right of appeal to the Judicial Committee of the Privy Council;
- the ability for International companies to deal in various currencies;
- high standards of regulatory oversight;
- preservation of high residual values for aircraft registered in Bermuda;
- highly qualified and commercially-minded personnel;
- acceptance of internationally recognised airworthiness and operational standards of other jurisdictions;

- VP-B and VQ-B, are low-profile registration marks, representing the designated letters for Bermuda registered aircraft;
- the full range of supporting professional advisors that Bermuda offers such as legal, accounting, managerial and operational requirements associated with aircraft registration and financing; and
- register of Aircraft Mortgages and Aircraft Engine Mortgages available to facilitate the registration and security interests of these mobile assets.

The department's total number of full-time employees (FTEs) is currently 30. The Budget Book reports an estimate of 40 posts which includes 10 vacancies.

Mr. Chairman, the department's specific responsibilities include the following:

- Aviation Safety. This encompasses the airworthiness and operational safety of aircraft registered in Bermuda, including the licensing of flight crews and aircraft engineers and the certification of aircraft.

The department further licences Bermuda's air traffic controllers and regularly undertakes safety audits of the Department of Airport Operations for compliance with international standards at the L. F. Wade International Airport (BDA). The areas audited include air traffic control, airport rescue and firefighting services, meteorology and ground electronics. Inspections are also carried out on the airlines operating to Bermuda to ensure compliance with safety standards including the carriage of dangerous goods. The DCA is also responsible, under the Governor's delegation, for ensuring that search and rescue services are provided. This requires periodic assessments of the Bermuda Maritime Operations Rescue Control Centre. Systems and processes continue to be reviewed and updated or revised to make the department more effective and user-friendly whilst enhancing efficiency.

- Aviation Security. Madam Chairman, the UK Department for Transport (DfT) will transfer the responsibility for aviation security oversight in the Overseas Territories to Air Safety Support International (ASSI) effective 1st April 2015.

Current account estimates are found on pages B-184 to B-186.

Madam Chairman, the budget for the Department of Civil Aviation, for the financial year 2015/16 is for expenditure of \$9 million on current account, against estimated revenue of \$26.9 million. This clearly demonstrates that this is a very important department to the Government. The total number of full-time employees required is 42 in order to meet the demands of the aircraft register's safety oversight ac-

tivities as they stand today. The current level of funding permits the filling of 37 full-time employees.

The department's budget is set out under four cost centres: Airworthiness, Policy and Administration, Operations and Registrations.

Cost centre 67000, Airworthiness. The original 2014/15 budget was \$5.7 million. The estimate for 2015/16 is \$5.13 million, a \$576,000 decrease. The full-time equivalents are 16. And the anticipated revenue is \$26.47 million.

Madam Chairman, the Airworthiness cost centre, includes all regulatory functions related to the inspection of private and commercial transport operations, aircraft maintenance engineer licences, aircraft maintenance organisations and continuing airworthiness maintenance organisations for compliance with safety standards. This section is also responsible for assessing foreign National Aviation Authorities in whose states and under whose control, Bermuda registered aircraft operate.

The anticipated reduction in expenditure primarily relates to inspection costs. Operators of commercial aircraft who successfully attain OTAR 39 approval have their aircraft inspection schedule reduced from twice yearly to annual.

Expenses under this cost centre include the salaries of one head of airworthiness, one senior airworthiness safety inspector, one airworthiness manager—European region (London office), two airworthiness safety inspectors (London office), one technical officer (London office), three airworthiness safety inspectors (locally), two airworthiness officers, one technical officer, one safety oversight advisor, one safety oversight officer, and two airworthiness administrative assistants. Other expenses are consulting services, provision and receipt of training, transport and travel, contractor payments, operation of the satellite office in London and courier services. The majority of overseas consulting costs, airfares and accommodation costs associated with aircraft and the inspection of maintenance organisations are fully recoverable.

Cost centre 67010, Policy and Administration. The original budget for 2014/15 was \$3 million. The estimate for 2015/16 is \$2.69 million, a decrease of \$302,000. The full-time equivalents are 12. The decrease of \$302,000 represents a portion of the decrease in local consultant costs and travel while overseas consultant costs have increased due to an increase in the mandatory funding to Air Safety Support International (ASSI).

Madam Chairman, this cost centre, Policy and Administration, relates to the administrative duties of the department. Expenses under this cost centre include the salaries of the director, head of finance and administration, one financial analyst, four accounting assistants, one office manager, two administrative support clerks, one information manager and one administrative assistant. It also includes rental costs,

training, transport and travel, consulting services, IT infrastructure, telephone, postage, courier services, promotions, cleaning services, office supplies, subscriptions, facsimile, printing, software maintenance, and insurance.

Cost centre 67020, Operations. The original budget for 2014/15 was \$1.2 million. The estimate for 2015/16 is \$1 million, a \$201,000 decrease. The full-time equivalents are seven. And the anticipated revenue is \$414,000.

Madam Chairman, this cost centre regulates and inspects private and commercial transport operations, including flight crews, for compliance with safety standards; conducts assessments of foreign National Aviation Authorities in whose states and under whose control, Bermuda registered aircraft operate; regulates and conducts oversight of L. F. Wade International Airport for compliance with international standards of safety. Expenses under this cost centre include the salaries of one head of operations, one flight operations inspector, one flight operations technical assistant, one aerodromes inspector, one licensing assistant—operations and two licensing officers. Other expenses are the provision and receipt of training, transport and travel, consulting services and courier services.

Cost centre, 67030, Registration. Madam Chairman, we are still on page B-184. The original budget for 2014/15 was \$234,000. The estimate for 2015/16 is \$189,000, a decrease of \$45,000. Full-time equivalents are two. Revenue anticipated is \$49,000.

Madam Chairman, this cost centre, Registrations, relates to administration and management of the Bermuda Aircraft Register; promoting the continued growth and establishing new markets for the Aircraft Register. Also included is the administration and promotion of the Bermuda Register of Aircraft and Aircraft Engine mortgages. Expenses under this cost centre include the salary for one head of registrations and one registrations officer, training, transport and travel.

Madam Chairman, in summary, the Department of Civil Aviation is considered an outward-facing department within the Government of Bermuda's structure. Its clients are external to Government, and it must comply with international regulations, conventions and standards in order to offer aircraft registration and related business services. The department continues to strive for the highest standards of safety regulatory oversight. Resource restrictions, especially financial, are challenging to this department, given the need for it to operate in a rigid international regulatory environment with standards and conventions that must be adhered to.

Continued resource expansion is critical for the department in order to maintain safety, meet the objectives of the business plan, remain competitive with other jurisdictions and, most importantly, sustain

compliance with the International Civil Aviation Organization standards and recommended practices.

In order to ensure appropriate safety, regulatory oversight is being conducted in accordance with international regulations. And to maintain this vital revenue stream for the Bermuda Government, the Ministry will continue to support the Department of Civil Aviation in its need for resources in the most efficient ways possible. A review of the current business model was completed by Management Consulting Services in December of 2014, and the department will continue to progress this initiative. Madam Chairman, this concludes my remarks on the Department of Civil Aviation.

HEAD 73—DEPARTMENT OF MARITIME ADMINISTRATION

Hon. Shawn G. Crockwell: Madam Chairman, I now move on to the Department of Maritime Administration, which is Head 73. The budget for Head 73, the Department of Maritime Administration (DMA), can be found on pages B-187 to B-189 of the Budget Book.

Madam Chairman, the Department of Maritime Administration is committed to providing the highest-quality standards for its Registry of Shipping. The department's mandate is to ensure there is effective control over administrative, technical and social standards of seafarers for ships on the register, in accordance with Bermuda's international obligations.

The remit of the DMA is as follows:

- registration of ships;
- safety of life at sea;
- prevention and control of marine pollution;
- maritime security;
- standards of seafarers;
- seafarers' documentation.

While some of the local shipping-related functions are delegated to other national authorities in Bermuda, the DMA remains responsible for the safety, pollution prevention, standards of seafarers and maritime security relating to foreign vessels arriving in Bermuda waters, under the relevant International Maritime Conventions to which Bermuda is a party.

Madam Chairman, Bermuda Shipping Registry has been in existence for nearly 300 years, serving Bermuda ship owners and eligible overseas ship owners. It is a leading international shipping register and a British Red Ensign Group (REG) Category 1 (Cat 1) shipping registry, which can register ships of any tonnage, size or type, with no restrictions on the age of vessels. Bermuda-registered ships fly the British Red Ensign and comply with the provisions of the relevant international maritime conventions and treaties.

The Bermuda Shipping Registry is internationally recognised as a modern, reputable, quality and user-friendly shipping register. Currently, the

Bermuda Registry comprises ships of all types that include state-of-the-art large passenger ships, gas tankers, oil tankers, chemical tankers, bulk carriers, container ships, large offshore support vessels, oil-drilling vessels, and private and commercial yachts. The Department of Maritime Administration administers this large, sophisticated fleet of ships through its headquarters in Hamilton, Bermuda, and its satellite office established in London.

Cost centre 83000, Registration of Ships.

- original for 2014/15 is \$2.6 million;
- estimate for 2015/16 is \$2.4 million, a decrease of \$218,000;
- full-time equivalents (FTEs) are 11;
- anticipated revenue, \$4,791,000.

Madam Chairman, the total current expenditure for the Department of Maritime Administration is estimated to be \$2,435,000 for the financial year 2015/16, which represents a decrease of \$218,000 below the original budget for 2014/15.

This figure of \$218,000 represents an 8 per cent reduction implemented in the department's expenditure, as required under the Government's initiative for reducing Government's overall expenditure during the financial year 2015/16.

The bulk of this budget is salaries, fees and professional services. Professional services spend is primarily utilised for contract surveyors at ports around the world. We recover this sum in full, plus approximately 15 per cent incidental expenses in addition, from our clients. The balance is for ordinary operating expenses.

Madam Chairman, the registration of ships is the central function of the Department of Maritime Administration. The Registration Division is managed by the Registrar of Shipping, assisted by the Assistant Registrar and other members of the team. In order to facilitate ship registration in global time, with no time boundaries, the registration service is made available to our national and international customers over 360 days of the year, 24-hour basis.

While ship registration service facilitates Bermuda ship owners to register their ships under their national flag, it also earns substantial revenue to Bermuda in many ways. Every ship registered in Bermuda is owned by a company registered in Bermuda, or there is a registered local entity representing that ship in Bermuda. Local law firms and banks provide the legal, corporate, financial and administrative support for registration of companies, ships and mortgages, for which substantial fees are charged and taxes are paid. A number of ship-owning or ship-managing companies operate their ships from Bermuda, employing a large number of local Bermudians. With the signs of an improving global economy, it is the right time now to get actively engaged in promoting the Bermuda Registry to attract a share of quality ship owners to our shores.

Madam Chairman, by registration, a ship acquires the nationality of a state and becomes entitled to fly the flag of that state. This concept is enshrined in the United Nations Law of the Sea Convention 1982 [UNCLOS 82]. Bermuda is a party to this Convention through the United Kingdom (UK). When a ship is registered in Bermuda, she acquires the Bermudian nationality and she comes under the jurisdiction of Bermuda. The ship will be required to comply with the Bermuda maritime rules and regulations relating to maritime safety, pollution prevention, maritime security, seafarer's standards, crimes at sea, private law provisions, et cetera. Once the ship is de-registered from the Bermuda Shipping Register, it loses the Bermudian nationality, and Bermuda's responsibilities on that ship cease from that instant. It is also important to note that Bermuda administration can reject any ship from registering in Bermuda if it is deemed unsuitable. Similarly, a ship on the register may be removed if it is deemed unsuitable or unsafe to remain in the register.

Madam Chairman, in International Maritime Conventions, the term "administration" is defined as "the Government of the State whose flag the ship is entitled to fly." In Bermuda, the Department of Maritime Administration (known as DMA) is the entity empowered under the provisions of the Merchant Shipping Act 2002 to discharge the responsibilities of the Bermuda Government as the flag state for the Bermuda-registered ships. Under the same Act, the general responsibility for the operation of the Maritime Administration is vested in the Minister responsible for shipping; accordingly, DMA functions under the general instructions issued by the Minister.

DMA, in discharging its flag state functions, ensures that ships which desire to join the Bermuda flag, or ships which are already operating under the Bermuda flag, meet the relevant requirements of the Bermuda national maritime laws and the International Maritime Conventions, which are extended to Bermuda by the UK. The compliance with the required statutory standards is verified by conducting technical surveys and inspections on ships and auditing the operational and management systems of the owners and managers who operate the ships, by appropriately qualified and experienced Bermuda marine surveyors. The Ship Survey and Inspection Division of the department consists of the chief marine surveyor and four marine surveyors resident in Bermuda, and four full-time marine surveyors employed in the DMA satellite office in London. Additionally, five part-time contract surveyors assist the DMA, operating from the UK and Europe. All costs involved with these survey and audit functions are recovered from the ship owners in full.

Madam Chairman, the department's Revenue, which can be found on page B-188, is projected at \$4,791,000, consisting of shipping registration fees of \$186,000, service fees of \$1,401,000, annual tonnage

fees of \$2,194,000 and survey fees of \$1,010,000. The revenue projections are based largely on current trends.

Madam Chairman, the revenue collected by the DMA is based on the Merchant Shipping (Fees) Regulations 2012. These fees are comparable to fees charged by most of the other international registers. The DMA conducts regular analysis to monitor the trends in the fee structure in the marketplace to keep up to date with the changes.

Madam Chairman, the DMA had difficulties in recruiting marine surveyors to join the Hamilton office for a number of years. Last year, the DMA took the initiative to open a DMA satellite office in the UK and to employ four surveyors to operate from the UK. I am happy to inform you today that the steps we have taken have worked well for the DMA, as well as its clients based in the UK and Europe. With this arrangement, the cost of providing survey service by the DMA to its clients has substantially been reduced, especially in the area of cost of airfares and in travel time. The survey fees collected from the clients during the period the 1st of April 2014 to the 31st of January 2015 is approximately \$1,307,000. This is a substantial increase of income in survey services, approximately by \$541,000 over the previous year, and this is expected to increase further. Having learned from this experience, the DMA will be considering further expansion in its services in the UK, Europe and the Far East in the future.

Madam Chairman, shipping is an international service industry, and its economic and financial conditions are dependent upon the performance of the primary industries and the vagaries of the global economic conditions. After years of stagnation, a slight recovery of the global economy has been noted, and the order books for new ship constructions are gradually filling up, indicating a boost in the shipping sector. The DMA has been fortunate enough to gain some benefits of the global economic recovery in that a fleet of 14 modern tankers joined the Bermuda Registry last month. In order to facilitate the registration of these 14 ships, four new shipping companies were also registered in Bermuda, providing additional revenue to the Government's coffers.

Madam Chairman, the mandate for Bermuda to operate an international shipping register is granted by the UK as the signatory to the International Maritime Conventions to which Bermuda has become a party through the UK. Ships engaged in international voyages are required to maintain safety, pollution prevention, maritime security, seafarer's working and living conditions on ships, as stipulated in the International Conventions developed by the International Maritime Organization (IMO) and the International Labour Organization (ILO).

In order to maintain the required standards, the Maritime Administration must undertake regular technical surveys, audits and safety inspections on

ships on the register and issue statutory certificates. Equally, in order to maintain the quality and standards, it is also the responsibility of the DMA surveyors to impose sanctions when deemed necessary on Bermuda ships, ship owners and managers who fail to comply with the Bermuda laws and regulations. The DMA has in its Bermuda office a team of highly qualified and dedicated ship surveyors comprising a chief surveyor, two engineer surveyors, one nautical surveyor and one naval architect surveyor, and one safety management auditor. This technical team is supported by the Registrar of Shipping, Assistant Registrar, two technical officers, two clerical officers and a receptionist.

Madam Chairman, Bermuda is a Category 1 member of the British Red Ensign Group of Shipping Registers comprising the UK, Isle of Man, Gibraltar, the Cayman Islands, and the British Virgin Islands.

In order to understand clearly how the British Shipping Registry works, it is necessary to clarify the relationship of an overseas register with the UK Government. Shipping registries of the UK Overseas Territories (OT) and Crown Dependencies operate under the Merchant Shipping (Categorization of Registries of Relevant British Possessions) Order 2003, as amended in 2008. This Order is implemented by the UK Maritime and Coastguard Agency (the MCA) in consultation with the UK Department for Transport.

Under this Order, the UK Secretary of State has oversight of the Overseas Territory shipping registers. The governor of the territory acts on behalf of the Secretary of State UK, through the Foreign and Commonwealth Office (FCO) for the oversight of the shipping register. In order to meet its responsibilities, the Department for Transport carries out monitoring visits to Overseas Territories' shipping registries at four yearly intervals on behalf of the Secretary of State.

Madam Chairman, the Isle of Man, Bermuda and the Cayman Islands have similar tonnage and ship types, but Bermuda has the lion's share of passenger ships and gas tankers. As opposed to cargo ships, passenger ships must be surveyed annually, and these surveys must be conducted by Bermuda Administration surveyors and cannot be delegated to classification societies. Therefore, it is important that Bermuda Administration have in its employment a sufficient number of appropriately qualified surveyors to meet the survey requirements of the whole Bermuda fleet.

Madam Chairman, as you may be aware, Bermuda Maritime Administration was under the focus of the UK Government since 2012 after its monitoring visit. During the monitoring visit, serious deficiencies relating to resources, especially the surveyor requirements and important maritime legislation, were found, and this resulted in the UK Government imposing sanctions restricting taking on new ships into the Bermuda Register. A similar verification audit was

conducted in 2013, but the results were not satisfactory. Following the recruitment of necessary surveyors and rectifying other deficiencies, a verification audit was conducted again by the Maritime and Coast Agency in March of 2014. Having verified that the necessary corrective actions have been satisfactorily implemented, the said sanctions were subsequently lifted. However, it must be stressed that the Bermuda Registry suffered for two years not being able to expand the fleet and lost a number of opportunities for taking in new clients.

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITOR

The Chairman: Member, as you take a moment, I would like for you to have a seat, please.

The Chair would like to recognise the presence of Mr. Jon Brunson who is in the Gallery. Welcome.

Minister, please proceed.

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

Hon. Shawn G. Crockwell: Thank you.

Madam Chairman, Output Measures can be found on page B-189. Madam Chairman, the registry currently has 170 ships on its books. There are 28 passenger ships, 50 gas tankers, 14 oil tankers, 21 chemical tankers, 16 bulk carriers, 18 container ships and another 23 other types of ships. The gross tonnage of the combined fleet is approximately 12 million, with a net tonnage of just under 6 million.

The number of yachts on the register is 231. There are 10 large commercial yachts and 221 pleasure yachts. These have a gross tonnage of 58,000 and a net tonnage of 19,000.

Madam Chairman, during the early period of 2014/15, the global economy was still stagnant; however, towards the latter part of the year, first signs of recovery appeared. But being a service industry, the effect on the shipping will lag behind the primary industries. There are encouraging signals that ship-building industry is gearing up for producing more ships, but the current downturn in the price of oil will have a marked effect on existing tanker and new building programmes. Bermuda will benefit from some of the new constructions for which owners have made their intentions for registering under the Bermuda flag [known to us]. On the other hand, Bermuda lost 13 bulk carriers, which had reached the end of their economic life and were sold by the owners for scrapping. As stated earlier, Bermuda had some good opportunities for attracting new tonnage to the Register, but lost them as there were restrictions on expansion of the fleet size.

Madam Chairman, I wish to highlight the following three major achievements obtained under the Department of Maritime Administration:

1. As stated earlier, successful completion of the UK MCA monitoring audit and lifting of sanctions on Bermuda Registry. I have already mentioned this topic earlier, but I wish to mention it again because it is important for us to understand that if we had failed in that audit, Bermuda would have lost its status as a REG Category 1 Shipping Registry and would have been downgraded to a Category 2 Register that can register ships only up to a maximum of 400 gross tons, in which case all passenger ships, tankers and other ships of over 400 gross tons had to deregister from Bermuda. So I would like to thank the Director, Captain Pat Nawaratne, who is in the Chamber today, for the hard work of his department by his leadership.
2. Opening of a DMA satellite office in London. On the 14th of May 2014, the opening of the DMA satellite office was inaugurated at the Bermuda Government's UK Office in London. While I was attending other business in London, along with my Permanent Secretary, I had the opportunity of meeting with the distinguished invitees to the reception hosted by the Director of London Office on behalf of the DMA. The invitees from the shipping industry consisting of lawyers, ship owners, ship managers, ship builders, ship financiers and officials from the UK Government were very appreciative of the DMA's initiative, and this would no doubt bolster the image of Bermuda in the UK and in Europe.
3. Implementation of one of the major International Labour Organization Conventions that came into force in August 2014. This convention, named *The Maritime Labour Convention, 2006*, was a landmark convention which was a consolidation of 34 existing labour conventions, some dating back to 1920. In order to give effect to this convention, the Government of Bermuda had to amend the Merchant Shipping Act 2002—and introduced 10 new sets of regulations under the above Act—and amend six existing regulations. Parallel to introducing legislation, the DMA trained its surveyors and auditors for conducting the labour inspections on ships. I am pleased to state that, using its own resources and with some assistance from the UK MCA, Bermuda completed the inspection programme and issued statutory Maritime Labour Certificates to all Bermuda ships within the stipulated time period.

Madam Chairman, the DMA has the following plans for the upcoming financial year:

1. DMA will host the 2015 Annual Red Ensign Group Conference in Bermuda. This conference is concerned with the development of REG common policies, strategies and legislation relating to interpretation and implementation of IMO, ILO Conventions and other treaties. The requirements for training and professional development for REG surveyors, auditors and inspectors are discussed and strategies developed to address this need. It also includes discussions on registration matters and common approach for promoting the REG shipping registries. The location for this prestigious conference rotates each year, and it is the turn for Bermuda to host this conference in Bermuda in this year. The REG Conference was last held in Bermuda in 2006, and it was a success. This year's conference will be held in Grotto Bay Resort in June of 2015 and will be attended by delegates from both Category 1 and 2 REG registries. As customary, a high-level delegation from the UK Department for Transport, the FCO and MCA will be attending this conference.
2. Promotion of Bermuda Shipping Register:
 - (a) Attending the London Shipping Week and Conference in September 2015.—This is an event initiated by the REG Marketing Forum with a view to boost the tonnage of individual REG registers and the common REG British Register as world-class registers. It is expected that a high-level delegate from the Bermuda Government will attend this event, similar to other REG registers.
 - (b) Attending the Cannes Yachting Festival 2015.—Bermuda's Large Commercial Yacht Register is being developed to cater for the needs of the large yacht-owning community. Cannes Yachting Festival will offer Bermuda a good opportunity for marketing Bermuda's large yacht register. This event will follow immediately after the London Shipping Week 2015, hence the overall cost for attending this promotional event will be reduced.
3. Training—IMO adopted the new IMO Instruments Implementation (III) Code, commonly known as the "Triple-I Code" [III Code]. This IMO code was adopted in December of 2013, and it is concerned with the standards for inspection of maritime administrations of IMO member states. This system makes the earlier IMO inspection regime, known as the *Voluntary IMO Membership Audit Scheme* (VIM-SAS), mandatory. It is expected that mandatory inspections under III Code will commence in 2016; hence, preparations for this important inspection must be started as early as possi-

ble. [The] III Code inspection involves the three partners of a state—coastal state, port state and flag state. In order to undertake preparatory work for the inspection, the relevant stakeholders will need to be educated and trained in the respective activity areas of the state party to the IMO Convention. Towards this cause, the DMA will arrange a training course in Bermuda to be delivered by an external service provider towards end of 2015.

4. And the final objective is securing office accommodation for the DMA. The current office sphere occupied by the DMA staff at Global House is far too small and unsuitable for operating a Category 1 International Maritime Administration. The Ministry of Tourism Development and Transport and the DMA will endeavour to address this situation within the first quarter of the forthcoming financial year.

Madam Chairman, you will be pleased to know that this concludes my presentation Estimates of Expenditure and Revenue for the Department of Maritime Administration, Head 73, and for my overall presentations of all of the heads under this particular Ministry.

Before I take my seat, Madam Chairman, I would like to recognise in the Gallery, to my left, the Permanent Secretary of the Ministry, Mr. Francis Richardson, who is a very dedicated and hard-working civil servant. I would also like to recognise all of the directors. I have mentioned some previously, but I would like to recognise them all: Director for Marine and Ports, the Commander Richard Russell, who is in the Chamber; Director of Airport Operations, Mr. Aaron Adderley, who is also here; Director of Transport Control Department, Mrs. Jasmin Smith. I mentioned [she] has now been seconded to the ACBDA; Director of Public Transportation, Mr. Dan Simmons, who is here; Director of the Department of Civil Aviation, Mr. Thomas Dunstan, is here; Director for Maritime Administration, Captain Pat Nawaratne, is here; and also Comptroller for the Ministry, Ms. Julie Grant, who is present.

Hon. Shawn G. Crockwell: Thank you, Madam Chairman.

The Chairman: Thank you, Minister.

Are there any Members who would like to speak to the Estimates of Revenue and Expenditure, Heads 48, 30, 31, 34, 35, 57 or 73?

The Chair recognises the Member from constituency 24, Warwick South East, Shadow Minister of Transportation, Mr. W. Lawrence A. Scott. And I would like to remind you, if you could identify what head you are on so I can follow duly. Thank you very much.

Mr. W. Lawrence Scott: Thank you very much, Madam Chairman.

I just wanted to thank the Minister for a thorough brief. Over the course of the past year, my Shadow Ministry team and I have been following his progress and the moves that he has been making throughout the Ministry with a specific focus on, as we came into the Budget season. There are a couple of things that the Shadow Ministry team brought to my attention, and some things that I have some concerns on and which I would like to ask questions on and actually discuss with the Minister.

I am going to start with Head 35.

The Chairman: Hold on a moment. Let me just pull it up. Do you happen to have the page there?

Mr. W. Lawrence Scott: Okay. Let me just get it here.

The Chairman: Page [B-]181, I believe.

Mr. W. Lawrence Scott: Sorry. Yes. Head 35, Department of Truck . . . of PTB [Public Transport Board].

One thing that the Minister did note, he did talk about the fact that there were some new buses that were brought on board and that they do have cameras and everything, which should increase the safety of . . .

The Chairman: Member, I just want to . . . At Head 35, Public Transport?

Mr. W. Lawrence Scott: Yes.

The Chairman: Okay. That is on page B-181, for anyone who is following.

Please proceed.

Mr. W. Lawrence Scott: All right. Thank you.

The Minister did talk about that for the safety of the drivers there were cameras in the new buses. And that is something that we did discuss last year, and he said it was coming on this year, so I am glad to see that he did follow through.

But there are a couple of other safety concerns, because there have been numerous assaults, many of them verbal, some of them are physical, with passengers, and having operators receive medical treatment. But yet, what I would like to see is the Minister put forth some public announcements, some warnings and also [make] the public aware that the Ministry will prosecute to the fullest extent of the law anybody who is found verbally assaulting or physically assaulting any of the operators, and if he could go so far as to go into the Omnibus Act regarding the fines to increase the fines for such actions. Also, it seems as though the grievous bodily harm to operators in the course of duty is not mentioned in the Omnibus Act.

So if the Minister could provide that type of legislation, I think that that would go further into providing safety and security for our operators.

You know, there are also reports reaching the Shadow Ministry that on Friday nights workers are reporting having rocks thrown at the buses on Kitchener Road. And so there are things like that. But even though you have these safety concerns, you have the cameras on the buses, it is a little worrying. And I am just going to ask the Minister for clarification if he could explain to us why it seems as though the security or the night-time security at the bus depots has been cancelled or is no longer in place. And if this is true, or it is accurate that the security has been pulled, how long has it been since they did have security guards there? And how long has this been in effect? [I am] wondering now if he is going to reinstate the security. And if he is going to reinstate the security, where would he . . . Well, how much would it cost exactly? Could he go into more detail about that, and how it stacks up to what he spent on safety and security for last year?

It also seems as though, when it comes to the bus depots, in some bus depots at night there is only one light working, which is something that I feel needs to be addressed, not just for security reasons, but also for preventative reasons, because it is pretty hard to drive a bus or park a bus into a place that is full of other obstacles at night with no lights.

It was also brought to my attention that there have been . . . Well, once again I did talk about the lights, and I had to go to the St. George's terminal, and that lack of proper markings in the bus depots or the bus parking lots . . . Because for me, going back to the security, one of the solutions that we were thinking on this side was that, given some of the latest incidents that we have seen with overtime and having to pay the costs associated with it, when it comes to security, if the Minister is unable to find it in the budget to fund security guards or whatnot, why not take some of those operators who have been designated to be on light duty or could only perform light-duty operations and responsibilities, to have them redeployed? And redeploy your assets so that these members on light duty could actually perform the security watch.

I feel as though, you know, at least on the surface of it, it would seem a good idea, because these members and these operators would actually have a very vested interest. These are their colleagues whom they will be looking out for, their own equipment that they would be driving. So they might even do a better job than an outsourced entity.

Staying on Head 35, I notice that the Minister did talk about the massive flooding in the men's room in the main headquarters. And that water then leaks down into . . .

The Chairman: That would be under Maintenance.

Mr. W. Lawrence Scott: Yes, thank you, Head 35.

Then it would leak down into the cafeteria. Now, I noticed that he did say that there were leaks. He did address that. And I am glad to see that. But I am just wondering, how long? Because there was no timeline given to be able to fix these and address this to where the workers would then be in an almost leak-free environment, where water is not leaking down, it is not mixing with anything else and creating unwanted smells and whatnot throughout the building.

But I also wanted to know . . . right now on rainy days it seems as though workers are now on a covered patio which does not fully protect them from the elements. And then having to fix these leaks, once again, how long is that going to take? And how does it negatively impact the workers? I just want to know how severe is the leaking, and if he can let us know exactly what costs are being diverted or being budgeted to fix these leaks.

Then also, if he can let us know what the . . . Well, sorry. He did let us know that some of the discolouration on the tiles was mould. And if he could let us know how do they plan on getting rid of the mould. And how many of the sections of the building are inoperative right now?

[Inaudible interjection]

Mr. W. Lawrence Scott: No. How many sections of the building are currently inoperative based on the state that it is in?

What I want to . . . just looking here . . .

[Pause]

Mr. W. Lawrence Scott: Now, going to the St. George's terminal, it seems as though there is only one bathroom in the St. George's terminal, one toilet to serve the 25 operators daily. And the state of that bathroom seems to be reported to us as being deplorable. Now, is the Minister aware of this? If he is aware of it, how is he going to fix it? And once again, how much is it going to cost?

Because we are getting conflicting reports that the workers in St. George's are seemingly supposed to be in what is constituted as a condemned building and that the original tenants were moved out. And now that the workers are there and the bathroom is so bad, they actually have to go to the nearby rest home and use the bathrooms there. And I do not think that this is an appropriate situation for workers to be in, and I think that, in looking at the budget, we could find some ways to be able to divert funds to make sure that these things are addressed.

When it comes, then I am going to go to the Dockyard terminal. Once again, I have heard reports that (once again, it is the bathrooms) that a driver fell through the floor in the Dockyard terminal. And once again, has the Minister addressed these concerns?

When will they be addressed, if they have not been already? And how much did it cost?

I am on PTB, staying on Head 35, and I am actually moving to the dispatching of buses. It seems as though there are a number of buses that have been dispatched or that are in the yard and—

The Chairman: Member, are you able to guide me as to what line that might be?

Mr. W. Lawrence Scott: Right now, I would be on page B-180. It would be under [line item] 3501.

The Chairman: Thank you.

Mr. W. Lawrence Scott: And I would classify this as bus operations, which is [cost centre] 45010.

The Chairman: Got it. Thank you.

Mr. W. Lawrence Scott: And it seems that there are buses in the yard that, during the summer months, sit there. Obviously, we know that buses are mostly glass. Therefore, it gets very hot inside the buses, and the air conditioners do not seem to be working. Therefore, bus drivers have to go inside these buses, sit in them, wait for them to try to cool down, under natural circumstances, which takes a long time. Then you have bus drivers who are sitting in the buses that [I just] mentioned [where it is] about 110 degrees sometimes during the peak of the summer.

So, without air conditioning, I think that is somewhat intolerable, and we need to be able to find ways to fix this. I think that the simplest way, the fastest way is to make sure that buses have working ACs, at least during the summer. During the winter, maybe the heat may be a little of a luxury and something that is most wanted.

Also, reports are getting back to us that there are buses which drivers report they feel are unsafe to be driven onto the roads. Yet, due to the lack of buses that are out there, because there seems as though a large number of buses are out of service, they are now being somewhat forced to take those buses out there. If we could actually get some clarification on what the Minister is planning to do there, because it seems as though having a lack of buses that are in operation and, basically, when it comes to finding workers to do it, that is causing a problem out there, and that is something that I am getting a lot of e-mails and phone calls about recently. I am assuming that a lot of the cancellations that we are experiencing now as a country, when it comes to the buses, is in relation to this. So I think that this should be a priority for the Minister to fix.

As it stands right now, if we are having troubles with routes and cancellations and ensuring basically that it is sustainable, that it is on time right now during our off season, when we start to increase the

workload on the bus system I shudder to think what could happen. It would leave a negative impact on our tourism product because we then have long lines with tourists, long lines with visitors. I have had residents and constituents who have been coming to me saying that they have been made late to work because of these bus cancellations and no notification. We have had children who are late to school, and the list goes on.

What I am noticing is that . . . I bring all that up with the bus maintenance because last year at this time we stood here and we talked about it. I did raise a concern about the bus maintenance, and the Minister had cut the . . . I do not have the number right in front of me from last year, he had cut the budget by 8 per cent. Now, when I asked him about it, he said, *Well, the buses are newer. We are going to be bringing on those new buses. And because the buses are newer, that will mean that they are going to be needing less maintenance.*

It seemed to sort of ease my fears temporarily there, but it seems as though that did not work, because I am noticing, under Maintenance, which is [line item] 3502, that the Minister has cut repairs by \$227,000, or 5 per cent. So if we are having issues now, how are you going to justify cutting the budget even more by basically a quarter of a million dollars and anticipate, you know, to have working buses, have buses that are fully operational and have buses that the drivers are not concerned about taking out?

Once again, I am still on page [B-]180, which is Head 35. I notice that the Minister said that he had taken a tour of the PTB facility, and I am glad that he said that because it brings up what I was worried about, which was the shop floor. The shop floor seems to be . . . I have reports that it is very slippery. It has not been power washed in some time, [and so it is] slippery. A slippery shop floor seems to me, just on the surface, a safety hazard. And once again, I am just focusing on the safety of the workers. It seems as though there are lifts that are not working or lifts that are leaking. And reports are coming back that no one is able to fix them.

If we can see how much . . . if part of the training budget is allocated for sending Bermudians out to be trained or having a trainer come in and fix these lifts that are leaking. And then also, it seems that there is a fuel pump that has not been repaired, which causes a backup of buses at the peak time.

So, once again, I think all these things are contributing to what they call in aviation *the Swiss cheese effect*. All these holes are starting to line up, and now we are getting the incidents and the cancellations as a result. So once again, I think that it is very important that the Minister sort of make sure that all these assets are taken care of and all these i's are dotted and t's are crossed.

Now, I just wanted to talk about the canteen that used to be there inside the building. That would

be, Madam Chairman . . . I would actually be putting this under, once again, Repairs and Servicing, because of the fact that the kitchen was shut down. And when that was done there was nowhere for the workers to eat. And what has happened since then, since no one has been using it, no one has been up-keeping it, reports are getting back that it has become infested with roaches and other bugs. Therefore, what we are suggesting is that we have the Minister put out an RFP for like local food vendors, local food entrepreneurs, have them come in, take that canteen over. And then even the Ministry could use that as somewhat of a revenue generator, charge rent for it. And out of the rent, they just basically, the food vendor would turn it into a business and that would help alleviate some of these issues that we are having with infestations.

Also, I am just wondering if the repair [cost for the damage] from the two hurricanes has included all of the cracked windows that were reported in the main headquarters. And also, another question when it comes to the central terminal is . . . the central terminal seems to be having reports of a rat problem and that rats are coming through holes in the doors by the cashier's booth. So, we would not want at night somebody's child to go missing because of these rats or anything like that. So if the Minister could sort of [consider those things] and get those things under control there.

Once again, it seems as though in the Dockyard terminal we have a one-way-in/one-way-out type of situation. I am wondering if the Minister is aware of that. And if he is aware of that, how is he planning to address that? Because we do not want one bus trying to go out while another bus is trying to go in on the same road. I think we have an idea how that would be—

The Chairman: Member, again, you have that under Maintenance?

Mr. W. Lawrence Scott: Yes. I would put that under Maintenance because there is work that has to be done because it is a one-way-in/one-way-out [situation], so you would have to build something or find a way to add a road or widen the road. So I would put that under Maintenance there.

But also, once again, I have already touched on the flooring. The other thing that I would like to talk about is up there [in Dockyard], Works and Engineering and WEDCO, I think, need to be persuaded by the Minister to work promptly and urgently with the security matter of lighting. It seems as though the reflection of the lights up there in Dockyard is making it difficult for the bus drivers to see when they are parking.

The Chairman: Okay. But, Member, do try to stick to the Budget Debate. And that is a great recommendation. But let us try and stick to this one. And perhaps—

Mr. W. Lawrence Scott: Well, that would have come under (what I just talked about with the lighting), I think, Bus Operations, which is page B-180, [line item] 3501, and then [cost centre] 45010.

The Chairman: But then there would have been no need to discuss another . . . you had mentioned another entity. So that is the only reason why I raised that.

Mr. W. Lawrence Scott: Oh, okay. Okay, no problem. It is just that the terminal was up there in the WEDCO facility right next to WEDCO. And the Minister did mention in his brief about walking around with the Minister of Works and Engineering. Therefore, since they are all intertwined, I just felt as though I wanted to give you a big picture and allow you and the listening public to be able to follow along very clearly and paint that picture very clearly in their mind. But I do take your point.

Moving onward, I would like to go back to the PTB garage. It seems as though the garage there, the air conditioner has been out for quite some time. And I could imagine working in a garage during the summer months could be very unfavourable, to put it politely. So, therefore, if the Minister once again could just address that situation and let us know what is going on. It seems as though right now there are approximately 50 buses out of service, or basically around 50 per cent of the entire fleet that is out of service. So we are just wondering how the Minister is planning on bringing these buses on board and bringing them on line and putting them back on the roads so that we can—

Hon. Shawn G. Crockwell: Point of order, Madam Chairman, or point of clarification.

The Chairman: Yes. The Chair recognises the Minister.

POINT OF CLARIFICATION

Hon. Shawn G. Crockwell: Yes. I just want to correct the Honourable Member, because I know he has made this comment before. We have never had 50 per cent of the fleet out of service. I think the highest we have reached this year was 38 per cent [sic].

The Chairman: Thank you.
Member?

[Inaudible interjection]

Hon. Shawn G. Crockwell: Oh, I am sorry, 38 buses. What percentage would that be, about?

The Chairman: Thirty-eight buses out of a fleet of 110, I believe?

Hon. Shawn G. Crockwell: So the highest, I believe, has been 38 buses, out of a fleet of 110.

The Chairman: Okay. Thank you.

The Chair recognises the Member from constituency 24.

Mr. W. Lawrence Scott: All right. Thank you very much, Madam Chairman.

What I am going to do is move on to . . . I noticed that the Minister did talk about, under Management Supplies, which is page B-180, [line item] 3503, and [cost centre] 45200 . . . No, sorry. [Cost centre] 45115. And that parts get brought in. But it seems as though he says the parts are being brought in for preventative maintenance, but the reports coming to the Shadow Ministry and myself are that there are not enough parts to be brought in to address the overheating of buses and the ACs and the AC issues.

It seems as though, instead of addressing some of these issues, that there were mechanical governors put on the buses to restrict the performance of the speed of the buses. But they have not helped the problem, but they have exacerbated it, where it actually causes the buses to overheat a little bit more to the point where the potential of a bus catching on fire has increased. And we have actually seen that. There were reports of buses on fire. There was one in Southampton not too long ago.

Once again, I think that maybe the Minister could explain that and go into a little bit of detail about how, if he has brought in parts, but it looks like the parts that are being brought in are not adequate enough, but yet he has still cut the inventory management budget by \$459,000, or 29 per cent. So if we have buses that are not on the road, if we still have 35 per cent, approximately, of these buses [off] the road, how is he going to get those 35 buses back on the road and reduce that percentage of out-of-service buses if he is cutting the budget for repair and maintenance, cutting the budget for supplies and parts? I do not think that just having these 16 new buses is going to do it on its own.

Once again in talking about the parts, it seems as though there are specialised tools needed to fix some of these buses. I was just wondering if that is part of the budget, to bring in these specialised tools, to supply these specialised tools with the . . . And also, with the specialisation in tools, if he is going to include the training in that. Now, maybe I do not know how he has planned for training, if he is going to send . . . because I think the numbers work out that you need approximately 20 people to go out and train on these new 2014 buses. If he is going to bring in one person and that one person is going to train everybody, or are they going to do what is called a train-the-trainer, where they send one person out to the manufacturer, they train him and he comes back and he trains everybody else?

Just once again, it seems as though there is no real working procedure to ensure that buses are parked properly. And the improper parking of buses seems to be resulting in unnecessary damage to the buses, which then puts them out of service or has them go to repair, and so on and so forth.

So now, once again, I wanted to just provide a couple of things that talk about the bus passes. If you want to talk about passes just for revenue summary, it is on page B-181. It would be Revenue Centre, [line item] 8679, under Passes.

The Chairman: Thank you.

Mr. W. Lawrence Scott: It seems as though the student passes and the bus passes have been causing somewhat of a controversy for a little bit of time now, because you have individuals who are trying to use the passes who do not qualify for either. And I am mainly talking about the student pass. They do not qualify for the student pass. But it seems when there are challenges made [by] the bus drivers they do not get the . . . there is no real consequence to those people who are found not qualified to be using the student pass. I have noticed that there is a projected reduction in revenue of \$368,000, or 8 per cent. Maybe if we were able to provide some heavier or sterner consequences for this we could start generating a little bit more revenue for it and for the government as well.

Once again, in the interest of doing a little bit more with less, it seems as though there are a couple of department heads within the PTB, where there are not enough workers, or reportedly there are not enough workers for the department heads to basically justify having a department head. So therefore, maybe we could get rid of that department head position and then have the funds and wages from that utilised more effectively to purchase parts, as I mentioned before, for the required small jobs. I would probably suggest maybe focusing on making sure that the air conditioners are up and running, that the water dispensers for the windshields for the buses are in operation, and that the shades for the front and side of the windows are in place. And more importantly, that the brake lights are replaced on buses 2K04, 2K112, 2K102, 9705 and licence plate 9702.

Now, if that has already been done, just let me know. But those were reports that were coming back and things that I had seen myself.

But also (once again going back to health and safety) it would be in the interest of operator safety, just maybe . . . and I do not know the logistics that are needed for this, but it is just an idea, [we should] have pictures of those individuals who are banned from the buses being put up so that individuals know that their actions previously have jeopardised the safety of a bus operator, and maybe we could do that one as soon as possible. That would be most appreciated.

It seems as though, once again, I said that not all buses that have been reported to be damaged or reported as being unsafe are being taken out of service. If that is something that could be done and maybe have a check and balance to where, if the bus drivers, if I was a bus driver, I report, *Hey, I don't think that this bus is ready to go out*, that I could get a little something that shows that it has been taken out of service just to know that my . . .

I have talked about the canteen.

[Pause]

Mr. W. Lawrence Scott: Now, what I would like to do is, I think that that brings me to the end of Head 35. And I am going to go on to Head 34 on page . . . Yes, Head 34, which is the Transport Control Department [TCD], which is [page] B-176.

The Chairman: Thank you.

Mr. W. Lawrence Scott: I just want to ask for your indulgence right now, Madam Chairman, I just want to jog your memory, because last year this time I took the opportunity to introduce or present a suggestion to the Minister, which we in the Shadow Ministry refer to as the pay it forward programme. And the pay it forward programme, if you wanted me to make it more specific, would be under Head 34, page B-178, which would have been cost centre 44040.

We can all agree that the fees for licensing a private car can range anywhere from \$288.35 for a Class A all the way up to \$1,595.05 for a Class H. And in these economic times today, I think there are a lot of people out there who would find it hard to be able to spend maybe a couple of thousand . . . Well, I will use myself as an example. I do have a Class H. So after I put insurance on top of that and I have to go take my car to mechanics, some people find it hard to spend approximately \$3,000 to have the car licensed and insured and put on the road.

I did mention last year about the pay it forward programme, where I know that TCD has a wonderful programme. Right now we can sort of write in. You ask for a waiver to allow you to license your car for six months. With transparency and declaring my interest, I have actually had to use that from time to time, because this struggle is real, Madam Chairman. Therefore, what happens is this programme that they have in place right now, as much as it is a good programme, I think it just brings our people back to zero. It just brings them back to zero. It does not allow them to get ahead.

The pay it forward would mean that we . . . It is something that you would put on top of this programme where, *Okay, I have asked for a six-month dispensation. And on top of that, now I can . . .* I have checked with my sources in TCD [and found] that the IT capabilities are such that I could then pay the six

months and sort of start paying ahead. So I could say, *Okay, I have got my six months. But now I got a little bonus at work, or I saved up this money here, let me go to TCD and I could put the equivalent of another two months.*

Now, we do not want to go day by day. But at least one twelfth, or one month at a time, you could go pay it forward. Therefore, by the time you get to when your car is supposed to come off the road, you could go to TCD. You would have a balance that is allocated by the licence plate number, or so on and so forth. And that way, it allows our people to get ahead.

Now, I do remember bringing this up last year to the Minister. And it seemed as though it was favourably looked at. And he did say that he was going to look at it. He did say he was going to look at it, and I just wanted to know where we are with that because, you know, it would be nice to see if he was able to find a way to implement that, that programme.

Now, while I am on Head 34 (page B-176), there is another programme that I was thinking about and that the Shadow Ministry would like to present tonight, which basically is when it comes to the public service vehicles. It has been brought to my attention that many public service vehicle owners are now getting letters from the Tax Commissioner's Office saying that they owe hundreds or maybe even thousands of dollars in back taxes. And more times than not, these back taxes are in the context of payroll tax.

So, in putting our creative solution thinking caps on, the Shadow Ministry came up with an idea that maybe what we could do is have the payroll tax, which is basically going to be a flat fee, collected, or give the public service vehicle owner the option of being able to collect or pay their payroll tax for the year at the time that they license their car.

Now, the way that this works and the way that this makes things advantageous is, once again, as you said, that it is a flat fee. Therefore, for those public service vehicle owners who have multiple operators, they can go pay the fee. Let us say the fee was \$100 for the year. They can say, *I've paid the payroll tax*. Therefore, now they find creative ways of getting it back from the operators. And this way it allows for more flexibility for the public service vehicle operators to find ways to pay their payroll tax. It allows for a more secure way of the government to get what is . . . Let us put it this way. It allows for Caesar to collect what is Caesar's. Therefore, we would not have anybody getting, as my manager at JetBlue [Airways] would say, these *nasty-grams* from the Tax Commissioner saying that you are overdue. And actually, it could be seen as somewhat of a corporate version of the pay it forward programme.

So, now this is . . . just still staying on TCD, I still want to just formally put out there . . . because I have spoken to the Minister about this before, off record. But just work at, if he could bring forward legislation, which I would be willing to work with him on, for

an amendment to the Motor Car Act involving Bluetooth, just basically, just nothing too significant, just to update it because it seems as though back when we did pass the . . . I was not part of the legislature then. But back when the original Act was passed, allowing for . . . no, sorry, banning cell phone usage, Bluetooth was not that big. It was sort of in the minority of things. But now everything, and even cars, comes with Bluetooth. Maybe we need to just incorporate that and make sure that it stays with the spirit of the original Act.

I do not want to spend too much time on that, because under Head 34 I want to talk about road safety. And I would like to thank the Minister for hosting a Road Safety Summit not too long ago. One thing I did notice, and I did bring to the attention of not just the Minister, but to all who were in attendance at the Road Safety Summit is that . . . and let me give you some background information. At the Road Safety Summit it was agreed upon that the root cause of our national health crisis on our roads is basically the culture in which we . . . the culture of impaired driving which we have. So we have to find ways to either directly, indirectly and creatively tackle this root culture.

I applaud the Minister for bringing the roadside sobriety checkpoint (I mean, roadside sobriety testing). But as I have let him know directly, I feel as though it is a good start, but it does not go far enough. I think what we need to do is actually complement the roadside sobriety testing with roadside sobriety checkpoints. And then, after that, after we get that implemented, maybe Alcohol Bureau of Control. But I want to just focus right now on the roadside sobriety checkpoints, because I feel as though that actually tackles the root cause and the culture of what we are trying to do.

Just to make it clear to those out there in the listening public, a roadside sobriety checkpoint is not necessarily to catch people who are driving impaired. It is actually to change the mindset. If you know . . . Because when it comes to having roadside sobriety checkpoints, and I will take the Australian model which has been very successful. It was implemented back in 1973 and has been very successful ever since. What they do is they make sure that it is well publicised.

For example, let us say on Wednesday, you would have the Government, the Ministry, the police service start advertising through public service announcements, through radio ads, through the news, the TV news and in the newspapers that (for instance, a hypothetical) they would have a roadside sobriety checkpoint at the end of East Broadway between 10:00 pm and 3:00 am. Therefore, they will be looking and checking for impaired driving.

Now, the fact is I know that, so that would be on Wednesday, Thursday, and Friday. The fact that I know that there is going to be a checkpoint, before I go out I will be in the mindset, if I am going to drink,

that I am going to drink responsibly. Instead of having three drinks or five drinks, I might just keep it down to one, because I know I am going to have to go through a checkpoint. Therefore, it is about just the awareness. I do not want people to think that roadside sobriety checkpoints are about out-to-catch-people. It is just mainly to change the culture, make us more aware.

Also, if we could, another thing is put some money or budget some money towards making a more robust (what is that called?) Project Ride. [We should have] Project Ride a little bit more robust than it is now, and transform Project Ride into a graduated licensing programme. Now, I do not want to spend too much time on that.

But I want to now keep under Transport Control Department, Head 34, [line items] 8473 and 8474. And what I want to do is bring this up because that is talking about car licensing. And I bring that up under the auspices of the America's Cup. Because I was thinking about, when it comes to America's Cup, you then are going to have . . . And I can tie this in with the sobriety checkpoints because it would be nice to have the sobriety checkpoint legislation put in place prior to the America's Cup really getting kicked off here. Because with the America's Cup, there is going to be a lot of celebrating. And with celebrations come libations, and so on and so forth.

So, when you then have the America's Cup here and you are going to have more people drinking, we want to encourage them to be responsible when they drink. And America's Cup is bringing in 80-plus vehicles. I am not arguing the justification of the 80 vehicles or not. My argument today is the same argument I have had before, which is that I do not really see the avenue in making or allowing that the average Bermudian would have in getting to be part of the America's Cup. And what I want to say, and I will use the cars as an example, where I would like to see that the Minister could provide a way in which the average local could become what is considered a designated corporate partner.

Now, how does this relate to transportation? Let us look at the cars. They are bringing in the cars. And if the Minister was to work with, let us say, the taxi dispatch companies to create a Transportation Authority, now they could say that, you know, we have a Transportation Authority. That would then be the one that would be made up of a conglomerate of all the different representatives and stakeholders in the different taxi dispatching companies. The reason I pick the taxi dispatching companies is because they already have a working knowledge of . . . they are subject-matter experts [SME] on transportation around the Island. They are subject-matter experts on the Island, themselves having taken the taxi exam.

So, if we bring the America's Cup limousines under this Authority, you know that it is going to be done right. You know you have qualified individuals.

And now what happens is that you have the average Bermudian with a direct pathway to become a designated corporate partner, because this Taxi Authority, which comprises the average Bermudian running it, would be the contract holder. And then they can then go and find . . . Once again, you would have your taxi drivers who could be complaining or could be voicing concern about having direct competition with these limousines. Now, if you bring them under the Authority, with the dispatch companies involved, it sort of becomes all inclusive.

So therefore, you have now local Bermudians, the average Bermudian who is now getting the contract for the—

[Inaudible interjection]

Mr. W. Lawrence Scott: Yes. The Premier caught my slip when I said “local Bermudians.”

So, therefore, what happens is that you have the average Bermudian who is coming in and is being able to be directly impacted and have a direct impact and get direct significant financial benefit from the America’s Cup. So now, and then what you do is that you have this business plan, you run the business plan through the Bermuda Economic Development Company, and then have them work with the ACBDA [America’s Cup Bermuda Ltd]. And now you have a very robust plan. You have a very broad and structured pathway to significant financial benefit from the America’s Cup. And all of this is just coming from the Minister of Transport being able to just be a little creative with the way that we handle things right now.

Now, when it comes to the America’s Cup, we are talking about luxury tourism. We are talking about luxury transport. But I am now switching gears, and I am going to actually go to Head 31, which is found on page B-165. And I am talking under cost centres 41160 [and] 41190.

[Pause]

[Mr. Rolfe Commissiong, Chairman]

Mr. W. Lawrence Scott: What I want to say, Mr. Chair, is that the PLP, agrees with the Government that we need more inward direct investment from international companies and international investors. But now, when it comes to the airport, I am of the understanding that we have a foreign investor who wants to invest in Bermuda and wants to make a large investment of, I would say, millions of dollars into the airport, but now is being hindered in making that investment because of CCC [Canadian Commercial Corporation] and the proposed plan, or the proposed deal for CCC to develop the airport.

Now, I feel as though this sounds somewhat hypocritical, where you have the Government that is talking about, *We need more direct investment. We*

need more international investments in this Island. But yet when we get an investor, they are now pushing them away or at least not making the most of an opportunity that is presented to them under name or guise of CCC (now, it seems the *pending* CCC deal). But now I just want to take a step back. Because when we are talking about CCC, I remember back in 2013 I really stood on the floor of the House and I brought a motion. And just to jog your memory, Mr. Chairman, my motion was, *I move that the Members of this Honourable House take note of the advantages that could be enjoyed through the creation of an Airport Authority.*

Now, during that debate, I outlined a plan that allowed for the redevelopment of the airport, the airport terminal and the Causeway. The plan also was robust enough to include an administrative infrastructure whose role could be expanded to absorb more or other transportation-related responsibilities. Now, not only did that plan create a pathway forward for the new air terminal development, but it also allowed us to move forward without running the risk of possible redundancies or neglect of the Causeway.

The thing is that when I brought that motion forward and I spoke on that motion, I received quite a few comments of congratulations from Members on the other side. And the only strange thing that I kept hearing was that I would need to get the Finance Minister’s support in that. And I found that strange then because I thought it came under the Minister of Transportation and Tourism. But I understand now.

Let me just lay out a few facts that are in connection with this airport plan and where I am going with this. The fact that I laid out the plan in 2013, it was mutually agreed upon. There was another fact that. It is a fact that the Finance Minister Richards agreed that my plan was the way to go, because he has incorporated it (the establishment of the Airport Authority) into his airport redevelopment plan. Another fact is that my plan kept the running and control of the airport in the hands of Bermudians. Another fact, Mr. Chairman, is that the OBA’s plan has been plagued with nothing but controversy, such as agreeing to sole source the airport deal with CCC and, arguably, going against Financial Instructions.

And then there was the whole thing when it came to SNC-Lavalin and the connection with CCC while they were being blacklisted by the World Bank. Now, the OBA Government has assured us that SNC-Lavalin is not going to be the one developing the airport. That is good to hear. But it seems as though the saga continues when it comes to the question marks and the comfort that one would feel with the signing over of our airport, untendered and sole sourced.

So I did a little bit more digging and came to find out . . . and, Mr. Chairman, just holding up the documentation in my hand right here, it seems as though for the past number of years CCC has now entered and become a major player in arms dealing. I

mean, I have documentation here that says that the CCC reports that are entitled “CCC: a Crown corporation arms dealer.” It says . . . another report is “Canadian Commercial Corporation: a Crown Company as Arms Middleman.” Some of these reports, Mr. Chairman, go on to talk about how CCC went two years without an approved corporate plan due to unspecified and unresolved governance issues.

Now, Mr. Chairman, on the cover of one of these arms deal booklets, the title is, *Canada’s Foreign Military Sales: Delivering your requirements: on specification and on budget*. Now, Mr. Chairman, I find it very ironic and very coincidental that that is the same line that the Minister of Finance is using to be able to sell CCC to the country. He is saying that CCC will *deliver our airport on budget to our specifications on time*. Now, my question is, is that—

[Inaudible interjections]

Mr. W. Lawrence Scott: No. The thing is, when it comes to this the Honourable Premier is asking about if I have problems with the tagline. No, I do not have problems with the tagline. I have problems with the fact that we are about to sign our asset over to a company that has governance issues and deals arms to the Middle East and other governments. That is the issue that I have with it.

And then we are going to have a company that . . . now why are we in such a hurry to sign our airport over to CCC who has no money? CCC is just the middleman. So, why . . . We are rushing to sign our airport over for a time longer than the period that we have been in control of it to a company that has governance issues and is selling arms. Does that mean that they are going to have planes landing here with guns? I do not know. Right?

But the thing is that the one person who might know whether that is going to happen would be KPMG, because KPMG is the one who did the report or the economic impact survey for them. Now, why do I bring up KPMG? Because reports have reached my ears that there is a local person involved with KPMG here, a Mr. Thresher, who has been a very big proponent and pushed for the airport deal back since the Jetgate days. So, you know, I find it very strange that all of this is being rushed. You know, I do not like the feeling that I get. I do not believe that this passes the all-important smell test, when you have a company with governance issues—and “governance issues” meaning that they are not good at managing what they have.

If the Canadian Government has issues with one of their Crown corporations and the way that they manage themselves, and this is a company that is managing or getting into the arms race and arms dealing, I do not like what that would look . . . How is the Bermuda Tourism Authority going to help market our country when they say, *Oh, yeah. By the way, we are*

partnered with an arms dealer, and that arms dealer happens to run our airport?

You know what? It actually is even more troubling that the biggest thing that the Government has an issue with what I am saying is that I pointed out the tagline. They do not have an issue with anything else. Right?

Now, Mr. Chairman, I am going to stand here in the context of constructive criticism. So now I have pointed out something that I do not like. I have pointed out something that raises an issue. So now, let me try and—

The Chairman: Member, excuse me one second. All of this is coming out of, in terms of your . . . out of which head, again? In reference to which head?

Mr. W. Lawrence Scott: It comes out of Head 31, page 165, cost centre 41190.

The Chairman: Okay. Proceed.

Mr. W. Lawrence Scott: Right? And then, it goes to . . . Now, what I am going to do, Mr. Chairman, is provide that solution. Instead of basically getting into what some can say is a sketchy deal with this airport, because, you know, it is just one question mark, more questions than answers. Why do we not basically find more creative ways? And part of that could be (and I am floating an idea out there) is that the Government could start to raise or create another revenue stream for the airport development programme, which would be the selling of bonds for this.

Now, what this means is it allows for the Government to sell bonds. You say to the average Bermudian, *Hey (and I am just throwing hypothetical numbers out there), you give me \$1,000 today, which is going to go towards the development of the airport, and in 10 years we will give you back \$10,000, or in 30 years we will give you \$30,000 back*. These are all hypothetical numbers. But the principle remains the same, that you are now giving your average Bermudian a pathway to have a direct benefit and a direct say, or be a direct stakeholder in the development of this airport, which helps build pride in the project. Which means that you are going to have people who are going to be able to ask questions. They are going to have a very direct impact, direct . . . they have something tangible to touch, to see, that they said, *You know what? I made this happen*.

So, you know, this is a new way of . . . and maybe the selling of bonds could be a new way that we move forward. When the Government does not have it, it asks for Bermudians, asks for locals who have the ability to invest into Bermuda. Once again, this investing into Bermuda, you are promoting patriotism and culture.

[Pause]

Mr. W. Lawrence Scott: Now, and also in part of this, the whole bond issuance . . . And I just want to leave some time for some of my other colleagues who have had some questions and wanted to join in. But another thing is, although, you know . . . And I will declare my interest. I do work at the airport for an airline, for JetBlue Airways. Therefore, I am directly impacted by a new airport. I would directly benefit from getting a new airport. But, Mr. Chairman, I think that right now might not be the right time for a brand-new airport. We have just got the Bermuda Tourism Authority put in place. Let us give them some time to get their legs underneath them and start that marketing machinery going behind them. Why do we not allow for some time for the Bermuda Tourism Authority to build up our tourist numbers instead of building an airport [now]?

Because remember, an airport by itself is not going to attract a single visitor. All right? Therefore, why do we not allow for the airport to start when we start seeing an additional 100,000 visitors coming through the airport. You know, [that would mean] increased departure tax, increased landing fees, and increased revenue for the country. And so now you are increasing your revenue, your tourism-driven revenue. You then have your bond sales on the other hand. And then you have your Airport Authority, which would be self-regulating and become self-sustained.

Now when you have all of that put together, that builds a robust enough programme, a robust enough infrastructure that can support the need for, can support the building of an airport without having to worry about redundancies, without having to worry about local Bermudian jobs.

There is one thing that I have realised, which is that haste makes waste. So what we want to do is . . . why do we not just slow it down a little bit with the airport? Let us make sure all our i's are dotted and t's are crossed before we move forward. Let us not have any question marks like whether or not Financial Instructions were followed, were not followed, whether or not we have to . . . You know, we do not have to get into proverbial bed with an arms dealer in order to get this airport done. We do not have to do all of this. We can do this on our own. We can do this on an above board [basis] and everything like that.

At the end of the day, seeing as we are talking about the Budget and today's economy, I think that we have provided a lot of solutions, moving forward. We have provided ways that we can work together. And once again, I am putting these solutions out for the Minister to take, these ideas out for the Minister to take, because at the end of the day, as I have said, I have said it before and I will say it again: If I were to sum up the plans that we have provided here, it is that the haves can continue to have. But the have-nots in this country, the have-nots have to have more. Thank you, Mr. Chairman.

The Chairman: Thank you, Shadow Minister Scott.

Are there any other Members who care to speak to these heads?

The Chair will now recognise the Member from constituency 5, the Honourable Derrick Burgess.

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

Just very briefly, two questions. It puzzles me, looking at page B-180, under Maintenance. You are decreasing that particular budget by \$686,000. That is head, [line item] 3502. And with the fleet of 110 buses, it is not a young fleet. I know you try to buy buses every year. And with the breakdowns that we get, I wonder why you would really want to decrease that [budget]

Also, your salaries and wages have decreased by [\$764,000]. Now, I am just wondering, if you plan on cutting staff, are you planning on cutting back on schedules? You know, we certainly would like to know that. And also, a comment about your overtime: Will you put in enough money in your budget for overtime? Because I do know, for your budget for 2014/15, you only put in \$150,000 for your overtime budget for the entire year, when you are averaging \$189,000 per month for overtime. So I understand why there is no money left. You really overspent your overtime budget. You did not put enough money in there for it. So I am just wondering, how do you plan to manage that? Because \$150,000, which does not even cover a month's overtime, and I am not suggesting that overtime should be \$150,000 a month, but certainly not for the whole year. That is what was budgeted for that fleet. So I am just hoping that you can clarify that and how you are going to manage that.

There is some concern right now, because last week (I think it was last week Thursday) 31 people were left at the bus stop going to St. David's. I think it was quarter after seven, or whatever time it was, right? Thirty-one people were left there, and no bus. So, certainly, when people depend on public transportation and they do not get it, it certainly is annoying and particularly when they did not even know in advance.

You know, going into St. David's, you cannot even get a taxi going into St. David's or even to St. George's sometimes, I am told. Suzann does not have enough . . . her car is not big enough. I know she would if her car was big enough. And I know Ms. Foggo would do the same thing. But they have got little small cars, you know. So I am just wondering how you can deal with that.

Also on the airport, when they say about this company, this company that my colleague mentioned, about coming in on budget and on time. One thing I think you are missing is, what they do, just like they did the hospital . . . the hospital had a lot of mistakes down there. They had to take out all the wiring, a whole lot of drywall had to come out. That normally would incur a change order, which will increase the

budget for any project. But what they do, for example, if the cost to build that particular place, let us say for example it is \$300 per square foot, they would inflate it up to \$350, so they are putting really the money up front, not necessarily they are going to spend that. And we get ripped off! And they tell you they are on budget and on time because they put so much money up front there that they are going to make a profit anyhow regardless of the mistakes.

So I would ask this Government, you had better watch that. Because the hospital was very expensive. This airport, which we do not need at the time . . . Nobody travels to a country to see an airport. I understand the Minister is trying to stimulate the economy. But you do not stimulate the economy by taking money out of it! There is a better plan. I am sure there is a better plan that we can construct an airport where Bermuda benefits and the money stays in the country. Thank you.

The Chairman: Thank you, Member.

Is there any other Member who would care to speak to the respective heads under discussion?

The Chair now recognises the Member from constituency 6, the Honourable Wayne Furbert.

Hon. Wayne L. Furbert: Mr. Chairman, I thought since we have a lot of accountants in the Chambers, they will not be wasting their time up here, I will ask some questions in regard to some numbers.

Let us look at first of all at Head 48. That is page B-159. The Ministry's travel budget for 2013/14 was \$77,000. In 2014/15, it was \$89,000. And the revised figure is \$143,000, almost 100 per cent increase, almost. I will say 80 per cent increase. But the estimate for this year is \$110,000. The question I ask the Minister is, Since we have a Tourism Authority, why is this travel higher than it was before when he had the Ministry of Tourism under his whole belt? And can he give us a breakdown of what type of travelling, and is that just one person, two persons, three persons? So in other words, why more travel now in 2015/16, when the Tourism Authority has been put in place? As a matter of fact, \$143,000, I guess that is a trip to Singapore, \$143,000.

And I am not knocking the Minister, because I have been there. So . . .

[Inaudible interjection]

Hon. Wayne L. Furbert: Yes, I have been to China. Yes. I was Minister of Economic Development and Tourism. But I still do not think I spent as much as the Minister, and he is the Minister of Tourism.

[Inaudible interjections]

Hon. Wayne L. Furbert: So, I would like to know why that number, why that number is there. Why is it

higher now that he is not the Minister of Tourism? I mean, he *is* the Minister of Tourism. Why, when he says that he is not travelling as much as he was?

Professional Service—and he may have answered this question. But \$392,[000] in 2013, we budgeted for \$92,000. And you know how it works, Mr. Chairman. You put these numbers in, because the Minister told us to make it work. But then we show up with supplementaries later on. Every year, every Ministry, every government. So we put the numbers in that make it look nice so we can balance and say that we balanced. But we show up the next day, the next year with our supplementaries. So nothing changes.

I would like to know why Professional Services, \$392,[000], but it went down . . . We budgeted for \$92,[000] which is what the Minister of Finance told me was going to happen last year, but we go up to [\$216,000]. And then this year, we go down \$84,[000]. All right. Let us move on.

Let us move on to . . . I do not know much about boats, so I cannot ask you too much about Marine and Ports. But I could ask about the Air Operation, which is something that I was quite familiar with. Here is the biggest joke of all, Mr. Chairman.

[Inaudible interjection]

Hon. Wayne L. Furbert: *Joke?* That is not Parliamentary.

And you look at it from every budget the last 10 years, we budget for air terminal. And I know my good friend is going to know what I am going to say. We budget for \$2 million. And we are up \$6 million. We budget for \$2 million this year, and we are going to be up another \$5 million to \$6 million next year because of the minimum revenue guarantee! No Minister has ever budgeted for that, but we know we pay it out.

The Minister says we know we are going to pay it out. So we are going to pay out another . . . This year it was . . . we got a supplementary of, I think it is \$3 million. Yes, \$3 million. Last year, I remember it was \$2 million when I was the Minister for Tourism. Well, I was not the Minister of the airport. Well, way back I was. But you can look at it every year. Look at the record for the last 20 years. It is like we are denying that we are going to pay it! And we come back and tell the Government and the country . . . And the Minister of Finance should know that!

[Inaudible interjection]

Hon. Wayne L. Furbert: Mr. Chairman, from time and eternity, no Minister has ever budgeted . . . like we are faking it. We know it is going to pay it out. You know.

[Inaudible interjection]

Hon. Wayne L. Furbert: And we are praying for a long time. And I am not sure which . . . and we will

have the debate in supplementaries, but we know it is the flight that goes down to Orlando. And people do not want to mention them. I do not know why we do not want to mention them. And then a flight that goes up to Canada. I do not know whether we have now included Air Canada, because they are back. They are back. I would like to know whether the Minister could answer whether they have got the same criteria as . . . It is like a big secret. We do not tell, because we do not want other airlines to know. But everybody knows. Everybody knows. Everybody knows that we pay . . . We are going to have a debate in a few minutes of minimum revenue guarantee, *If it is not me, it must be them!*

I do not understand the secret. Do you understand that, Mr. Chairman? We are going to debate next week sometime, or week after next, or whatever, and we are going to say we are paying out \$3 million for minimum revenue guarantees. A certain airline is going to say, *Well, it's not me. It must be one of them!* They know they pay it out. But the biggest issue is, why do we not put it in the Budget? It is \$2 million to \$3 million. So, in 2013/14 . . . I need to bring out the book way back then, B-165.

[Pause]

Hon. Wayne L. Furbert: It is probably . . . Here it is, Air Operations. Check this out, Mr. Chairman. And I am going back, 2011/12.

[Inaudible interjections]

Hon. Wayne L. Furbert: Yes! I do not know why. I do not know why.

[Inaudible interjection]

Hon. Wayne L. Furbert: Mr. Chairman, it has been consistent for time and eternity, so it is no contingent at all; we know we are going to pay it out somewhere along the line. Put it in the Budget, and if we come out short, it is a surplus. It is a surplus! In other words, we can smile and say, *We got the numbers up. The Minister is trying to get the numbers up out of Florida or wherever. And we know.* But it has been going on. Probably went back way back when I was Minister of Tourism and Transport, way back in 1994, same thing. I am just saying, I told the Minister of Finance last year, we have got to put it in the Budget! Because you told the country that you are going to have so much surplus. Well, that is a . . . That is a mistake. (I was going to say something else.) It is wrong.

We are telling the country—we are not telling the country that truth. That alone is going to make the numbers go up. And every, every year. This does not change, Mr. Chairman. This supplementary. Go back. We are not going to debate it, but every year the same thing shows up. I have not looked at it. But I bet

you we have got overtime for bus operation here. It is always, always . . . It is no secret. And as much as the Minister does not want to pay overtime for this year, it is going to be the same. Just put it in the budget! It is no secret!

So instead of the Minister coming back and . . . I am remembering the Minister of Finance jumping on us about, *Why are we bringing the supplementaries? Why are we bringing the supplementaries?* Well, why are you bringing supplementaries? Because you under-budgeted. I am telling you right now, put that number in for . . . Well, you are not going to put it in. You are going to say, *Well, we have a surplus.* But I can guarantee, Mr. Chairman, that next year we will be back here. We will be back here for at least \$2 million at the least, at the least, for minimum revenue guarantee. Okay?

Meteorologist: Now, I see meteorologist amounts going down by [\$]500,[000], and I understand it has to do with the AccuWeather.

[Inaudible interjections]

Hon. Wayne L. Furbert: I heard Members say do not cut that budget. As a matter of fact, give more money. I heard people say, *Give more money to AccuWeather!* I do not know why, Mr. Chairman, they are saying that.

[Laughter]

Hon. Wayne L. Furbert: But I understand that has the highest rating of any show in Bermuda.

[Crosstalk and laughter]

Hon. Wayne L. Furbert: AccuWeather has the highest rating of any local show in Bermuda. I understand that letters, e-mails are going out to individuals asking them, you know, [are] they married and everything else. It is unbelievable.

So, if that is what you are saying that we are now giving more money . . . No, less money. No. Why did you cut the budget? You are right. Why cut it? We need more money up in that particular line item.

[Inaudible interjections and laughter]

Hon. Wayne L. Furbert: But I would ask the Minister, why the drop in that particular line item?

Okay. Advertising and promotion. I am assuming advertising and promotion must be the minimum revenue guarantee. We budget for advertising and promotion. Yes, that is the promotion part. Okay. All right. So, yes, I understand that number. But I would like to ask the Minister if he could explain to the country why he is not budgeting for it. I mean, we hope you do not have to pay it out. But we have been

hoping for a long time. We have been hoping for a long time.

The other numbers, Mr. Chairman . . . I am not going to touch on the . . . I think my colleagues touched on CCC and whether any money has been set aside for any type of study. I know that the . . . and it is not in here, but we all know that the departure tax is part of airport operations. And so, that being under the Tax Commission, I cannot touch that yet, of the other head. But I know that at the end of the day . . . because in the Budget Book by the Minister, it said that we are raising the money. We are raising the money because we want to give for the operation going forward, for the individuals who are coming in. So that was part of a deal struck.

And the Minister has a conflict because you have got a Minister of Tourism who wants to get more money and get more tourists in. We will pick this up next week (on Friday, sorry), wants to get tourists in; but yet, we are increasing the cost for tourists to come in, to fly in. And it is expensive.

The Chairman: Excuse me, Member. I just want to notify yourself and the other Members that consideration of these heads will terminate at 8:00 pm. We will end at 8:00 pm.

Hon. Wayne L. Furbert: Yes. Thank you, Mr. Chairman. We all know that.

So I am going to sit down and give the Minister some time to answer. And I know he is not going to touch MRG [minimum revenue guarantee]. I know he is not going to touch it. It is like the untouchable. But he has got to explain why he thinks that, [without] necessarily naming the [airlines], but [telling us] why he thinks that we are not going to pay it out this year. That is the key.

[Inaudible interjection]

Hon. Wayne L. Furbert: Yes. Okay. So I am going to sit down and let any of my other colleagues [ask] questions.

The Chairman: Thank you, Member.

The Chair now recognises the Member from constituency 17, the Honourable Walton Brown.

Mr. Walton Brown: Thank you, Mr. Chairman.

Just two quick questions: Can the Minister identify which airlines are receiving the guarantee, and for which routes? First question.

The second question relates to the growth of the airline and shipping register. I recognise they are great revenue sources for Bermuda, and we want to grow them. With the registers, though, there is a level of risk that comes along with it. Many will remember back in the 1970s when a Bermuda-registered vessel picked up a large number of Vietnamese nationals

and was obligated under international law to bring these nationals to Bermuda.

The Bermuda Government at the time rejected its responsibility and worked out a deal with the UK to take most of these Vietnamese nationals, and we took in a few. That is one aspect.

So my question for the Minister is, What sort of risk assessment has been undertaken with regard to the shipping register on this matter? Because in Asia, I don't know if these vessels are registered in Bermuda. But if they were in Asia, there is a large number of people who are migrants, and of course, in the Mediterranean as well, the risk assessment for that.

With regard to the airline, civil aviation, the airline registry, I understand there has been some concern expressed by our administering power about the preponderance of Russian jets on the register. If that is still the case, I would like to hear an answer from the Minister about that if, that is still the case and if the British are still concerned that we have, in their mind, too many Russian aircraft on the register.

And what is the liability for Bermuda in the event of an accident with regard to a death? I know there was a Russian plane that crashed last year or two years ago in Russia. And we had to send a team. So, what is our obligation in terms of financial responsibility? What are we responsible for covering? Is that provided by insurance or reinsurance? And if the Minister could speak to those two issues, I would be most appreciative. Thank you.

The Chairman: Thank you, Member.

Are there any other Members who would care to speak to these heads?

No. The Chair will now recognise the Honourable Minister Shawn G. Crockwell, of Southampton West Central, constituency 31.

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

Mr. Chairman, I would thank all Members who have contributed to the debate this evening. I would like to first of all deal with the concerning comments coming from the Honourable Member, the Shadow Minister for Transport, particularly as he discussed CCC. Yet again, he couched it in a very negative light by saying, describing them as "arms dealers" in some article that he may be referring to. And I never said it was not true. So you can sit down, okay? I said that the manner in which he was putting it forward and describing it, and the Shadow Minister of Finance is saying it is true.

Well, Mr. Chairman, the arms industry is one of the oldest industries in the world. It is a global business where you have the manufacture of weapons and military technology and equipment, consisting of commercial industry which involves research, devel-

opment, production and the service of military material. When you look at the trading of arms in terms of for military purposes, it is a \$1.5 trillion industry. And the United States is probably one of the largest arms dealers in the world, and the United Kingdom, of which we are still associated with, is one of the largest arms dealers in the world.

So, the issue does not come down to whether or not you sell arms. It is whom you sell them to, Mr. Chairman. So to just get up here and say because they sell arms—

Mr. W. Lawrence Scott: Point of order, Mr. Chairman.

The Chairman: The Chair recognises the Shadow Minister.

POINT OF ORDER
[Misleading]

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

The Honourable Member is misleading the House. My issue is not the fact that they are just arms dealers. My issue is with the fact that they have governance issues, meaning that there is no corporate plan that is approved; there is no business plan that is approved. So therefore, there is no telling that they are doing everything above board. And if we do not know if they are doing above board in the arms industry, and that is CCC whom we are going to sign the contract with, how do we know they are going to do stuff above board when they come to try to take over our airport?

The Chairman: Okay. Thank you, Member. Thank you.

You can have the floor again, Honourable Minister.

Hon. Shawn G. Crockwell: Thank you, Mr. Chairman. It was not a point of order. He had his chance. He had what he had to say, and I am pointing out, if the Honourable Member has information that CCC has broken some laws, then bring it to the House. But to come here and say that because they happen to trade in arms, which is not unlawful, which is a \$1.5 trillion industry that the major countries in the world do, and say it to try and besmirch the organisation, as the Opposition consistently tries to do, I think is unfortunate, Mr. Chairman.

Now, Mr. Chairman, there were quite a few questions, and I am not going to be able to get to them all. But I want to get to the question about travel that was raised by the Honourable Member from constituency 6. And he asked why there was a revised increase from \$89,000 to \$143,000. And the primary reason for that increase is because, in this year, we have to sufficiently train or facilitate training for the

appointed gaming commissioners. And so we have set aside money for that purpose. Travel is not just specifically for the Minister, but the commissioners will have to be sufficiently trained so that they can execute their regulatory functions. So that was the primary reason for that.

But I have to say, Mr. Chairman, I always have found it interesting when that particular Honourable Member talks about travel. He was Minister for one year. And I could tell you, Mr. Chairman, he travelled more in that one year than I have travelled in two, with no question. And I understand he was doing two Ministries.

[Inaudible interjections]

Hon. Shawn G. Crockwell: Yes. I understand he was doing two Ministries. That is fine. I am doing two Ministries as well, Honourable Member. Yes, I am. Transport is a Ministry, and Tourism is a Ministry, okay?

[Inaudible interjections]

Hon. Shawn G. Crockwell: And the fact of the matter is that I will be travelling far less for tourism. I have not travelled this year at all, Mr. Chairman. Okay? But the point I am saying is that, now with casinos and gaming under the remit of my Ministry, which will augment the responsibility, particularly because we are creating this industry from its genesis, Mr. Chairman, there will be required travel to ensure that we get it, and we get it right in the first instance.

But I am just saying that that Honourable Member was on a plane quite often and, you know, to faraway places, to faraway places—China, Dubai, Macau, Singapore, Hong Kong, and others. So let us just, you know, keep it in . . . In one year, Mr. Chairman.

Now, Mr. Chairman, there were quite a few issues raised by the Honourable Shadow Minister in relation to the condition at DPT. I think it is important just to restate that this is a 20-year-old problem. As I look on the other side, I can see a few former Transport Ministers, and they can probably all recall maybe being asked to visit that particular facility. There have been attempts to remediate the problems. There has been significant work done to the roof. And for whatever reason, these problems seem to persist.

We are committed. As I said earlier, the Minister Cannonier and I visited that facility. We were very alarmed by the conditions in which the staff have to work under. We tip our hats to the fact that . . . In fact, there was one room that was leaking, because we went there on a day when there was some serious rain. And they were doing some training. And we walked in there, you would have never thought that it was leaking. They had just gotten on with the work, and they were still doing the training exercises despite the fact that there were, you know, buckets behind

them. So we understand that it is a pressing issue. We have made a commitment to come up with some resolutions this year. And so we want them to know that we recognise their concerns. They are valid concerns. And we will certainly address them. And I think the fact that both myself and the Minister for Public Works attended with our Permanent Secretaries spoke volumes.

Mr. Chairman, on the MRG issue. The Minister of Finance has already stated that he would like to see that as part of the Budget, going forward. It has been a consistent liability; we know that. This is something that has been going on for a long time. It is an accounting sort of approach because it is a contingent liability. I am not prepared to disclose which airlines are receiving MRGs. That is because if you look at the agreement, it is a confidential aspect of the agreement, not because of some financial reasons and financial reporting. It has been disclosed in the past, to our chagrin. And I can tell you that the disclosure of former terms of these agreements has caused the Government some serious challenges.

And so, if other people want to do it, that is on them. But I will honour the confidentiality of those clauses.

[Inaudible interjection]

Hon. Shawn G. Crockwell: I just said we will be budgeting for it, going forward. The same reason why it is not budgeted for now is the reason why the PLP never budgeted for it—the exact same reason. It has not changed since you were the Government and when you were the Minister. Okay? I am just saying. And we will put it in the Budget. We are anticipating—

[Inaudible interjection]

Hon. Shawn G. Crockwell: I did not say that last year. But the Minister of Finance has stated that he wants that to be in the Budget as we go forward. But the reason why we do not do it is the same reason why you did not do it for 14 years, okay?

Now, there were some questions in relation to CCC and the fact that there might be some issues of . . . I believe the Honourable Member from constituency 5, and that these types of arrangements, they will cut corners and make mistakes and the like. The comfort we have with this particular project is that they will be responsible for ongoing maintenance. So it is not like they can build it and then leave and the Government will be responsible for maintenance. So it will be in their interest to make sure it is built properly, because if it is not, then they are going to have to pay for any remediation going forward.

[Pause]

Hon. Shawn G. Crockwell: I would like to address the question raised by the Honourable Member from constituency 17, in relation to civil aviation. And I am going to try to decipher the handwriting here. But the question was in relation to Russian aircraft on our registry. So I just want to clarify that there are no Russian aircraft on the Bermuda Register. All the aircraft on the register that operate with Russian airlines are Western-built aircraft. They are flown by major airlines out of Russia. But we have not had any additional concerns raised from the United Kingdom Government in this regard. As I said in my brief, the majority of the airlines emanate from, you know, Russian companies. And we are seeing a downturn in their economy, and so we may see a correlating downturn in the registrations.

Okay. Mr. Chairman . . .

[Pause]

Hon. Shawn G. Crockwell: Yes. The question, again from the Honourable Member from constituency 17, who was the last speaker, so I am just now getting those answers. In relation to the expansion of the shipping registry and the potential for refugees, I believe you asked . . . And I am being told that it is a concern that we are looking at as an ongoing problem. All European countries are sharing the responsibility, to minimise that issue. So you did highlight a potential concern.

Mr. Walton Brown: Just for clarification purposes.

The Chairman: I am sorry. The Chair now recognises the Member from constituency 17, the Honourable Walton Brown.

POINT OF CLARIFICATION

Mr. Walton Brown: Right. There is an absolute obligation, though, on the part of the owners of the vessel to pick up and to rescue anyone who is distressed at sea. Correct?

The Chairman: That was a point of clarification?

Hon. Shawn G. Crockwell: Yes. The Member is correct.

The Chairman: You may resume, Honourable Minister.

Hon. Shawn G. Crockwell: There were questions in relation to the reduction in the full-time employees—well, I am sorry, a reduction in the expenditure for salaries and wages in the Department of Public Transportation and whether or not this is going to equate to a reduction in staff. I can say that we looked at that reduction primarily to associate it with the

freezing of existing posts. I will be clear. I am not clairvoyant, but I will be clear that we do not want to cause any redundancies. I know people are out there complaining that we have seen reduction.

Right now, the reduction in some of the bus routes is due to the fact that we have sickness during this time of the year, and people can understand that. And we are trying to minimise our overtime, which is substantial coming from that particular department. It has been for many years. The overtime has averaged over the last 10 years around \$1,600,000. In our current economic condition, we have to figure out a way to address that.

Now, what will significantly mitigate that would be the implementation of the new bus schedule, which we are bringing in in June of this year. We are looking at other creative ways to reduce the utilities of the buses, maybe find minibus service to do the routes that are not done as frequently, that do not require the same amount of capacity. So we are trying to find ways to reduce the cost of these services. But I always say that this Ministry is a service-oriented ministry. And the only way you can reduce costs is you have to reduce service. [There] is no other way to do this.

The Chairman: Minister, and Members, we have now come to the end of our consideration of Tourism Development and Transport at this stage.

Minister, are you now prepared to move the respective heads?

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

I would like to now move Heads 48, 30, 31, 34, 35, 57 and 73.

The Chairman: The Honourable Minister has moved that Heads 48, 30, 31, 34, 35, 57 and 73 be approved.

Are there any objections?

No objections.

The heads are approved.

[Gavel]

[Motion carried: The Ministry of Tourism Development and Transport, Heads 48, 30, 31, 34, 35, 57 and 73 were approved and stand part of the Estimates of Revenue and Expenditure 2015/16.]

The Chairman: Now I call upon the Minister of Finance, the Honourable Minister of Finance, to take the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Chairman.

I move that we rise and report progress to sit again on Friday, [6 March 2015].

The Chairman: On Friday, okay.

[Motion carried: The Committee of Supply agreed to rise and report progress, and sought leave to sit again.]

The Chairman: I would just very quickly like to notify Members and the listening public that our Honourable Finance Minister had the great privilege of having the birth of his first grandchild today.

[Desk thumping and cheers]

The Chairman: And I do believe it is a granddaughter, born to his oldest son.

[Desk thumping and cheers]

The Chairman: So, as we see, there are some things that can bring both sides together here, okay, in comity.

House resumed at 8:05 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

ESTIMATES FOR REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

[The Committee of Supply agreed to rise and report progress, and sought leave to sit again.]

The Speaker: All right. Thank you, Members. We have completed the Education, and Transport and Tourism Budget items, and now move on to Order No. 2, which has been carried over.

We now move to Order No. 3, which is in the name of the Minister of Health, Seniors and the Environment, the Protection of Birds Amendment Act 2015.

[Inaudible interjection]

The Speaker: Oh, carried over? All right. That is carried over.

Then we move now to Order No. 4, the Second Reading of the Land Tax Amendment Act 2015, in the name of the Minister of Finance. So the Chair recognises the Minister of Finance. Minister Bob Richards, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

Mr. Speaker, I move the Land Tax Amendment Act 2015 be now read a second time.

The Speaker: Thank you, Minister.
Any objections to that?

Carry on, Minister.

BILL

SECOND READING

LAND TAX AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

Mr. Speaker, the Government wishes this Honourable House to give consideration to the Bill entitled the Land Tax Amendment Act 2015. This Bill provides for a revenue raising measure in support of the Government's 2015/16 budget.

Mr. Speaker, Honourable Members will recall that in the 2015 National Budget, Government announced it will increase the yield from land tax in 2015/16 by adjusting the rate on ARVs [annual rental values] for commercial properties from 4.4 per cent to 5.5 per cent. The amount of additional tax raised is estimated to be \$4.1 million. The increase will affect about 3,000 commercial properties, and the average increase will be about \$1,500 per annum.

Mr. Speaker, land tax is charged under the authority of the Land Valuation and Tax Act 1967 and the Land Tax Act 1967. It is assessed on the annual rental value of each valuation unit, depending on whether the unit is a private dwelling or a commercial property. The rate on commercial properties will be adjusted to 5.5 per cent from 4.4 per cent. The Tax Commissioner's Land Tax Officer calculates the amount of land tax chargeable on all valuation units, and demand notes are issued to taxpayers half-yearly. The amount of tax is determined by multiplying the ARV by the appropriate tax rates.

Mr. Speaker, this measure has been taken to raise much-needed revenues and to capture a fair contribution from those who own commercial properties. The last time this rate was adjusted was in 2005, when it was adjusted downward to 4.4 per cent. The raising of the tax on commercial properties is part of Government's strategy to spread the tax increases over as broad a spectrum of the taxpaying population as is practicable.

Mr. Speaker, I reiterate . . . (or I do not reiterate, because I have not said this before) the Government deficit and growing debt threaten our financial independence. (I guess I have said that before.) And it has been determined that the deficit will not be broken by spending cuts alone. Increased revenues will be necessary. Accordingly, in the 2015/16 Government Budget that we announced, it will be strengthening the tax base with various revenue-raising measures. This proposal is one of those measures.

Mr. Speaker, Government has tried to be balanced and fair, taking into consideration the situation that we must face as we redouble our efforts to eliminate the Government deficit as soon as possible. There is no question that the requirement to reduce

the deficit is urgent, and the proposed change in this rate will assist in providing some additional revenue that is required to reduce the deficit.

The Government recognises that this increase may not be popular, particularly among those who have to pay it. However, if Government does not eliminate the deficit soon, or if we do not convince foreign creditors and rating agencies of our absolute commitment to eliminate it soon, further credit rating downgrades will come. As Bermuda is a premier financial services jurisdiction, it is necessary to maintain our standard of operation responsibly, and more importantly, our financial independence.

With those introductory remarks, Mr. Speaker, I now would like this amendment Act, the Land Tax Amendment Act 2015, to be read a second time.

The Speaker: Thank you, Honourable Minister.

The Chair will now recognise the Shadow Minister of Finance, from Pembroke West Central, constituency 18. MP David Burt, you have the floor.

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

Mr. Speaker, I found it interesting that during the Minister's comments, he talked about the last time this individual tax rate was adjusted. And it was actually reduced by the Progressive Labour Party. And I repeat that only for the purposes of finding it interesting that the Minister of Finance, who typically will agree that taxes are not something that is positive for the economy, any increase in taxes is something that is negative for the economy, would find himself increasing taxes.

Now, this is one of three tax increases of which we will discuss today. And there are quite a few. But the trend, Mr. Speaker, remains the same. The reason why the Minister of Finance has to come to us this year for increasing of so many different taxes in an attempt to close the budget deficit is because he got it wrong last year, Mr. Speaker. He got the economic strategy, the budget strategy for the country wrong.

Mr. Speaker, the Minister of Finance was supposed to come here and tell us that we had a \$267 million deficit. But we have a \$300 million deficit this year, Mr. Speaker. And why is that? It is because the Minister got it wrong in his last budget. I preface all of these things to say, Mr. Speaker, that if he would have taken advice last year, we may not be in this situation. The fact that our revenues are down, the fact that our economy is weaker is a direct result of the Minister's budget decisions last year.

As the Minister of Finance, if he wants to be responsible for stewarding the economy, he has to at least admit—and I hope that he will admit tonight—that maybe the cuts that he put in his budget last year were a little bit too quick and a little bit too fast. Because he put these cuts in, Mr. Speaker, hoping to

reduce the deficits, and guess what happened? The deficit increased. That is what happened! It weakened the economy. It weakened the tax base. It weakened the payroll tax base. It weakened customs duty. It weakened demand. And now we are here at a lower level now, attempting to get back up.

The Minister always talks about the fuel that is needed to fuel the economy. Well, there is a little bit of fuel that came out last year. And that little bit of fuel got us to a point where are right now looking at raising revenue across the board in an attempt to close that deficit.

Now, Mr. Speaker, what I would say, I would hope that at some point in time tonight that the Minister of Finance will at least admit to the country that maybe he got it wrong last year. Maybe he should not have been so aggressive on the spending cuts. Maybe his spending cuts contributed to job losses in the economy. Maybe his spending cuts contributed to a reduction of demand. Maybe his plan for investment to appear did not actually happen, and maybe he should have waited for the investment before he took out the support that was being provided for the economy, before he removed the productive investments, before he took away the spending for tourism, which had tourism arrivals fall to the lowest [numbers] in 48 years, Mr. Speaker.

We would not be discussing all of these things, Mr. Speaker. . . It is my view that we would not be discussing all of these measures if the Minister would have taken advice last year and would not have cut the budget as much as he did! Because the fact that he cut the budget made our economy weaker. And I think that that is something that we will be hearing about and speaking about a lot tonight. We have three Bills, Mr. Speaker. And it is my hope that, hopefully, by the third tax-raising Bill that is going to come to the Parliament tonight, the Minister will at least admit that last year he got it wrong. And because of the fact that he got it wrong last year, we are having to make up time.

Mr. Speaker, had the Minister followed our advice, had the Minister not removed so much support for the economy, had the Minister understood, because the Minister is a student of Keynesian economics, and he understands that in order to get to that virtuous cycle, which we want to get to, a lot of times it requires government support and deficit spending, Mr. Speaker. That is the fact. The thing is, our challenge over the years is that our economic policy has not been consistent. We deficit spend, increase tax, pull back spending, all the rest.

The fact is that, for six years, we are still in a recession. Last year, the economic . . .

[Inaudible interjections]

[Gavel]

Mr. E. David Burt: Mr. Speaker, there was chirping from the other side and the Honourable Minister of Economic Development, who said, *Whose fault is that?* I am going to tell you whose fault it is, Mr. Speaker. The 2014/15 budget that was presented in the House last year was the Finance Minister's first budget under his complete command. And he has to accept the responsibility that that budget had on the economy. The Honourable Minister for Economic Development can do his best to blame the PLP for what happened in the economy in 2014.

But I promise you, Mr. Speaker, the voters of this country do not blame the PLP for what happened in the economy in 2014. They blame the One Bermuda Alliance, because it is their economic policies that saw 790 jobs disappear last year! It was their economic policies that saw revenues collapse! It was their economic policies that saw us have to increase spending on financial assistance to record levels because of the lack of jobs inside the economy.

So the Minister of Economic Development can do his best to blame it on the Progressive Labour Party. But the Progressive Labour Party has not been in office for 27 months, Mr. Speaker. The Progressive Labour Party has not been making budgets for 27 months. The Progressive Labour Party has not been in charge of running this economy for 27 months. And there will come a time, Mr. Speaker, that they need to realise that when you get the economics wrong, you will end up with a bad economic result. It happened before—

[Inaudible interjections]

[Gavel]

The Speaker: Honourable Members! Honourable Members! You will have your opportunity to speak.

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

Mr. Speaker, they do not like it. It is riling them up. Because they really thought that somehow they could change the laws of economics. They really thought that, without any international investment coming in, they really thought that everything would be okay. If we cut some spending out of the economy, there will not be any problems. They really thought that we would return to growth.

We heard the projections last year. *We are cautiously optimistic that the economy will return to growth.* Now this year, they are not predicting any growth. We heard the projections, you know, that we can see a stabilisation of employment. We see employment not going up. We understand, Mr. Speaker. We see it. Those are the facts on the ground.

So, as much as the Members of the Government would like to argue against the facts, the facts are the economy is weaker this year than it was last year. And a contributing factor to the economic weak-

ness has nothing to do with 14 years of PLP governance. It has to do with the budget that was passed last year, Mr. Speaker, the budget that cut Tourism spending, the budget that cut economic spending, the budget that ended rebates, the budget that cut capital spending. All of those things, Mr. Speaker, happened under the One Bermuda Alliance watch. And that is why we find ourselves here with revenue being \$26 million less than anticipated, expenses being higher than anticipated and the budget deficit, instead of \$267 million this year, is going to be \$300 million, Mr. Speaker. That is what we have.

Now, it is my hope that the Minister would have learned from his lesson. But it does not appear that the Minister has learned from his lesson. Because again, we see . . . But this time, not even tax raises, Mr. Speaker. We see tax raises and spending cuts, the very definition of austerity when an economy is still weak and where, as anyone in economics will tell you, that that is not a recipe to return us to that virtuous cycle.

So, Mr. Speaker, when it comes to the issue of land taxes, we on this side recognise that we have to get revenue. We would not have had to get as much if the economy was not made weaker by the Minister's budget last year. But we have to get revenue, Mr. Speaker. So that much is understood. And this tax accomplishes the goal of, I think, spreading the burden. So, I will give the Minister that, on fairness. And we are not going to oppose this tax raise that goes in.

But the challenge that we have, Mr. Speaker, is that the Minister of Finance got it wrong last year. The economy is weaker because he got it wrong last year. And for the future budgets, just as was pointed out by a columnist, Larry Burchall, on *Bernews*, which said . . . Now, it is not just this year, Mr. Speaker, that the budget is bigger. Because remember, we had projections last year, with the Minister saying the deficits would be this big going forward. And now they are a whole lot bigger, Mr. Speaker. So we see it was the bad economic policy from the start.

Now, Mr. Speaker, if you start poorly, you will end poorly! That is what happens, Mr. Speaker. Last year, we had a choice to make. The Minister of Finance had a choice to make. He made the conscious decision that he was going to be more aggressive than [what] the SAGE [Commission] recommended. That was his decision, Mr. Speaker, his decision alone, because in his crystal ball, he felt that things would get better.

Well, things got worse, Mr. Speaker, and the people who are listening need to remember that it was the Minister's budget that is putting us in the position to attempt to raise so many taxes across the board in an attempt to close the deficit, when if he did not put those cuts in last year, our economy would be stronger and the need to raise taxes would not be as acute as it is. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from Southampton East, constituency 29. MP Zane De Silva, you have the floor.

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

Mr. Speaker, I am caught between two minds on this one. And the two minds are this, that . . . First of all, let me declare my interest, Mr. Speaker. That is number one, before the Honourable Attorney General gets up. Well, he is sleeping now. So I did not even have to declare it.

But, Mr. Speaker, I am stuck between two minds. My first comment about this particular rise in taxes, Mr. Speaker, is that this is going to affect our international business, number one. Now, the Honourable Minister did say that he hopes to raise \$4.5 million. And it is, on average, about \$1,500 per assessment number. Okay. All right. Maybe it is not that much.

But, Mr. Speaker, there was a time when the Progressive Labour Party were in Government, and I remember when we were going to raise FutureCare five dollars, Mr. Speaker—five dollars! Five dollars! And we had Members on the now-OBA Government who were in Opposition who gave us a lot of stick for that, Mr. Speaker, for five dollars! So here we are. And of course, like I said, I am in between two minds. Because on one hand, we know that the Finance Minister and the OBA have found things a little bit more difficult than what they said pre-2012. They are finding out what it is like, Mr. Speaker, the savvy business leaders of Bermuda. They are finding out what it is like to run a government in tough times. They are finding out. So I sympathise with them. And, you know, this is why I am a little stuck, Mr. Speaker.

But for one thing, I think the Honourable Minister, the Finance Minister, has missed an opportunity, Mr. Speaker. And why do I say he has missed an opportunity? Well, Mr. Speaker, not every commercial building is agreed upon using the London lease agreement, not everyone. But, Mr. Speaker, there are several businesses, there are several trusts, there are several commercial building owners who own several, more than one building. Some of them own five, six, seven, eight, nine, Mr. Speaker. I would have thought that the Honourable Finance Minister lost an opportunity where he could very easily have found out who these buildings belong to, who they belong to, how long they have had them, and I am sure that he could have raised a hell of a lot more than \$4.5 million, Mr. Speaker, by taxing those who can afford it.

And not only those who own multiple commercial buildings, Mr. Speaker, but those who own multiple homes. There are some people in Bermuda, Mr. Speaker, who own 20, 30, 40, 50 homes! Why do we not look at that, Mr. Speaker, and have these folks pay a nice little portion to the Government? I remember, Mr. Speaker, back, I think (correct me if I am

wrong) around 2002, the Progressive Labour Party increased the land taxes on homes. And I remember getting my land tax bill, and my wife and I had a conversation. And she says, *Wow! But at least they have a letter, we can object.* And I said to her at the time, I said, *Look. Sweetheart, it's like this. We can object. But you know what? The Government need money to run the country. They need to collect the trash, they need to look at the roads, need to have social programmes for people who are in need.* I said, *You know what?* I said, *I'm not going to write in and object to it, because we can afford it.*

Mr. Speaker, that is the attitude that we should have. Even those who own multiple homes around the Island, especially now that they have a Government that is very well connected to some of these owners, they should have that conversation. They should have the conversation. Why not? The Finance Minister knows a lot of these people, Mr. Speaker. Have a conversation! I remember, Mr. Speaker, a CEO of one of Bermuda's top insurance companies. He turned 65 about three years ago. He came to me and said, *Zane, I went down to TCD [Transport Control Department] to pay for my licence. They told me, No, no, it's free now. He said, I'd prefer to pay. He said, The same with my land tax. I can afford it. I prefer to pay.*

So, Mr. Speaker, why does not the Finance Minister have a good look at multiple homeowners and multiple business owners? Now, I declared my interest, Mr. Speaker. Of course, I am not one of those multi-zillionaires who have several buildings around town, Mr. Speaker. So I do not qualify this time around. I might next time around, but not this time. But, Mr. Speaker, that is where I think the Minister lost an opportunity, which is to go that way with the people who can afford it.

Mr. Speaker, the Finance Minister, as was very articulately outlined by the Shadow Finance Minister, Mr. Burt, just a few minutes ago, last year he got it wrong. And he got it wrong in a very big way. Mr. Speaker, I remember sitting in this House when the OBA took over, their first budget, and the Finance Minister said, *We are going to borrow \$800 million. Eight hundred million! But you know what, Bermuda? That is going to carry us through three years!*

The crystal ball that belongs to the Finance Minister, he bragged about that crystal ball when he was in Opposition. And I said it last week, that I believe he has lost his crystal ball. I think he lost it last year. I think he lost it the year before. I do not know where it went, Mr. Speaker. It is gone, because you know what, Mr. Speaker? The Finance Minister gets up and tells Bermuda that he is going to borrow \$800 million, not \$800,000, not \$8 million—\$800 million! *Because I am a prudent, smart, savvy Finance Minister!*

Well, Mr. Speaker, here we are. We still have another year and a couple of weeks to go, and it is

just about shot. That \$800 million is shot, Mr. Speaker. It is gone, all except for about \$95 million, the Finance Minister tells us. And let us not forget the Finance Minister also said he is going to borrow \$125 million more this year, Mr. Speaker! So \$125 million more.

So did the Finance Minister get it wrong by not only misjudging the interest rates, Mr. Speaker, because as you know, one of the things that he hung his hat on was that interest rates would substantially increase over the next couple of years. In fact, Mr. Speaker, that has not happened either. The crystal ball twice has been wrong! So, you see, Mr. Speaker, that is why we are here today. And the people of Bermuda need to know this. The smart, savvy businessmen of the OBA who said during their pre-election, *We are going to show you how we can run this country! They do not know how to do it! We know how to do it, and this is how we are going to do it.* We are 27 months into that Government, Mr. Speaker—\$800 million, poof! Gone! We need another \$125 million, and we had some supplementaries put here today. Are we going to have some more next year, on top of that \$125 [million], on top of the \$800 [million]?

Can you imagine, Mr. Speaker, had the PLP Government won that election, and we said that we are going to borrow \$800 [million], and it is going to last three years, and we are going to come back in two years and say that it is gone and we are going to borrow another \$125 [million]? Where are all that noise, all the . . . I remember before the election, three months before, every week somebody was writing an article about how the PLP could not run this country and how the OBA were going to run it. Mr. Speaker! Boy! Wrong, wrong, wrong, Mr. Speaker. The crystal ball is gone. I see a half a crystal ball on this side, and I hope maybe we can get it back to him, Mr. Speaker.

But, Mr. Speaker, we have to remember this. It is very important. The Finance Minister got it wrong! He got it very wrong! He stood up and he told everybody in Bermuda, *This is what we are going to do and this is how we are going to do it! We are smart managers. We are smart money managers.* He got it wrong. He got it wrong, Mr. Speaker.

[Inaudible interjection]

[Gavel]

The Speaker: Just a minute. Just a minute.

Honourable Members, let us allow the debate to go on without any disturbance. Thank you.

Carry on.

Hon. Zane J. S. De Silva: Mr. Speaker, the Finance Minister got it wrong. His revenues were way down, and his expenses were over budget. Got it wrong, Mr. Speaker? Not easy, is it? Not easy being the Government. Not easy being the Finance Minister. Easy

when he is in Opposition, to sit over here and complain and shoot noise and fire every week. But it is a little different now, Mr. Speaker, a little different.

Mr. Speaker, the Tourism budget was reduced by \$5 million last year. Now, the current CEO, Mr. Hanbury, has said on several occasions that for every cruise visitor dollar that is spent, the air arrival visitor is 11 times that much. And he even said as much this last week, and that it is 16 times every dollar. So in other words, Mr. Speaker, and the Honourable Finance Minister said in his Budget Statement this week how critical tourism is to Bermuda. But we reduced it by \$5 [million] last year, we reduced it by another \$1.5 [million] this year, Mr. Speaker, but the return is 11 times better for an air visitor than a cruise visitor! Something is not right with that picture, Mr. Speaker. Maybe I do not get it. What is wrong with that picture?

The Finance Minister takes money from an entity that could possibly turn a dollar of revenue into \$11.00 or \$16.00 of revenue, and we just take it away from them. Mr. Speaker, the OBA Government, prior to that election, told the voters of this country, *We are savvy, smart business leaders*. You know what they are saying now, Mr. Speaker? *No, no and no*. No, they are not, Mr. Speaker. Disappointing? Some. Very disappointing? Many, Mr. Speaker. Very disappointing.

So, Mr. Speaker, we will not object to this tax rise. We will not object to it because, as I said in my earlier speech, we know. We know. We have been there. We know that taxes, some taxes are going to have to be raised because revenues are down. We know that. But the hurtful part is that the Shadow Finance Minister, with his crystal ball last year, told the Finance Minister not to do it! Because it is not going to work! The PLP young Shadow Finance Minister, “the boy,” as he was called, *don’t know what he’s talking about! Don’t know what he’s talking about!* But look who we have a year later, Mr. Speaker? Boy Wonder, I am going to call him—Boy Wonder! Boy Wonder was right. In fact, I think the crystal ball that the Honourable Finance Minister lost is probably in the pocket of the Shadow Finance Minister, because he seems to have gotten it right, whereas the Finance Minister has gotten it wrong, Mr. Speaker.

And on that note, all I am going to say for the OBA Government and the Finance Minister, is sit back, listen to our Shadow Finance Minister. Think about what he is saying. Think about what he wrote in his Budget Reply. Because there are some very interesting and very serious implications for our country if the Finance Minister does not take heed to some of the things that he pointed out in his statement. Thank you, Mr. Speaker.

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

Would any other Honourable Members care to speak?

The Chair will recognise the Leader of the Opposition, the Honourable Member from constituency 26, Warwick South Central. Marc Bean, you have the floor.

Hon. Marc A. R. Bean: Good evening, Mr. Speaker.

The Speaker: Good evening.

Hon. Marc A. R. Bean: First and foremost, before I start my contribution on this Land Tax Amendment Bill, I would like to congratulate the Minister of Finance.

Minister? Minister?

[Inaudible interjection]

Hon. Marc A. R. Bean: Yes. I was not here. So now I am back, and I would like to congratulate you on becoming a grandfather.

Hon. E. T. (Bob) Richards: Thank you very much.

Hon. Marc A. R. Bean: Yes. And I hope that mother and baby are going from strength to strength. That is a good thing.

Mr. Speaker, my oh my. I understood the idea of the need to rein in spending in this year’s budget. But I would have never thought that we would have had an increase of taxes. In fact, in the lead-up to the budget, I had an opportunity to have one of the numerous discussions/debates with my Shadow Finance Minister. And as he just said, he would have lost his house, Mr. Speaker, because about two days prior to the budget, or actually it was the day before, I said, *Hey, David, or MP Burt*. I said, *I just have this feeling that Minister Richards is going to cut spending and raise taxes!* And he said, *No way! Why, that would never happen! In Keynesianism . . . that is not Keynesianism. That is not the approach we take!*

[Inaudible interjections]

Hon. Marc A. R. Bean: Yes. So said, so done.

And during the Minister’s brief, he mentioned it, he passed it off as a revenue-generating exercise. Yes, it is a revenue-generating exercise. But it is a revenue-generating exercise that functions like a vacuum to an economy. That is what increased taxes do. The alternative, because he mentioned this particular amendment will raise approximately \$4.4 million or around that amount. And I am eager to see what the forecast is for the other two Bills that we have to do.

Because I am sure, if the OBA Government would have listened to us on just one of our suggestions and ideas of diversification, that that revenue would have been raised through fees and/or taxes

from one of those diversified sectors of industries, in lieu of raising taxes on, one, land. The next one is going to be labour. And the next one is going to be on transport and tourism! But those are the options that Government has. You either generate more revenues through diversification, or you are going to have to resolve yourself to having to raise taxes.

Now, raising taxes is never good for an economy, especially a depressed economy. My Shadow Minister of Finance feels that additional public spending will add stimulus to the economy. But there is another approach that can add stimulus to the economy that avoids or actually turns off the vacuum of the public sector. And that is actually something that might seem counterintuitive. And that is actually lowering taxes, Mr. Speaker. I would actually like to see us in a place, one day, when we can have full employment and a very productive economy. And then say, *Okay. We are full employment, which is only going to come through lower taxes.* Then we can have a discussion on how we can adjust our tax rates.

But in order to get to that point, we have to make that initial short-term sacrifice. And so, this is a tax on what we see, commercial property. And it equates, as the Minister said, with 3,000 properties, about \$1,500 each, on average, so that is about \$120.00 a month, on average, per property. So it is either that \$120.00 a month that is going to be passed on to whoever is renting the property and/or the consumer, or the commercial property owner whose property is sitting idle—and there is many a, many a, many, many, many idle properties around today, commercial properties. That is just an additional burden!

And there is no way that can add confidence to the private sector, who at this time are penny-pinching. So this is a tax that will give short-term benefit with additional revenue, \$4.1 million, but it can have long-term consequences, very similar to when we raised the payroll tax a few years ago—long-term consequences. Make no mistake, that was a mistake!

An Hon. Member: Yes. And we said as much. Yes, we said it was!

Hon. Marc A. R. Bean: For the record, and here we are, we are taxing property. So, I cannot see how this could be a boost to anyone but, or anything but the Consolidated Fund. But I certainly could see how it can be a burden, not just to the property owners, but all those who will come into contact with that property—retailers, customers. It is just added cost, which, again, weakens the economy.

So, from whatever angle one may take, public stimulus or a very open approach of lower taxes so you can float, you can actually reverse the vacuum and float or make the tide turn so it can start going to high, you have to have lower taxes and less regulation, Mr. Speaker. If you are going to cut spending,

then the other two have to be there also. You cannot just do one without the other two.

But the last thing you should do is implement austerity measures, which means you cut spending, and in the same breath you raise taxes. I just cannot see how that can have long-term (forget the short-term), long-term benefit to our economy.

The Speaker: Thank you, Honourable Member.

Would any other Honourable Members care to speak?

If not, then I return to the mover of the Bill, the Honourable E. T. Richards, Minister of Finance.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker. I am trying to figure out where to start.

[Laughter]

Hon. E. T. (Bob) Richards: Let me start by reflecting on one of the sort of sayings that we had in the investment business. There are a lot of sort of idioms and sayings that go on in trading rooms and investment rooms that are almost like old wives' tales that sound a bit silly, but have some sort of truth in them that has been learned for many, many generations.

When I was listening to the Honourable Members on the other side, the phrase that came to mind was, *Catch a falling knife*. In the investment business, *Catch a falling knife* means that, *Beware of buying stocks that are going down*. But it brings to mind what happens when you physically catch a falling knife. If you catch a falling knife, then you are likely to get cut, and you are likely to bleed and you are likely to get hurt.

Mr. Speaker, when the OBA took over the Government in 2012, we caught a falling knife. We caught a falling knife. I have said it many times, and I will say it again. The economy of Bermuda was in free-fall. It was a falling knife. But it was our job, our duty to catch that falling knife, to get cut, to bleed, but at the same time, to try to stop it from falling. And, Mr. Speaker, when you catch a falling knife, it does not just stop instantly. It keeps falling somewhat before you stop it from falling. And then you can start to raise it again.

You know, a vehicle does not just stop instantly falling down and then goes back up. It has to slow down going down, and then go up. That is what we have here. We have heard a lot of rhetoric tonight, but quite frankly, Mr. Speaker, in my opinion, the Honourable Members who are making all the noise seem to forget what *they* did to this economy. I mean, I do not know how somebody could hold himself out as an expert at budgeting or any group could hold themselves out as experts at budgeting . . . Yes! We budgeted for \$267 [million], and it has turned out to be \$299-point-something [million]. Okay? That is the reality. But, you know, I am looking at the budgeted num-

bers from the former Government, and what we have done pales in comparison! I look at their one, two, three, four, five, six years, the last six years of their administration, they missed their budget . . .

[Inaudible interjections]

[Gavel]

[Pause]

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

In the last six years of their administration, they missed their budget targets, the first time, \$54 million; secondly, \$82 million; third, \$111 million; fourth, \$61 million; next time, \$110 million; and lastly, \$28 million. Right? Now, if this is a group of people who have got expertise in budgeting, I mean, give me a break! So they are not really in a position to lecture anybody when it comes to budget numbers and meeting or not meeting their targets!

The Honourable Member talked about lessons learned? But that is the lesson that I learned! Their performances are a marker of what not to do—what *not* to do. So, you know, talk about lessons learned? Yes, those are lessons that I learned. But one of the lessons that the Honourable Members on the other side have not learned, they are talking all this business about Keynesian economics. You know, economic theory is one thing. But, Mr. Speaker, let us move away from the theory. Let us talk about reality.

The reality is this Government has a national debt of about \$2 billion! All this stuff about, *We could have cut taxes to stimulate the economy!* I mean, to use the Honourable Member's phrase, this is all fairy tales! We are a dot on the map that owes \$2 billion! This is not chump change! This is a very serious threat. And at no time in any of the discourses from any of the Honourable Members from the other side do we even hear about that! It is like the debt does not exist to them! This is like some sort of textbook MBA theory class, where they get up there and it is a case study. And it does not have any consequences.

This is not an MBA or master's degree thesis or a case study. This is real life, with real debt for every man, woman and child in this country. Every one of them! So, you know, let us not get carried away with all of this theoretical rhetoric. They completely ignore the reality of the debt. And of course, they have a track record that shows that. They just kept borrowing and borrowing, running these huge overruns on the budget and just kept borrowing and borrowing. Talk about lessons learned? They have not learned their lesson from their mistakes yet, from what I am hearing! Have not learned the lesson that debt counts!

And I think I have made my case very clearly in the Budget Statement what the threat of this level of debt does to our future. And until the Opposition come to terms with debt, we cannot have this Economics

101 approach to managing the economy of this country. You have to address the risks, and the greatest risk to our future, to our financial independence is the national debt. I made that case umpteen times in the Budget Statement. I made it umpteen times so that if somebody missed it the first, second or third time, maybe they got it the fourth time—because it cannot be overemphasised. It is the clear and present danger that we face.

That is why we have to raise taxes. It is pure and simple. So, you know, we can have all of this sort of stuff. But it signifies nothing, Mr. Speaker, if you do not address the debt. Because that is what is driving all of this. And, Mr. Speaker, 90 per cent of that debt was the responsibility or is the responsibility of the now-Opposition, then-Government. They took over a Government that had a healthy economy, that had very little debt. They left office with the government accounts in shambles. I mean, there is no other word for it, in a complete shamble with the debt—up to the eyeballs in debt.

This Government was running about a \$400 million deficit when we took over. And the Honourable Member says that the deficit has increased under my administration. It has not! It has not! It has come down. It has not come down as fast as I wanted it to. But it has not gone up. That is just complete mendacity—mendacity, Member. Complete mendacity! So, now, let us speak the truth up here. Okay?

[Inaudible interjections]

Hon. E. T. (Bob) Richards: So, that is why we have to raise revenues, because the debt situation here is the most important problem.

The talk about cutting spending and raising revenue at the same time leaves out the most important component of our plan that we presented a week or so ago. And that important component is the stimulus that we are putting in. I have said this on television and anywhere I had a chance, we would have liked to have increased taxes from the time we got here, because we saw that we did not have enough revenue to run the government—did not have enough revenue—but we could not do it the first year. We could not do it the second year, because we were still working on how to stimulate the economy.

We have now figured that out. We have now presented a plan. The other side here, Mr. Speaker, want to either (a) ignore it, or (b) trash it!

An Hon. Member: Or both.

Hon. E. T. (Bob) Richards: Or both. Well, you know, that is an error of omission, an error of omission. We have put in place very significant stimulus measures, and it is not the Economics 101 stimulus, by Government borrowing more money and spending it in the economy.

Quite frankly, Mr. Speaker, that kind of thing will never work in Bermuda—will *never* work in Bermuda. Even if this economy were healthy, it would not work in Bermuda. And the reason is because we import everything! You spend a dollar, Government borrows a dollar and spends that dollar in Bermuda. You know, 65 [per cent], 75 [per cent], 80 per cent of that dollar leaves Bermuda in the space of weeks! So where is the stimulus? The only thing we have got is that we borrowed a dollar. And we got, you know, maybe twenty-five [cents], thirty-five cents worth of stimulus, hardly anything.

That is why deficit financing for stimulative purposes in this economy, this small-Island economy, will never work. And for years, the former Government fooled themselves into thinking that all of this money that they were borrowing was stimulating the economy. Well, it was not happening here. They borrowed all this money, and the economy was still tanking. So that is proof positive that, if they had that idea, that that idea was wrong. But again, lessons have not been learned over there. They have not been learned. They are still stuck on, you know, I guess it was Paul Samuelson's Economics 101, still stuck there.

This is the real world, Mr. Speaker. It is not some sort of game. It is not a case study in an MBA class. It is the real world. We owe \$2 billion *real* dollars! And that is the difference between the analysis we do over here and the analysis they do over there. That is the difference.

[Inaudible interjection]

Hon. E. T. (Bob) Richards: We have doubled what? I hear chirping from the other side, Mr. Speaker, that we have doubled it in two years. I do not know what Island he is talking about; it must be Madagascar or, you know, someplace else.

I just know one thing, Mr. Speaker. When they took over the Government, the national debt was in the region of \$160 million. And the Government was not running a deficit. When they left office, the Government was running a deficit of almost a half billion dollars a year, plus we had \$2 billion in debt. So I do not know what that Honourable Member is taking about. He is not talking about Bermuda.

[Inaudible interjections]

Hon. E. T. (Bob) Richards: Okay. So, you know, let us not—

The Speaker: Honourable Members, let us all allow the Minister of Finance to speak.

Hon. E. T. (Bob) Richards: Seeing that the Honourable Members like that word, I will use it again. Let us not deal with “mendacity”; let us deal with the truth!

Hon. Zane J. S. De Silva: Point of order, Mr. Speaker! Point of order!

The Speaker: Thank you. Yes.

POINT OF ORDER

Hon. Zane J. S. De Silva: This is the second time the Honourable Member has made that comment, and I think he should withdraw it. He might as well just say we are liars. Now, if we are going to allow—

The Speaker: I do not . . . Tell you the truth, I do not understand what *mendacity* is.

Hon. Zane J. S. De Silva: Well, mendacity is a liar!

The Speaker: All right. Thank you.

Hon. Zane J. S. De Silva: And he needs to withdraw that!

The Speaker: I did not understand that. Right.

[Inaudible interjection]

The Speaker: Well, maybe he did, Honourable Member.

[Laughter]

The Speaker: Yes. I played down the wrong line, did I?

Hon. E. T. (Bob) Richards: Mr. Speaker.

The Speaker: Honourable Minister.

Hon. E. T. (Bob) Richards: Mr. Speaker, it is just like “prevarication,” just like “disingenuous.” It means all the same thing except it was not calling somebody a liar. I am not allowed to call somebody a liar, and I am not doing that. I am saying that they are mendacious, and that is a fact. Okay?

[Inaudible interjections]

Hon. E. T. (Bob) Richards: There is a claim that the economy is weaker than it was before, or weaker than it was when we took over. This is sheer nonsense! All right? Just sheer nonsense. There is no question that confidence is much higher now than it was in December 2012. And if there was ever any evidence of that, the evidence is in the dollars. The evidence is in the dollars. The investment that we have had in Bermuda and the interest of investors in Bermuda is clear indication that we have caught the falling knife, we bled, but we stopped the knife from falling. And now people realise, *Hey, that knife is a lot lower than it was. It is*

time to invest. It is time to invest because the knife is not falling anymore.

So, the fact that these things are happening here, that we have a list of people lined up to invest in Bermuda, that is the reason, if for no other reason . . . You do not even have to figure it out. Just look at what people who want to put skin in the game are doing. I mean, millions of dollars of skin in the game. If they are willing to put millions of dollars in Bermuda, something good is happening. The fact is, while the Opposition was the Government, those sources of funds dried up.

Now, somebody also mentioned (and it is my last point here) . . . they admitted that when they raised payroll taxes 2 per cent it was a mistake. But it does not appear that they have learned the essence of that mistake. The essence of that mistake, Mr. Speaker, was the lack of consultation. That was the essence of that mistake. [That] 2 per cent was a fairly big number for a rise in payroll tax, but they were desperate because the Government was bleeding big time. It was not bleeding; it was haemorrhaging—*haemorrhaging* at that time. So I understand why the Minister of the day wanted to do that. But they went about it the wrong way. There was a promise. It was an *explicit*—not an implicit . . . it was an *explicit promise* to consult with the private sector before a move like that would be made. And that promise was broken. And the reaction to being blindsided like that was severe.

Now, we are only proposing to raise taxes by a much more modest amount than that, much more modest. So we are doing [something] on both sides. We are cutting spending. And we are raising taxes. Now, if they want to say that that is “austerity,” I do not agree. If that was the only thing we were doing, it would be austerity.

But I will say this: It will be a fairly mild austerity compared to austerity programmes in other countries—very mild! But that is only half of the equation.

The other half of the equation is the inward direct investment stimulus, about \$1 billion, that we are putting in place.

Now, I heard the Honourable Member, the Shadow Minister, say, *Well, it only amounts to four point*—What did you say?

Mr. E. David Burt: Four point six.

Hon. E. T. (Bob) Richards: Only 4.6 per cent a year.

Mr. Speaker, for an economy that has contracted for six years, 4.6 [per cent] is Nirvana—4.6 [per cent] is Nirvana! So, you know, it may be *only this*, but it is heck of a lot better than what we have been doing, a heck of a lot better.

So I am quite pleased with the way we have structured this. There have been tough decisions. One of the Honourable Members talked about, *Well, you know, we only could see all of these things in place*

first, and then we will make our move. But to me, Mr. Speaker, that is a statement borne out of inexperience. Because in the real world of investing, you never have all the information in front of you before you have to make that decision. You never, ever, ever have all the data points before you are forced to make that decision.

That is why decisions are tough. You make decisions in the face of uncertainty. That is what you do. So you cannot wait to have all the things lined up before you make them. You have to fire before everything is lined up. Because if you wait for everything to be lined up, it will always be too late—always!

So, I will end my remarks there, Mr. Speaker, and I would like to move that this Bill be now committed.

The Speaker: Thank you, Minister.

It has been moved that the Bill be committed. Any objections to that?

The Chair will ask that the Deputy Speaker please take the Chair [of Committee].

House in Committee at 9:03 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

LAND TAX AMENDMENT ACT 2015

The Chairman: Honourable Members, we are now in Committee of whole [House] for further consideration of the Bill entitled [Land Tax Amendment Act 2015](#).

I call on the Minister in charge to proceed. Minister, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

Madam Chairman, the Land Tax Amendment Bill 2015, seeks to amend the Land Tax Act 1967 to increase the rate of land tax in respect of valuation units other than private dwellings.

Clause 1 is self-explanatory.

Clause 2 amends section 2(b) of the Land Tax Act 1967 to increase the rate of land tax in respect of valuation units other than private dwellings from 4.4 per cent to 5.5 per cent of the annual rental value unit.

Clause 3 provides for the commencement of April 1st, 2015. And I have a slight amendment also, Madam Chairman.

The Chairman: Does everyone have copies of the amendment?

Hon. E. T. (Bob) Richards: I think so.

The Chairman: Thank you.

AMENDMENT TO CLAUSE 3

Hon. E. T. (Bob) Richards: And the amendment is really for the clause 3 that I just read out. It would delete April 1st and substitute July 1st, 2015.

The Chairman: Are there any objections to the proposed amendment to clause 3? And that is to delete "1 April 2015" and substitute "1 July 2015."

No objections?
Minister.

Hon. E. T. (Bob) Richards: Madam Chairman, I move that these three clauses be approved.

The Chairman: No.

Are there any Members who would like to speak to clauses 1 through 3?

Hon. E. T. (Bob) Richards: Oh. I am sorry.

The Chairman: Thank you.

The Chair recognises the Member from constituency 29, Shadow Minister of Tourism. Honourable Zane J. S. De Silva, you have the floor.

Hon. Zane J. S. De Silva: Thank you. Thank you, Madam [Chairman].

As was stated earlier, Madam [Chairman], I am not going to object, and we are not going to object on this side, because we know the position that the Government is in. I would just like to reiterate to the Minister that I would like him to consider looking at those who have multiple commercial buildings and look at seeing if we can generate some more revenue from some of these multiple owners.

There are many buildings in the city, in particular, that are owned by the same person or the same group of people or the same trust. And I think that this should be seriously looked at. And because of the revenues that are generated from these commercial buildings, Madam [Chairman], I do not think it would hurt them all that much, to be quite honest. And I think that that is something that the Minister and the OBA, the OBA Cabinet in particular, should be looking at.

I think whilst we are looking at land tax, we should look at multiple homeowners, Madam [Chairman]. You know, there are homeowners in this country, multiple homeowners, some of them 10, 20, 30, 40, 50 homes, whether it be trust or individuals or families. And I think that that is an opportunity there. If the Finance Minister is struggling for money . . . this particular tax, the Finance Minister says, is going to raise \$4.5 million. Well, think of how many more millions of dollars he could earn for the coffers of the government if he were to look at [taxing] those multiple owners of commercial buildings and multiple owners of homes.

So I think it is something that should be looked at, and I think it should be seriously looked at. Because I think it can raise a hell of a lot of money for our people. Thank you.

The Chairman: Thank you

Are there any other Members who would like to speak to clauses 1 through 3?

There are no other Members.
Minister.

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

I would just like to respond to the Honourable Member's suggestion about folks who have multiple properties, particularly multiple commercial properties. They pay multiple taxes! And they pay taxes on each one. So it is not as though they get a break. Although I would give the Member the undertaking that . . . you know, we are having a review of our tax system, and that could be part of the exercise. So, we are having a general review. It is not just payroll tax or not just customs duty. It is a general review. So, that would be part of that.

So, Madam Chairman, I would like to move the amended clause 3 and the other clauses.

The Chairman: It has been moved that clauses 1 through 3 be approved as amended.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

[Motion carried: Clauses 1 through 3 passed as amended.]

Hon. E. T. (Bob) Richards: Madam Chairman, I would like to move the Preamble.

The Chairman: It has been moved that the Preamble be approved.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

Hon. E. T. (Bob) Richards: Madam Chairman, I would like to move that the Bill be reported to the House, as amended.

The Chairman: It has been moved that the Bill be reported to the House, as amended.

Any objections to that motion?
No objections; agreed to.

[Gavel]

[Motion carried: The Land Tax Amendment Act 2015 was considered by a Committee of the whole House and passed as amended in clause 3.]

House resumed at 9:09 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

LAND TAX AMENDMENT ACT 2015

The Speaker: Honourable Members, the Land Tax Amendment Act 2015 has been passed as amended.

We move to the next Order of the Day, which is the Payroll Tax Rates Amendment Act 2015, again in the name of the Minister of Finance. Minister Richards, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

Mr. Speaker, I would like to now read the Payroll Tax Rates Amendment Act 2015 for the second time.

The Speaker: Are there any objections to that?

No objections. Carry on, Minister.

BILL

SECOND READING

PAYROLL TAX RATES AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: The Bill now before the House is the Payroll Tax Rates Amendment Act 2015. The purpose of this Bill is to increase the rates of payroll tax as set out in the Payroll Tax Rates Act 1995 and to extend the new Bermuda higher payroll tax relief for one more year to 2016.

As announced in the National Budget Statement, the standard rate of payroll tax is to be adjusted to 14.5 per cent in the oncoming fiscal year, an adjustment—or not adjustment, but an increase of 0.5 per cent. There will be a similar adjustment of 0.5 per cent for the majority of other rate categories.

While the salary cap on the payroll tax structure will remain at \$750,000 in the coming year, the rate of tax recoverable from employees will be increased from 5.4 per cent to 5.5 per cent. This is so that the increase may be shared by both employer and employee. The Bill now before Honourable Members provides for this adjustment in payroll tax.

Mr. Speaker, the following categories will not be affected by the increase:

1. an educational, sporting or scientific institution, association or society which, in the Minister's opinion, is carried on otherwise than for the purpose of gain by its individual members;

2. a self-employed person carrying on business as a taxi driver or a fisherman or a farmer or horticulturalist;
3. an employer or self-employed person with an annual payroll of less than \$200,000.

The rate of payroll tax for these categories of business will remain at 7.25 per cent.

Mr. Speaker, payroll concessions currently in place for hospitality, restaurant and retail sectors will be partially rolled back in 2015/16, with businesses in these sectors paying a rate of 5.5 per cent. It is up to the employers in these sectors to decide how much of this rollback will be transferred to employees.

Mr. Speaker, it should be noted that the rollback of these particular concessions is applied administratively and are not provided for in this Bill. These concessions were never meant to be permanent, and the Government is now looking to reduce them. Since these concessions have been in place, Government has forgiven \$121 million in payroll tax. The yield from the revised rate structure and partial rollback for payroll tax concessions is estimated at \$353 million in the coming fiscal year.

Mr. Speaker, this Bill also provides for the extension of the extremely successful New Bermuda Hire Initiative that was introduced in 2013. This initiative is due to expire in March 2015. It is worth noting that this tax incentive has helped create 400 new jobs during its—

Mr. E. David Burt: Point of order, Mr. Speaker.

The Speaker: Honourable Member?

POINT OF ORDER

[Misleading]

Mr. E. David Burt: Mr. Speaker, as we have stated numerous times before, the Honourable Member is misleading the House. There cannot be creation of new jobs from the payroll tax rebate, as was put in place. These are jobs that exist in the economy that are done. They are not new jobs, Mr. Speaker.

The Speaker: Thank you, Honourable Member. Minister?

Hon. E. T. (Bob) Richards: Mr. Speaker, that is not true.

The Speaker: Carry on, please.

Hon. E. T. (Bob) Richards: We have an initiative that requires employers to prove to the Tax Commissioner that this is a new job.

Mr. E. David Burt: Point of order, Mr. Speaker.

The Speaker: Yes?

POINT OF ORDER

[Misleading]

Mr. E. David Burt: The Honourable Member is misleading the House. The requirement from the Office of Tax Commissioner is to prove that the individual receiving the tax break has been unemployed for three months.

The Speaker: Minister?

Hon. E. T. (Bob) Richards: That means it is a new job!

[Laughter]

Hon. E. T. (Bob) Richards: Good Lord! The person has been unemployed for three months, and they are being employed. That is creating a new job! All right?

Mr. Speaker, unlike previous years, the 2015/16 Budget includes significant increases in various taxes, including this increase in payroll tax. In strategic terms, there are a number of reasons for this departure.

Firstly, it has been determined that the deficit will not be broken by spending cuts alone. Increased revenues will be necessary.

Secondly, the strategy is based on the expected state of the economy as opposed to the past, or even the current economic situation. With the major stimulus measures already outlined, about 20 per cent of GDP in one to three years, we are confident the economy will be able to withstand the attenuating effects of tax increases on growth.

Thirdly, there are additional expenditures that Government will have to make in preparation to host the America's Cup, expenditures that will have to be financed. They have to be financed from tax revenue as much as possible, instead of being financed by additional long-term debt.

Mr. Speaker, one of the guiding principles of this Government is that we believe in the macroeconomic benefits of low taxes. Low taxes leave more money in people's pockets, thereby encouraging spending and investment, both of which contribute to economic growth. However, taxes should not be so low that the government does not have sufficient money to fulfil its responsibilities, responsibilities such as providing good schools, safe neighbourhoods, affordable health care, sound infrastructure, and care and protection for seniors.

It should be noted that, even with this proposed tax increase and others included in this budget, Bermuda's revenues as a per cent of GDP are one of the lowest among small-island economies and are not high enough to achieve or maintain long-term fiscal stability.

Mr. Speaker, Government therefore has requested the assistance of CARTAC (the Caribbean Regional Technical Assistance Centre), which is an IMF [International Monetary Fund] regional body, to study the feasibility of broadening Bermuda's tax base.

Mr. Speaker, this increase in payroll tax and other taxes should in no way be interpreted as a change in policy with regard to Government's commitment to reduce expenditures. Although we are not budgeting to attain our 5 per cent reduction target for 2015/16, our targets proposed right now are a 33.1 [per cent] reduction in current account spending compared to 2014/15.

Mr. Speaker, the reality is that the current revenue streams cannot pay for the government as it is presently structured and sized, and it is vital that Government continue its fiscal consolidation strategy of reducing primary current account spending over the next several years and enhancing revenue through policies that generate income from economic growth and other revenue streams. This proposal is part of that strategy.

Mr. Speaker, in conclusion, I would like to advise this Honourable House that in the lead-up to the 2015/16 budget, the Ministry of Finance consulted with the Chamber of Commerce, the Bermuda Hotels Association, the Association of Bermuda International Companies, the Association of Bermuda Insurers and Reinsurers on these tax increases in the lead-up to the presentations to the budget. In the spirit of collaboration, the Government considers it important to meet with these key stakeholders on this important matter.

With those introductory remarks, Mr. Speaker, I would now like this Bill, the Payroll Tax Rate Amendment Act, to be read a second time.

The Speaker: All right. Thank you, Minister.

The Chair will recognise first the Leader of the Opposition, from constituency 26. MP Marc Bean, you have the floor.

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

We listened intently to the Finance Minister's brief. And again, as I began my remarks for the Land Tax Amendment Act, all I can say is, my oh my. My oh my. We, in the previous debate, admitted for the umpteenth time that we made an error when we were Government when we raised the payroll tax. It was a mistake that I think everyone can see the evidence of.

But here, we have the Minister saying, *No, that was not the mistake, raising it. The mistake was that you did not consult.* Mr. Speaker, it does not matter how many consultations you have with the business community, or actually the citizens of this country or any country. You could consult till the cows jump over the moon. They will still not be in favour of tax raises. So it is not about whether we consulted or not.

It is the principle of raising tax and raising tax on something we need the most, which is employment! How counterproductive is that? How short-term is that, Mr. Speaker? You are taxing what we are actually seeking! So you are actually putting the green light up for further job losses. Again, it is counterproductive, Mr. Speaker.

I wonder what our revenue would be . . . because the Minister mentioned that the One Bermuda Alliance subscribes to the macroeconomic theory that lower taxes stimulate economic growth. I wonder what our revenue will be with full employment and additional persons on-Island at a lower tax rate? Let us say half of what the payroll tax is today? I would suggest that the revenue will be higher. And because the vacuum, the power of the vacuum is lower, then you will find that the economy will be more vibrant. And some would say, *How could that be?*

Let me break it down for people who might not be able to relate.

If you are a concert promoter and you charge \$100.00 for a concert and 1,000 people come, you are going to make \$100,000. But if you charge \$50.00 and 3,000 people come through the gate, you would make \$150,000, plus all your vendors will make more money because you have got more people at the concert. So, for the promoter who is trying to get rich quick, he would charge \$100.00. But a government who is, over the short term, trying to get or raise revenue, they will raise taxes. But in fact, it actually might be wiser to reduce the area of tax that has the most effect or has the greatest effect on the area of our society that needs as much boost from the government as possible.

The Minister of Finance is playing a violin. Mr. Speaker, guess what else he goes on to say? Because if payroll tax was so cool as a result of consultation, then why was Ms. Kristi Grayson (that is her name), Pulp and Circumstance (she represents the Chamber of Commerce), the day before the budget, I would just say appealing for no new taxes or new tax hikes? If you consulted somebody, why is the spokesperson for the Chamber of Commerce lobbying through the *Royal Gazette* the day before the budget, for no tax hikes? Who did you consult then, if it is not the Chamber of Commerce?

An Hon. Member: Oh! That is a good question.

Hon. Marc A. R. Bean: That is interesting.

An Hon. Member: Very interesting indeed.

Hon. Marc A. R. Bean: Also, Mr. Speaker, the Minister spoke of government stimulus cannot work on a small Island like this. And, you know, in theory, in principle, government stimulus, some would say is counterproductive to an economy, period—some. So he says that we cannot borrow more money, and

Shadow Minister Burt's ideas cannot work, they do not make sense. But what has the One Bermuda Alliance done in terms of their so-called stimulus?

Well, let us see. The first two, and the [one] that probably comes up on the radar screen the quickest is the America's Cup, which, you know, naturally you think we are going to have to borrow \$77 million. But no, the Minister said we are going to raise taxes to finance it. He gave a list of all these other areas of where these raised taxes will be allocated towards, but he forgot to mention, or he forgot that he mentioned, two sentences prior, that he was going to raise taxes. This was part of—the raising of the payroll tax is to fund the America's Cup!

But how about Morgan's Point, which is one [on that] list of 20 per cent GDP stimulus, or \$980,000? First you had an insurance company come out and said, *We are giving Morgan's Point \$5 million.* And everyone got excited, and the *Royal Gazette* jumped up on it, and it was part of this confidence fairy that they were trying to cultivate. But lo and behold, the Minister gets up and says that the Government went and guaranteed a multi-million, probably billion-dollar insurance company's investment in Morgan's Point! He guaranteed it! What type of special privileges is that? Humph!

[Inaudible interjections]

Hon. Marc A. R. Bean: Oh, it is special privileges. It is Government stimulus through borrowing. And then, you gave Morgan's Point directly \$125 million guarantee and then increased it up to \$160 million! And you have the nerve to get up in here and try to refute my Finance Shadow Minister's idea about stimulus when you are doing the same thing? The Minister of Finance talks out of both sides of his mouth!

Hon. E. T. (Bob) Richards: Point of order.

The Speaker: Please take your seat, Honourable Member.

Yes, Minister?

POINT OF ORDER

[Misleading]

Hon. E. T. (Bob) Richards: The Honourable Member is misleading the House. Guaranteeing money and borrowing money are two different things. He is mixing up apples and oranges, as usual.

The Speaker: Thank you. Thank you.
MP?

Hon. Marc A. R. Bean: When your back is up against the wall, your fancy accounting comes to the fore.

[Inaudible interjections and general uproar]

[Gavel]

The Speaker: Honourable Members!

Hon. Marc A. R. Bean: I know, when we offered a guarantee to Butterfield Bank, we were accused of adding to the debt burden, directly or indirectly. But under the OBA Government, it is some magical type of accounting and economics that apply. But the fact of the matter is that the same thing the Minister tries to refute that my Shadow Finance Minister is, Mr. Speaker—he is doing the exact same thing, Mr. Speaker.

So again, it goes back to the original premise that the ideas of the Minister of Finance over this last year have proven to be void! Proven to be empty! And yet, still they refuse to accept any ideas to diversify the economy. I cannot believe the Minister speaks about revenue-generating initiatives in the form of raising taxes. That is not the sign of a business-minded leader. That is the sign of a status, someone who likes the power of Government, who likes to turn on the vacuum, Mr. Speaker!

[Inaudible interjections]

Hon. Marc A. R. Bean: They are mixing oil and water!

I do not know what ideology they follow. It is a *quo fata ferunt*, whatever may work, wherever the wind may blow us, wherever the tide may take us. That is the economic policy that we are being subjected to—or not subjected to; I am sorry. That is too strong. That is the economic policy that the Minister of Finance is applying. And he just cannot handle being held to account. As soon as we put up the mirror to say, *Hey, it is time to be held to account, Mr. Crystal Ball, Minister Crystal Ball Richards*, he then says—

The Speaker: Honourable Member, Honourable Member. *The Honourable Member.*

Hon. Marc A. R. Bean: All right. I withdraw that.

Minister Richards is starting to be held to account, what does he do and what do all the OBA bloggers, all of them . . . *Oh, when the PLP was in power, when they are doing rae, rae, rae . . . rae, rae, rae.* Twenty-seven months later, and you have the audacity to be over there playing a violin! Humph!

Well, that song, that dance is boring. The people are hurting! The people had hope and trust in what you had to say pre-December 2012, and you have been found wanting. You have been weighed up in the scales, Mr. Speaker, of the people of this country and you have been found wanting. You are not all that you cut out yourself to be or what your supporters make you out to be.

So, it would be good if we could humble ourselves and cooperate and add one or two areas of

diversification. Then we would not have to turn on the vacuum cleaner and further weaken this economy. I am tired of hearing the excuses of the One Bermuda Alliance. I sit across from them every Friday. And quite frankly, I am not impressed, maybe because I do not read the *Royal Gazette* too much; maybe because I am so close.

But I am trying to understand how, outside of blaming the PLP and saying that, *Oh, you did this and you did that . . .* You shirk your responsibility for leadership again when you repeat that narrative! And the people are listening, because they realise that we have a rudderless ship right now. Yes, the captains, they do not have the right navigation instruments right now. It is clear. There is confusion in the cockpit, Mr. Speaker. The wrong coordinates have been punched in, Mr. Speaker.

And with ego and arrogance, they refuse to change course or see their ways. But, no. The business community, they do not have to say a word. They do not have to scream and shout, because if it was us, they would have been crying. But if you were at the Chamber of Commerce breakfast and you looked at the faces of those folks in there, that told the story. A picture, a thousand words it speaks. It told the whole story. They will not say it, yes. Because of political circumstances and expediency, they will not say it. They would rather be burdened with additional payroll taxes. They would rather, as business owners, be burdened with additional costs.

Let us not even speak about the additional costs on labour! What about the worker in this country? I am not even speaking about just the civil service or Government. What about every worker in this country? You are trying to be a vacuum cleaner. Do you not think that they would prefer to have that extra income in their pocket that could spur spending, spur demand?

One thing the Minister of Finance, as a Keynesian, he is demand driven. But yet he is killing demand! Humph! And you are talking about you are sharp and whatnot. There is nothing about the One Bermuda Alliance that is sharp. I did not even have to say it. Actions speak louder than words. And this is just a continuation of it. So, the Progressive Labour Party, on principle, stands against this increase in payroll tax.

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

The Chair will now recognise the Deputy Leader of the Opposition and the Shadow Minister of Finance, from Pembroke West Central, constituency 18. MP Burt, you have the floor.

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

Mr. Speaker, I just am enjoying this debate. I enjoy debating with the Minister of Finance, because I

am able to throw his “mendacity” right back at him. Because I find it absolutely amazing that . . .

The Speaker: And I have got to say . . . I have got to say this, Honourable Member. I read the dictionary.

[Laughter]

The Speaker: I went to the dictionary afterwards, because I am a teacher. And we are not going to have that language any more.

[Laughter]

Mr. E. David Burt: No?

The Speaker: No more. Now that I know, now that I have learned myself up.

[Pause]

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

So, I will look to the Professor Walton Brown on this side to come with another word, possibly.

But what I would say is, Mr. Speaker, that the misleading comments that were coming from the Minister of Finance, it is my pleasure to stand up here and discuss them. Because the thought that the Minister of Finance would talk about this whole big thing, and bang his chest, talking about how *we are going to get international investment, and we are going to do it*. It was even in his brief he got it wrong! Mr. Speaker, 4.6 per cent on an annual basis is good, yes. But do not say that it is 20 per cent when it is not. We have to understand that! It is simple. Make the case, and let the case stand on its merits. No need to bump up the numbers.

Hon. E. T. (Bob) Richards: Point of order, Mr. Speaker.

The Speaker: Yes. Yes, Minister.

POINT OF ORDER

Hon. E. T. (Bob) Richards: The Budget Statement clearly said 20 per cent over three years. Clearly! It did not say *per year over three years*. It clearly said 20 per cent over three years. I know it because I wrote it!

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

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

And I know it, because I read it! And let me read what it says.

[Laughter]

Mr. E. David Burt: It says, “For an economy whose GDP is about \$5 billion, a stimulus of almost \$1bn, or 20%, is massive.”

Now, if you’re going to go with a \$5 billion GDP—GDP for \$5 billion is one year, Mr. Minister of Finance. It is not three. So I understand your point. But these are the numbers, okay? And the GDP is not \$5 billion; it is \$5.6 billion. We want to get our figures correct. We want to get our figures correct. So we will start there, Mr. Speaker, because we hear so many things.

But on this point, because this is the best point of all, we hear this thing about investment, and investors lined up at the door. Well, Mr. Speaker, let us go through this list of investments, shall we? Because if the Minister of Finance is saying that we are going to justify our payroll tax raise because we are going to have all this investment come in, let us go through this list.

The first one, America’s Cup, Mr. Speaker. The Government is spending money and getting a return—a novel concept. But let us not call that “investment.” Let us not talk about it as people that are coming here to build hotels. It is economic activity which will come into Bermuda. It is not a question of investment.

[Laughter]

Mr. E. David Burt: The investment that is being made for the America’s Cup—

[Inaudible interjections]

[Gavel]

The Speaker: All right. Order, order, gentlemen!

Mr. E. David Burt: The investment that is being made in the America’s Cup is the money that is going to be spent by the Bermudian people to build the infrastructure. That is the investment, Mr. Speaker, the \$250 million, of which we still do not know where it is coming from, is not investment. It is money that should be a result of hosting the event here, the economic impact. So let us not call it investment.

But, Mr. Speaker, let us move on to the airport.

[Inaudible interjections]

The Speaker: Honourable Members, you have had your opportunity. Minister!

Dr. the Hon. E. Grant Gibbons: Point of order, Mr. Speaker.

The Speaker: Just a minute, Honourable Member.

[Inaudible interjections]

The Speaker: You have an objection, then you can certainly make an objection.

Dr. the Hon. E. Grant Gibbons: I have a point of order, Mr. Speaker.

The Speaker: Or a point of order.

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

The Speaker: I recognise the Honourable Dr. Gibbons.

POINT OF ORDER

[Misleading]

Dr. the Hon. E. Grant Gibbons: Yes. The Honourable Member is misleading the House. The investment is coming, certainly partly, from Government. But it is also coming, as any Honourable Member can see by going up to Dockyard, there is already a base being built up there that is investment that is coming from one of the teams. They are putting up a building. There are other teams that will be putting up buildings, and there is other investment which will be made by the America's Cup Event Authority and others.

So it is simply incorrect to say the investment, the capital spending, is only coming from the Bermuda Government. That is not true.

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

Mr. E. David Burt: Oh, Mr. Speaker. Mr. Speaker, but is it not interesting that that money is coming from the money of which we are giving them?

[Laughter]

Mr. E. David Burt: So the Minister can make up this story. The Minister can tell and put the nice pretty picture on it. But the whole thought about, because we heard that thing that they are banging down the door looking for investment, that they are banging down the door and they were not doing it before.

Mr. Speaker, the America's Cup is here because we made a better deal and a better offer than the other people. They are not banging down the door because the OBA became the Government. They were not, Mr. Speaker.

Now, let us talk about the airport. Let us talk about the \$255 million that is investment of investors banging down the door. Come on, Mr. Speaker! If I were to tell you that I am going to give you a guarantee revenue stream to go ahead and develop a new

terminal and give you airport departure tax and give you this and give you that and give you control over the revenues, there are a whole lot of people who would bang down the door for that, Mr. Speaker, because it is a return, a guaranteed return! So the thought that there is any risk that is being taken on by this investor, that they are banging down the door and saying, *Oh, the investment environment is so good in Bermuda, we need to come there*, and all the rest . . . So this \$1 billion, Mr. Speaker, is now going to be cut in half. Now it is 500!

But let us move on, shall we, Mr. Speaker? Let us move on to the rich reserve of \$160 million. Guess what, Mr. Speaker? There is a \$160 million Government guarantee on that investment. If the PLP wanted to put investment, well, we can extend a \$1 billion guarantee and tell anyone who wants to build a hotel that we will guarantee the construction. We would have a whole lot of hotels being built. And then, we may have a whole lot of hotels fail, because it does not fix the problem, Mr. Speaker. You cannot claim \$160 million as investors banging down the door when you are giving them a guarantee on their construction costs, Mr. Speaker. Because if they were banging down the door, you would not need the guarantee!

An Hon. Member: Exactly.

Mr. E. David Burt: So let us not even go there, Mr. Speaker.

Then, let us go to the project in St. George's, St. Regis, Mr. Speaker. Now, Mr. Speaker, I will admit I do not know that there is a Government guarantee. One might be coming, though. We never know, because we have found out about the one for Ritz. It did not come here first. We found out somewhere else.

But . . . but . . . but, Mr. Speaker, we know that if you are going to tell someone that you can build a hotel on a vacant piece of land, get a nice long lease and you might get a casino to go with it, then you are going to get some investment into this country. Because what happened is that we did not have casino gaming until 2014. And note that there was no movement until casino gaming! So this whole thing about, *We are going to . . .* They are breaking down the walls and banging down the door because something has changed . . . Yes, Mr. Speaker. We passed the Casino Gaming Act, which was unanimously opposed when we tried to bring it in 2010 by the Members on the front bench, the same ones, Mr. Speaker, who passed it, by the United Bermuda Party—my apologies. You were once the Chair of the United Bermuda Party, though, the Minister of Tourism. I am not going to let you off the hook that easy. I am not going to let you off the hook that easy.

What I will say, Mr. Speaker, is, so that goes to the whole wonderful argument of this \$1 billion and banging down the door. Okay? Because, Mr. Speaker,

it is not. So this whole thing about, we are going to get all this investment, and we are going to do it by giving Government guarantees and guaranteed revenue streams in the airport? And this is somehow what we are basing our economic plan on? It is short-term, Mr. Speaker, but it is not long-term, because that \$255 million stimulus will turn into a long stream of payments to a Canadian company. We can do the short-term, but there is a question of the long-term.

But, Mr. Speaker, let us move to this whole wonderful thing about the creation of 400 new jobs! Now, we know, Mr. Speaker, that is not correct. And the Minister's explanation of it was even more amusing. Because the fact that he is trying to equate an unemployed person getting a job to a new job in the economy being created is nonsense. Because if there is a job, and someone retires and an unemployed person for three years takes that job because the person is retired, there are the same amount of jobs in the economy, Mr. Speaker! There is no new job being created!

An Hon. Member: Why do you not ask that person who got the job!

[Inaudible interjections and general uproar]

[Gavel]

Mr. E. David Burt: Mr. Speaker, we have heard many times that the Government talks about the wonders of their payroll tax relief, which, by the way, Mr. Speaker, would have been a very big drain on the government purse if it was not for this PLP Opposition, which put in place and suggested an amendment, which was taken up by the Minister, that he should limit it to those persons who are unemployed. Because the regular turnover in the economy would have seen lots of people become eligible for that.

But let us look, because remember when we heard about this figure last year, Mr. Speaker? Last year, Mr. Speaker.

[Inaudible interjections]

The Speaker: Minister. Minister. Minister, you will have an opportunity to rebut whatever you need to when you get a chance.

Carry on.

Mr. E. David Burt: Mr. Speaker, I hear the Honourable Minister of Economic Development revving up the Honourable Minister of Finance, saying, *Flog him!* I look forward to the flogging. Because I am going to give a little bit of flogging myself this evening, Mr. Speaker, because I am going to give it.

[Laughter]

Mr. E. David Burt: Because the inconvenient truths are that the picture that the Minister is painting is not exactly what it seems, Mr. Speaker.

Now, let me move on to this whole thing about, you know, *We are cutting the budget*. The last budget under the Progressive Labour Party, the budget deficit was \$225 million. Would anybody like to guess what it was under the first OBA? It was \$299 million, Mr. Speaker! But we hear, *We are cutting the deficit*.

Hon. E. T. (Bob) Richards: Point of order.

The Speaker: Yes, Minister.

POINT OF ORDER

[Misleading]

Hon. E. T. (Bob) Richards: The Honourable Member is misleading the House. There is no way I am taking the minus-credit for your deficit! That was your deficit, Honourable Member, not the OBA Government's!

The Speaker: Okay. Thank you.
Carry on.

Mr. E. David Burt: Well, Mr. Speaker, it is interesting that he is not going to take credit for our deficit, the [\$225] million one. But will he take credit for the \$299 million one that he put in place this year?

[Inaudible interjections]

Mr. E. David Burt: Okay! So last time I checked, 299 was a little bit higher than 225. Oh! Okay, Mr. Speaker. Let me proceed.

Let me go on. Because the next thing, talking about how 90 per cent of the debt belongs to the PLP—nonsense, Mr. Speaker, complete nonsense. Because before the Minister took over, the net debt was at [\$]1.5 [billion]. Now the net debt is at \$2 billion. And anyone knows that five divided . . . well, I know the Minister is slow at math. So I am going to break it down for him now.

[Laughter]

Mr. E. David Burt: I will break it down for him right now, Mr. Speaker. That when you have 15 and 20, or 1.5 and 20, that is 25 per cent. So, Mr. Minister of Finance, do us all a favour and get your figures correct.

Now, Mr. Speaker, let us talk, because the Minister spoke about *reality*. That is what he said. He is like, *We are not dealing with an Economics 101 lesson. We are talking about reality*. The reality is, Mr. Speaker, that there are 790 less jobs in this economy than there were last year. The reality is there are less local businesses paying payroll tax than there were last year. The reality is there are less exempt compa-

nies paying payroll tax than there were last year. The fact is the economy is weaker than it was last year.

And for the Minister of Finance to think that it has absolutely nothing to do with his budget, for the Minister of Finance to think that he can cut tourism spending to the lowest level in 34 years and think that it has nothing to do with the fact that our air arrivals were the lowest in 48 [years] shows that the Minister of Finance is not dealing with reality. Because whether it is an economic textbook or whether it is what actually happens, those are the facts, Mr. Speaker.

Now, let me talk, because we have heard about tough times, Mr. Speaker. Well, guess what? The Minister of Finance made tough times tougher.

An Hon. Member: Tougher! Much tougher!

Mr. E. David Burt: That is what his budget should have read: *Tough Times Being Made Tougher*. Because the whole thought and question that the Government cannot make investments to boost economic growth is nonsense. I am not saying the Government just runs around and does consumption, because, yes, Minister of Finance, you are correct. The multiplier effect inside of an economy that does not have a large level of domestic production is not going to be as pronounced. But the SAGE Commission said that our multiplier effect was 1.28. So there is a multiplier effect. It exists. That is clear, unless the Minister of Finance wants to argue against his own SAGE report.

But you do not spend for the sake of spending, Mr. Speaker. As I said in my Reply, you have to make targeted investments that yield a return. When we talk about investments that yield return, Mr. Speaker, we talk about investments like the America's Cup. We talk about investments like investments in tourism. Yes, Mr. Speaker, they may show up on current spending. But they boost our economy and give us a return, Mr. Speaker. That is what happens, Mr. Speaker.

So now, let me move on to what I was actually going to say before I got that lesson about reality. Because the Minister of Finance said it was his job to catch the knife. But, Mr. Speaker, after he caught the knife, he just felt it nice to drop it with the other hand and catch it in the other one, Mr. Speaker.

[Laughter]

Mr. E. David Burt: Because he made it worse! He made it worse, Mr. Speaker. And he has not come here and given any explanation as to why the budget deficit is larger. He has not come up here and given any explanation why they had to revise, grow figures downwards.

He has not given any explanation! He has not taken one bit of responsibility for the fact that the

economy is weaker! What does he do, Mr. Speaker? *It is the PLP's fault!*

An Hon. Member: Well, it is!

Mr. E. David Burt: Mr. Speaker, there we have it. Mr. Speaker, let me continue, please.

What this payroll tax raise shows today is the effects of the poor decision-making of the Minister of Finance. Because the Minister of Finance says that you do not always have all the information when you are there to make the decision. And that is true. You may not always have all the information. But the fact of the matter is, Mr. Speaker, if you get it wrong, at least admit it. If the economy gets worse under your watch, at least take some responsibility for it. Make sure you understand. Because right now, we are looking at raising this revenue figure and we are still not meeting the Minister's targets that he set last year. Because the Minister was expecting somehow that there would be more economic growth than there was! How, when he cut off the things that could have caused any economic growth, Mr. Speaker? How? Really? Reducing tourism spending to the lowest level in 34 years?

We heard the BTA [Bermuda Tourism Authority] talking about, they have got a 16-for-1 return on their tourism investment. A 16-to-1 return, Mr. Speaker! I mean, that is better than putting your money in Morgan's Point, which is guaranteed by the Government! You are getting a 16-to-1 return! So why would we not invest more money in things that give a return? Last year, we heard this wonderful thing about the payroll tax concessions. Last year, I was attacked for suggesting that we roll back the payroll tax concessions. Attacked! What do we see this year, Mr. Speaker? The Honourable Minister of Finance taking my advice!

An Hon. Member: Timing is everything, is it not?

[Laughter]

Mr. E. David Burt: Taking my advice, because last year, he said, *Oh! You know what will happen? It will cost jobs!* So, what has changed, Minister of Finance? Why is it now acceptable to cost jobs, Minister of Finance? Okay. Okay. Okay.

Moving on. Mr. Speaker, I am hearing the wonderful Minister of Finance continue to shout across the bow, *the stimulus, the stimulus, the stimulus*. Well, Mr. Speaker, we will see about the stimulus. We will see, because yes, we would like things to be better in the economy. Yes, we would like there to be growth in the economy. But the fact is, Mr. Speaker, that the Finance Minister's budget last year put us in the position where we are going to have to raise taxes on everyone this year, Mr. Speaker. Everyone! Everyone who pays payroll tax, everyone who pays

BELCO, everyone who drives a car, everyone who has a bike, everyone who travels, anyone who . . . That is what happens, Mr. Speaker, when you get it wrong.

So now, when you are faced here with the repercussions of a bad budget, the problem is, Mr. Speaker, that you do not get to have a do-over. You do not get to go back. You have to build on the bad decisions of which you have made. So now that we find ourselves in a deeper hole than we were supposed to be a part of, now we see that we are having to do things that we do not want to do. The Minister of Finance even admitted that he did not want to raise payroll tax. But we are going to do things that we do not have to do in order to try to appease our creditors.

Now, here is what I will say, Mr. Speaker. The Minister admits that taxes will make our economy weaker. So here we go. It is like *déjà vu* all over again. We are taxing, as the Honourable Leader of the Opposition said, taxing the very thing that we need—more employment. That is where we find ourselves today, Mr. Speaker. That is what we find ourselves coming up against.

So, he is trying to say things. He is trying to say that, *You know, I am forced into doing it. I have to do it. This is just something that we have to do to be responsible.* But, Mr. Speaker, I will continue to argue that it is not something that he would have had to do if he would have gotten it right last year. The fact is, Mr. Speaker, that the budget last year put us in this position and forced the Finance Minister's hand. Because I can assure you, when he made his budget projections last year, Mr. Speaker, he was not planning any payroll tax increase. I can assure you of that, Mr. Speaker. Because he was only forecasting a 3 per cent increase in revenue. He was not forecasting this huge increase in revenue of which he is forecasting right now, which he has had to forecast, which he has had to put into place to raise the revenue numbers. That is the truth, Mr. Speaker.

Because when the growth in the economy is not what you want, when you do not have as many tourists coming into your shores, when you do not have as much domestic activity and when you lose 790 jobs, you are going to get less tax revenue, less customs duty revenue, less revenue all across the board, which makes your economy weaker and forces you into the position of raising taxes to satisfy your creditors, to demonstrate some type of fiscal responsibility.

Well, Mr. Speaker, we have been down that road before, and we know how it ended. And we are still here. We are still here, still in this cycle of trying to break out.

Now, Mr. Speaker, I want to make sure that I close with this, because the Minister of Finance spoke about, *No one ever talks about the debt.* Mr. Speaker, the debt is there. Everybody sees it. Everybody knows it is there. We all have to be worried about the debt.

The Minister of Finance said he repeated it multiple times in his Budget Statement that the debt is our biggest thing that we have to face. And in my Budget Reply, I agreed with him, Mr. Speaker! The fact is, Mr. Speaker, the question is not with the debt. The question is, How are we going to get ourselves to a balanced budget?

Now, there are two competing ideologies. There are two competing facts. The one thing which we can admit is that, yes, investment will help. But the other thing that we can admit is that tax increases are not going to help us. That job losses are not going to help us. That reducing productive investment is not going to create the space for growth. I would like to quote, if I can, Mr. Speaker, one more time. And this is from the pre-Budget Report of 2012. And it laid it out, Mr. Speaker, of what happens when you make cuts.

If I can, Mr. Speaker, I am going to quote. I am reading from my Budget Reply, but it is also from the pre-Budget, which was in 2012, which was tabled in this House. It says (and I quote, Mr. Speaker), "Budget cuts have often reduced productive investment spending rather than cutting into inefficiencies in service delivery, which undermines future fiscal capacity to service debt."

So what that is saying, Mr. Speaker, is if you do not get your budget cuts right, you make it harder to cut debt in the future. That is the situation we find ourselves in. That is the situation we find ourselves in, raising taxes.

We will go on, Mr. Speaker.

[Inaudible interjection]

Mr. E. David Burt: Go ahead.

"However, transferring spending from ineffective to effective uses can improve the trade-off in later budgets by boosting future growth and future revenue and collections thus increasing future fiscal space. This had led the International Monetary Fund to broaden its focus from fiscal adjustment based on cutting aggregate spending and, unavoidably, jobs, to a broader focus on re-prioritising spending so as to enhance future fiscal space and future options for cutting debt."

That, Mr. Speaker, is the trade-off. That, Mr. Speaker, is the advice that was received by the Ministry of Finance. That, Mr. Speaker, is the advice that this Honourable Minister of Finance has decided that he does not need to follow. He believes that he has it better than all the financial economists, financial economists at the IMF. He believes that he can change the laws of economics. Mr. Speaker, the laws of economics are clear. And the laws state that if you raise taxes, and if you cut productive spending, you will make your economy weaker. So said, so done. And right here today, we find ourselves paying for the Minister's bad decision last year, Mr. Speaker. We

oppose this tax increase because it is not the right move for the economy, and we would hope that the Minister of Finance would get some sense and possibly pull back on this decision. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Premier. Premier Dunkley, you have the floor.

Hon. Michael H. Dunkley: Thank you, Mr. Speaker, and good evening to the listening audience.

As the Member who just spoke before me said, *I am enjoying this debate*. I too am enjoying this debate because it clearly shows major differences in understanding of the economy and how it works.

The further difference, Mr. Speaker, is that Members on that side have a record of failure.

[Inaudible interjections]

Hon. Michael H. Dunkley: And so when they do not like the truth . . . they can keep talking. But I am not going to stop.

They have a record of failure. Their record clearly shows (and I will get there in a minute) . . . This Chamber is hot tonight because it is full of a lot of hot air coming from that side, and there is no circulation of air. There have been loud voices with very little substance in this debate.

Mr. Speaker, they are devoid of any economic sense—an Opposition that is devoid of any ideas that hold any water, an Opposition that is devoid of reality, and an Opposition Leader who can just stand there and play childish little games.

Mr. Speaker, I find it interesting, because the Honourable Member who just finished speaking sat in the other side, sat in the House down the hill as the Junior Minister of Finance, and for years argued a failing economic policy. He supported the increase of debt and the increase of deficit every year like it was gold, like it was the right way to go. And now he has flipped that coin and he has changed the other side, Mr. Speaker. It is amazing to me how that can take place. It is amazing. I remember—

Mr. E. David Burt: Point of order, Mr. Speaker.

The Speaker: Yes, Honourable Member.

POINT OF ORDER

[Misleading]

Mr. E. David Burt: Is the Honourable Premier . . . he is misleading the House. Is he saying that I have somehow retracted my remarks from what I said in the past? I do not believe that I have changed anything from what I said before.

The Speaker: All right. Thank you.
Premier?

Hon. Michael H. Dunkley: Mr. Speaker, if he needs a little bit of help tonight, the Honourable Member, I am happy to help him out.

Down in the Senate, when questions were raised by Opposition Members and Independent Members about debt and the increasing debt and deficit, he refused to even listen and give it the credibility that it had there. We just kept moving forward on the debt.

Mr. E. David Burt: Point of order, Mr. Speaker.

The Speaker: Yes, Honourable Member.

POINT OF ORDER

Mr. E. David Burt: Point of order, Mr. Speaker.

If the Honourable Premier has knowledge of the situation, he should at least give proof and evidence. Because he is talking about something that may or may not have happened in another place, which is not the recollection I have. So I would hope that he would at least be able to back up his talk with some facts.

The Speaker: All right, Honourable Member.
Premier?

Hon. Michael H. Dunkley: The Honourable Member had just interrupted with a point of order that had no substance to it. The fact of the matter is we can go back and look at the debate.

Every year the debt went up and he did not say anything about it. And I will go through the numbers again, because the record clearly does not show what those Members are trying to say.

But before I get there, let me just reflect back a bit on what the Honourable Member said—because he contradicts himself. And the Hansard will show this in a couple of days. First, he talks about the America's Cup is not an investment. I heard that loud and clear. And then within about 30 or 40 seconds of that comment, the Honourable Member said that the infrastructure was an investment. And then about four minutes, five minutes down the road, he goes, *Oh, but the investment in the America's Cup* . . . I mean, we were going around in a circle, like a dog chasing its tail not knowing what—

Hon. Marc A. R. Bean: Point of order. Point of order.

The Speaker: Yes.

POINT OF ORDER

[Misleading]

Hon. Marc A. R. Bean: In his attempt to spin, the Premier is misleading the House.

The Speaker: Why is that?

Hon. Marc A. R. Bean: Did he actually listen to what he just said? He agreed with our position!

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

Hon. Marc A. R. Bean: The America's Cup is a stimulus!

The Speaker: Thank you. Thank you.

Hon. Marc A. R. Bean: That's Don Grearson's book.

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

Hon. Michael H. Dunkley: Yes, Mr. Speaker. Another weak point of order that . . . the Opposition Leader should just sit there and listen for a bit, like I did when he was talking.

The America's Cup is obviously something that Bermuda is proud to get and will help Bermuda going forward. There is no doubt about that.

The second point about the airport, the Honourable Member and Members on that side want to complain vociferously about the airport. And we are trying to move the project forward, and it is still in the infancy stages. And I have to reflect back on the hospital, Mr. Speaker. What about the hospital, where the former Government wanted to build the new hospital, and then they were going to take part of the Botanical Gardens. And there was a whole [hue] and cry about using the Botanical Gardens, so they had to stop, had to put the brakes on, drop the anchor, whatever you want to say, and develop it another way.

So, we go out into this PPP [public/private partnership] for 30 years and build a hospital that many people question the suitability for the facility that was left there. Where are they saying anything about the \$330 million that we have to pay to fund the hospital—

Hon. Marc A. R. Bean: Point of information.

The Speaker: Yes. You want to give way for a point of information, Premier?

Hon. Michael H. Dunkley: I am, sure.

POINT OF INFORMATION

Hon. Marc A. R. Bean: Would the Honourable Premier remind me, because it might have slipped my mind, did the hospital go out to tender?

The Speaker: Premier?

Hon. Michael H. Dunkley: It is a point of information. I will just continue on with where I am going. I am sure he can look up the answer to that.

And why do I say that, Mr. Speaker? Because clearly, the airport is something that we need to invest in to keep our infrastructure in an appropriate condition. These guys want to pooh-pooh all these initiatives—

The Speaker: *Honourable Members.*

Hon. Michael H. Dunkley: They want to make—

The Speaker: *Honourable Members or the Opposition.*

Hon. Michael H. Dunkley: The Honourable Members, yes.

The Speaker: Yes.

Hon. Michael H. Dunkley: Which is concerning, because every single project that we try to move forward, we get criticism, without even any merit to it. And the biggest laugh of all was the guarantee to Morgan's Point. And why do I say that, Mr. Speaker?

Simply, you just have to reflect back to, I think it was about 2007, probably just before the 2007 election, when the former Government decided that they would give permission . . . I think it was probably even an SDO [Special Development Order]. Do you remember those three words that were just put down into three letters, SDO? Those were bad words at that time. They gave an SDO for Southlands, and all of a sudden, because of the [hue] and cry in the community, they had to work a quick deal to trade 35 acres at Southlands for 85 acres up in Morgan's Point, and at the same time, Mr. Speaker—and here is the catch that everybody is forgetting about—they had to—

[Inaudible interjection]

Hon. Michael H. Dunkley: Hold on, Honourable Opposition Leader.

The Speaker: Honourable Member! Let us listen and—

Hon. Michael H. Dunkley: I will get to the relevance. I will get to the relevance. He has obviously missed it.

The Speaker: Carry on. Carry on, Premier.

Hon. Michael H. Dunkley: But he was part of that Government.

The Speaker: Carry on.

Hon. Michael H. Dunkley: They gave 85 acres up for 35, and said they would clean the place up—they would clean the place up because of all the oil that had been dumped or leached or whatever, got into the [subsoil] up there.

Now, why do people think we have to give a guarantee? Clearly, because there has been some concern about the cleanliness of the property. And it would be interesting for the Opposition to ask the question, *How much money has been spent for the cleanup of Morgan's Point?* They will not ask those types of questions. Do you know why, Mr. Speaker? Because they made the deal, and they do not want to know what they got into and how they had to spend, because they were just spending money to try to clean it up. Just spending money without any real approach to what we are going to do. Never really knew how much we would have to be spending.

That is why we have to give the guarantee. We have to show that Government supports the project and supports the property that it is on. And if they cannot see that, well, I am sorry. But I think the people of Bermuda can see that. They got into a bad deal. They gave out an SDO and they tried to turn 360 and make it smell like roses. So they quickly made an arrangement, *We'll swap some property here. Oh, yeah, and we'll do the cleanup for you*, without even knowing what the cleanup would be! What type of foresight and vision is that?

Mr. Walter H. Roban: Point of order, Mr. Speaker.

The Speaker: Yes.

POINT OF ORDER

[Misleading]

Mr. Walter H. Roban: Mr. Speaker, the Honourable Member is misleading the House. There were proper environmental assessments to determine how much the cost of the cleanup would be. And that was done after very careful study and after very careful work was done. And they are benefiting from that work right now.

The Speaker: All right. Thank you. Premier?

Hon. Michael H. Dunkley: I appreciate that point of order, Mr. Speaker. So I ask the Honourable Member: When I sit down the Honourable Member can stand up and say what the cost of the cleanup was? Or I will take a point of order now so he can tell me.

They did not know! They did not know then; they do not know now. How can you work like that? How can you work like that?

Hon. Zane J. S. De Silva: Point of order, Mr. Speaker.

Hon. Michael H. Dunkley: Maybe the Honourable Member who got all the cleanup contracts can tell us.

[Laughter]

The Speaker: Honourable Member?

POINT OF ORDER

Hon. Zane J. S. De Silva: The Honourable . . . he asked a question. I am going to answer it for him. He said, *I do not hear, or Let me hear a point of order* if we knew, as the Progressive Labour Party, what the cleanup would cost.

Mr. Speaker, the cleanup for the Morgan's Point area was put out to tender. And it was bid on. And the Government of the day, which was the Progressive Labour Party, knew exactly what the cleanup would cost, because we did receive it.

[Inaudible interjections and crosstalk]

The Speaker: Honourable Members! Honourable Members! Just take your seat for me a minute.

We are not going to have this talking across . . . Take your seat, Honourable Member.

Take your seat!

We are not going to have . . . people have points. If you have a point of order, then . . . not yet, though. Listen to me. What I am saying is that we have the opportunity to make points of order. But let us try and quit, you know, shouting across first and then making our point of order. If you have a point of order, then I will accept it.

I recognise the Attorney General. That is a point of order.

Hon. Trevor G. Moniz: I am obliged. I am obliged, Mr. Speaker.

The Speaker: You are making a point of order to the point of order of that Member?

Hon. Trevor G. Moniz: Yes.

The Speaker: *[addressing MP De Silva]* Yes. He is making a point of order to you.

POINT OF ORDER

[Misleading]

Hon. Trevor G. Moniz: The Honourable Member is misleading the House.

The Speaker: Yes, yes.

Hon. Trevor G. Moniz: Because he is—

The Speaker: He was making a point of order to you, MP.

Hon. Trevor G. Moniz: He is talking about all the work that was done *after* the swap was agreed. The Premier is saying that they did not know the price *before* the swap was agreed.

The Speaker: All right. Thank you.

[Inaudible interjections]

The Speaker: Right.

Carry on, MP De Silva, with your point of order. You were making a point of order, yes.

POINT OF ORDER

Hon. Zane J. S. De Silva: Yes. Mr. Speaker, that is . . . Well, I was point-of-ordering the Premier.

The Speaker: Yes.

Hon. Zane J. S. De Silva: Now, the—

The Speaker: He was point-of-ordering you.

Hon. Zane J. S. De Silva: The Honourable Attorney General has done a point of order. He is totally wrong. He has no idea what he is talking about. So let us put that to bed.

But with regard to the—

Hon. Trevor G. Moniz: No, no. That is un-Parliamentary.

Hon. Zane J. S. De Silva: No, it is not un-Parliamentary.

Hon. Trevor G. Moniz: He answered that point of order, Mr. Speaker.

The Speaker: Honourable Member, Honourable Member.

Take your seat, Honourable Member.

Yes.

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

So, with regard to the Premier's comment, Mr. Speaker—

Hon. Trevor G. Moniz: No, no, no.

Hon. Zane J. S. De Silva: I say it again!

Hon. Trevor G. Moniz: It is a point of order!

Hon. Zane J. S. De Silva: I say again, we did know what the cleanup was going to cost because it was put out to tender and those tenders were received.

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

I recognise the . . .

Hon. Trevor G. Moniz: Well, Mr. Speaker, I did not get an answer to my point of order there. Did they know at the time the swap was made?

The Speaker: Sorry?

Hon. Trevor G. Moniz: Did they know the cost of the cleanup when the swap . . . before the swap was made?

The Speaker: Well, I understand your point of order. I think your point of order was made clear. And the Honourable Member answered. It may not have been what you . . .

Hon. Trevor G. Moniz: Well, he admits it. You are saying he admitted that. He admitted he was wrong.

The Speaker: Premier, while you are up . . . Honourable Member.

Dr. the Hon. E. Grant Gibbons: A point of order on the Honourable Member, Mr. De Silva.

[Laughter]

The Speaker: All right. Carry on.

POINT OF ORDER

[Misleading]

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

Mr. Speaker, I think the Honourable Member was misleading the House. I think you will recall the reason we had to do the 2014 Morgan's Point Resort Act was because of the excessive cost of the cleanup, which was unaffordable to Government. So we had to reorient the package of land up there to retain some of the land to be able to do it at a lesser level than what the former Government had agreed to.

The Speaker: All right. Thank you, thank you. Premier?

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

The Speaker: It looks like they do not want you to speak, Premier.

Hon. Michael H. Dunkley: Well, I did lose my place.

[Laughter]

Hon. Michael H. Dunkley: Like when you are in school, you keep that finger on the spot.

Now, so, Mr. Speaker, I will go back where I was about three minutes ago. So I asked the Honourable Members on the other side, please tell us what the cost of the cleanup was estimated to be. But he cannot, Mr. Speaker. So then that begs, how in—

Hon. Zane J. S. De Silva: Point of order, Mr. Speaker.

The Speaker: Yes. If you can say how much, then say how much it costs. Otherwise, it is no point of order.

POINT OF ORDER

Hon. Zane J. S. De Silva: No, no, it is. No—

The Speaker: Give me the amount; otherwise, it is no point of order!

Hon. Zane J. S. De Silva: Mr. Speaker, I will declare my interest first of all.

The Speaker: Give me the . . . you have given a point of order.

Hon. Zane J. S. De Silva: The number . . . Mr. Speaker, there were several bids received. They ranged between \$35 million and \$55 million.

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

Hon. Michael H. Dunkley: Wow! That is interesting—\$35 million to \$55 million! That is not much of a gap, is it?

Whew! That is like the pier, \$30 million to \$60 million. So we know how they operated, Mr. Speaker!

[Inaudible interjections]

Hon. Michael H. Dunkley: Now, Mr. Speaker, therein lies the problem. We sit here, and we get economic lectures from the other side. And the Honourable Member who speaks for Finance on that side says that they are digging a deeper hole. But the only person who knows about digging a deeper hole is those guys who were holding the shovel, who put us in the hole, Mr. Speaker! Clearly, that is the case.

Let us go back and look again. They tried to take my honourable colleague here, the Minister of Finance, and say that he got it wrong, which is amazing to me. Because in the two budgets for which the Honourable Minister of Finance has had his hand on

the tiller, his estimates are \$1 million out in the right way—two budgets, \$1 million out in the right way.

And I ask them to say that I am wrong. Call a point of order and say that I am wrong on that.

There is no point of order, so I am right.

So, let us go back to the PLP—\$446 million out in six years. Now, that can be a point of order, too, but I am not getting anything from over there.

So, who are you going to believe? The man who spent \$1 million on the right side in his estimates, or the Junior Minister of Finance of the other Government, now the Shadow Minister, who was part of the \$446 million? So who is digging the debt? Pointing, just like the Honourable Opposition Leader did when he speaks.

[Inaudible interjections]

Hon. Michael H. Dunkley: I am, Mr. Speaker. But sometimes you have to deal with some stuff coming up.

So, Mr. Speaker, I will stand up every day and every night and make them aware of their record. Because you cannot change all of a sudden like you just had an epiphany in December 2012 and you figured it all out. You just cannot! You cannot make it up.

And then we hear the Honourable [Shadow] Member who speaks for Finance and the Honourable Opposition Leader talk about a *diversified economy*. Well, you know, if we had some substance, if there was some meat on that bone, I guess we could believe it. But it is just the raw bone that they talk about. Deep-sea mining? Really? That is diversification, deep-sea mining? I asked them, we heard the economic debate last week. Not one Member on that side could give some concrete example of where any government, any jurisdiction is making substantial revenue out of deep-sea mining. It is not there! Potential down the road, but it would cost you millions and millions of dollars in investment to get there.

We have not even heard how they want to build that infrastructure, that stimulus or invest in it, whatever word you want to . . . they all mean the same thing. How would they do that? So it is fiction. It sounds nice. It is the type of thing, if you are in grade 11 and you do a school project, it sounds warm and fuzzy. And you probably get an A-minus for it because that is a vision for the future. But it is not reality in diversifying the economy this year, next year or the year after, Mr. Speaker. It is pie in the sky that is good for a science textbook.

Now, the other: Online gaming. Come on, Mr. Speaker. They did not even want to develop that to try to get us to believe that there was something in there. Their *diversification of the economy* is just something that they pulled out of a grade-11 project, and they expect us to actually buy into that and work and walk with them on that. Not going to happen, Mr. Speaker!

We have to deal with the real fundamentals of the economy.

The economy is weak. The Finance Minister, who has our confidence, and, I would bet, the confidence of the people of Bermuda, in spite of what Honourable Members on that side want to make you believe . . . and one of their ways of trying to make people believe that is to say it often enough and to say it loud enough. That is not convincing people. That is just getting people to change their earpieces or turn away and not listen.

We have confidence in this Minister of Finance. We are going in the right direction, as witnessed by the over \$900 million of potential stimulus investment into our economy that will work, Mr. Speaker. I am positive it will work. So, while we look at these taxes tonight and the payroll tax increase, we have a difference of economic policy. Clearly, they have a record. It did not work. By any stretch of the imagination, it did not work.

We have an economic policy that will work. But it will take some time. And we are going to make it work. And I have every confidence that next year when we come back again, Members on that side will change their tune. Because they will see that things have started to change. They will see more revenue being generated. They will see more jobs being created in our community. They will see the positive things, going forward.

I have confidence in those projects that are listed. But you know, if the Opposition is really sincere about holding hands, reaching across that divide, with more than just words up here in the Chamber to make us feel good, you have to actually work with us to make it happen. You cannot be critical of a project as soon as it comes up. You cannot talk about a Pink Beach concession, which we had on Monday night, and then try to tear it down at the same time. Why have a debate, tear the concession down and then not vote against it?

Mr. E. David Burt: Point of order, Mr. Speaker. Point of order, Mr. Speaker.

The Speaker: Premier.

Yes, Honourable Member.

POINT OF CLARIFICATION

Mr. E. David Burt: Just as a point of clarification, is the Honourable Minister saying that there was a tearing down of Pink Beach on this debate? Or are you referring to another debate? Because I do not remember—

The Speaker: No. He said . . . I do not think he was talking about this debate.

Mr. E. David Burt: Okay. Just making sure.

The Speaker: Carry on, Premier.

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

[Inaudible interjection]

Hon. Michael H. Dunkley: Exactly right. Tear down every project. You cannot remember what you said.

But clearly, Mr. Speaker, they came out in support of the America's Cup, and then they launch a campaign to put fictitious numbers out there about what it will cost and say that it is not going to benefit all of—

Hon. Marc A. R. Bean: Point of order.

The Speaker: Yes.

POINT OF ORDER

Hon. Marc A. R. Bean: Don Grearson is doing his best to distract from this debate.

The Speaker: Honourable Member!

Hon. Marc A. R. Bean: Mr. Speaker, Mr. Speaker, \$77 million is a figure that came in this Honourable Chamber, in front of you, from that side of the House. The Honourable Premier is trying to deflect and distract from the debate!

The Speaker: All right. Thank you.

Hon. Marc A. R. Bean: He has only mentioned payroll tax once!

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

Hon. Marc A. R. Bean: In all that is said!

The Speaker: Thank you, thank you. This is an economic debate, Honourable Member.

[Inaudible interjection]

The Speaker: Economic debate on the taxes, yes.

[Laughter]

The Speaker: It is taxes and how the taxes impact economically. You must understand that.

[Inaudible interjections]

Hon. Michael H. Dunkley: Thank you, Mr. Speaker. Those points of order are getting quite laughable right now, Mr. Speaker.

Yes, it is an economic debate. And they keep referring to people who are not even in this Chamber and they will not be in this Chamber. I think it is quite funny.

But the reality is that we have a difference of economic policy. And I am comfortable that our team has got it right and we will move forward. But, you know, when you dig such a deep hole, you are not going to climb out of it right away. And they understood that. That is why I think, when the election results came out, they were relieved. Because they did not know how they got into the hole, and they certainly did not know which way was up, because they were keeping, keeping, keeping digging.

And I hear the Honourable Member on that side say, *Oh, Lord*. Well, it is too late to pray.

[Laughter]

Hon. Michael H. Dunkley: It is too late to pray, Mr. Speaker, because we are where we are. We will get out of it. If they join hands with us, we will get out of it a lot quicker. But we are not going to get out of it by tearing each other apart. We have earned the opportunity to lead. We are putting policies in place. And they will work. And we need the Opposition to work with us if they are sincere about getting through this.

We do not need to keep fighting back and forth. The community wants to see us work. So I would like to see them get involved. And, you know, they ask about it, Mr. Speaker. They say they want to be involved in some America's Cup committees. But would anybody feel comfortable putting them on America's Cup committees when they just want to criticise the event, tear down the event—

Mr. Walter H. Roban: Point of order, Mr. Speaker.

POINT OF ORDER

[Misleading]

Mr. Walter H. Roban: The Honourable Premier is misleading the House! We have reiterated our support for America's Cup time and time again!

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

Mr. Walter H. Roban: We are not criticising, Mr. Speaker!

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

Mr. Walter H. Roban: The Honourable Premier is misleading the House!

The Speaker: Thank you. I heard it. I heard you. I heard you.

Honourable Premier.

Hon. Michael H. Dunkley: Yes, thank you, Mr. Speaker.

The truth hurts, Mr. Speaker.

So, tonight I think it is important to recognise that nobody likes to increase taxes. The Payroll Tax Amendment Act 2015, I have said it twice now.

[Laughter]

Hon. Michael H. Dunkley: Nobody likes to increase taxes. But the reality is the Honourable Minister of Finance has a clear plan and it will work. As we have said over and over again, the strategy is showing some results. The Honourable Minister of Finance has gone out there, and he has talked to the community about it. Nobody wants to increase taxes, but they accept that it is something that could be considered.

I do not think it will hurt the economy at all, going forward. Would we like not to do it? Of course! Would we like to drop taxes on everybody? Of course we would! I am still trying to figure out the argument . . . well, "argument" is too strong a word. But the fantasy that the Honourable Opposition Leader put out there about going to a concert and having \$100.00 ticket and people coming in and all that. It did not make any sense to me, Mr. Speaker, because . . . It did not make any sense to me, Mr. Speaker, because it does not relate to the payroll tax here. They are different arguments altogether.

So, I think all colleagues on this side are fully supportive, knowing that we do not want to increase taxes. But I think as we turn the corner on this economy now, the extra revenue will help us get to the position that we need to get to, Mr. Speaker.

A couple of things I will say as I finish. This financial year coming up, starting at April 1st, will be the first year in seven or eight years where revenue is higher than expenditure. They [could not] say that for a number of years. The Opposition [could not] say that. We are going in the right direction.

Our deficit will have been decreased \$110 million in a short period of time. That is progress! Because under the former Government, for the last six or eight years, it was just continuing to go up. And they could not stop it. They could not stop it from going up. They just said, *We'll borrow more money. We'll just keep her going. We'll turn it around.* And, Mr. Speaker, if you look back at the revenue numbers under the former Government, there were some really, really high revenue numbers. I mean, in 2010/11, they predicted revenue of \$1.058 billion. I mean, that is not chump change!

But what did the revenue number actually finish at? It was \$990 million. They were not just out; they were in the wrong county! I am not even going to say "parish," because parish is too small. They were in the wrong *county*, Mr. Speaker! And at the same time, at the same time, they predicted . . . So they predicted a revenue of \$1.058 billion, and they pre-

dicted an expenditure of \$990 million. So they predicted a nice, healthy surplus in there on current account.

But what happened? *[Whistles]* Switch it around. The revenue was \$990 million, and the expenditure went to \$1.04 billion. Now, that is good prediction of finances! That is real good.

[Inaudible interjections]

Hon. Michael H. Dunkley: Now, I ask for a point of order on this; tell me I am wrong. Or tell me they got it right!

But they cannot, Mr. Speaker. And that is a trend that goes on. And I hear the chirping going on over there, Mr. Speaker. But you cannot argue with the truth! You cannot argue with the truth, Mr. Speaker. And that is a record you cannot run from. Even if you take your shoes off and try to run as fast as you can, you cannot run away from that.

This Finance Minister sitting to my left has it right. And we need, as a community, to support him because we will get out of this mess. They have dropped the shovel, and we are going in the right direction. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Premier.

The Chair will recognise the Honourable Member from constituency 33.

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

A couple of weeks ago, the head of the BTA [Bermuda Tourism Authority] said that dissension is the enemy of success. And what is unfortunate . . . And I am going to take a few moments just to address some of the things that the Premier said. What we have seen tonight is a call-back, a rerun to the PLP era to deflect from the present. And the reason why . . . It is interesting because if you are a child, because I have noticed of late that the One Bermuda Alliance have been very fond of throwing out things like *childish, 11-year-old*. And there is a reason for that. But when we were children, if we stole a cookie and were caught, how far would we get if we said, *Well, Johnny stole a cookie last year?* Johnny, who is sitting in jail for stealing a cookie!

On December 17th, 2012, we went before the jury, those of us who were in the Government and those of us who supported the Government. We went before a jury of our peers and were found guilty. Whether we like it or not, the mistakes of the term, whether it was the whole 14 years, one year, whatever, we were found guilty. And then we, like most Bermudians, accept that.

But what we do not accept, Mr. Speaker, and this is something, a challenge I will put to myself as well as my colleagues, whether it is two years, two months, two days, whenever, we must pledge as the Government-in-waiting that we will take responsibility

for our action and not pin them on the previous Government. That is the point that I think we need to learn from this period in opposition.

This is part of the maturation process, not just of the Progressive Labour Party, but of our people. But I remember sitting next to the Honourable Member from Paget, Ms. Gordon-Pamplin. And she talked about, you know, whenever the PLP would say, *Well, for 40 years you did this*, and she would say, *You are the Government now. Own it!* One Bermuda Alliance, you are the Government now. You have written the past series of budgets. You own these budgets. You ran a campaign where you said you would not have to raise taxes, you would not fire any civil servants, you would not privatise anything. And what else? It was all these sorts of things that were said.

And we ran a campaign that said, *You cannot do it*. And every day since they got in, we have been proven right. We have been proven right. And, Mr. Speaker . . .

[Inaudible interjection]

Mr. Jamahl S. Simmons: I beg your pardon, Mr. Premier?

[Inaudible interjection]

The Speaker: Honourable Member.

Mr. Jamahl S. Simmons: Mr. Speaker, I pray to God I am not drinking his water. Okay? I pray to God.

And the thing is, this is the issue, deflection, Mr. Speaker. Soon the day will come. As judgment day came for us, judgment day will come for you. And when you say things like, *We will create 2,000 jobs*, people believe it and they expect results. The budget . . .

Mr. Speaker, I cannot hear myself. The Premier is being disrespectful. Could you please?

The Speaker: I will run business from the Chair, Honourable Member.

Mr. Jamahl S. Simmons: Thank you, sir. Thank you. I appreciate that.

The Speaker: Yes. Yes.

Mr. Jamahl S. Simmons: But it goes back to, again we have seen this deflection. We have seen these things thrown out—*childish, immature*. And I have to give . . . Look, my Shadow Finance Minister . . . I have been around a few Budget Replies and even helped write a few of them, right? And we are looking at one of the best, one of the best intellects in finance this country has ever seen. And I think it is a pity that we have had to be subjected to what I would consider age discrimination—ageism. Because we have heard

it before. We heard the analogies, going back to the Budget Statement.

What I want to know, Mr. Speaker, is why is the One Bermuda Alliance so intent in seeking ways, not just to deflect, but to divide? Because I have not heard genuine, meritorious criticism of what the Honourable Member said. I have heard innuendoes, I have heard deflection. I have heard everything but a debate on the issues.

Now, the Honourable Member, the Shadow Finance Minister, has set the bar very high. And the One Bermuda Alliance has not only failed to meet it; I do even think they know where the bar is. So we have seen this. And you know, I was listening to the Honourable Premier's speech, and I was thinking, you know, I could be reading a book right now. My time could be better spent doing something else because we are not seeing substance.

And the lack of substance in debate . . . And, Mr. Speaker, you will note, unlike some Members, I am not reading.

Some Hon. Members: Ah!

Mr. Jamahl S. Simmons: Unlike some Members, I am not reading. So, Mr. Speaker, what I would encourage the Honourable Members to do, right? I started this speech talking about dissension is the enemy of success. Mr. Speaker, I am going to give a civics lesson for the public. If a politician in government says to you, *We cannot move forward because the Opposition is not working with you*, they are performing a word that begins with "M" and ends with "Y." Or maybe it is another word that begins with "L" and ends with "E." But they all mean the same; they are providing a falsehood.

The Opposition cannot stop progress of this Government by asking questions, by raising issues, by criticising. So, I am encouraging the One Bermuda Alliance as Government—you are the Government. You are in charge. Own your mistakes. Stop the deflections. Grow up! And we await your day of judgment. Thank you, Mr. Speaker.

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

The Chair will now recognise the Honourable Minister for Economic Development, from Paget East, constituency 22. Dr. Gibbons, you have the floor.

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

Let me start by first correcting a misstatement the Honourable Member (I think he is from constituency 33) said. The Premier never said that we cannot move forward if the Opposition does not work with us. I think we would like to have the Opposition work with us, and I think that is part of the issue. But certainly,

we on this side are going to move forward regardless of whether the Opposition is working with us or not.

I think the other thing that is important to point out is, we are not trying to deflect by talking about the Progressive Labour Party record. In essence, if you are in Opposition and you are dishing out advice, which is what we heard earlier this evening, then clearly you need to understand that people are going to look at your credibility and what you delivered when you actually were in the driver's seat. And I think that is part of what is going on here, because the Honourable Member who speaks for Finance on that side was very liberal with advice in terms of what we have been doing wrong on this side, what he would do and all the rest of it. So, clearly, Mr. Speaker, anybody who is going to give advice, one needs to look at the bona fides of that individual, particularly when they were in the position where they were in charge.

I am not saying that he was in the driver's seat, but he was certainly sitting next to the driver for a number of years. And he was riding shotgun, however you want to call it. The problem is, now that he is a backseat driver, he wants us to believe in the advice he has given. The challenge is that when he was in the driver's seat or sitting next to the driver, we all know what happened, if we want to look at the economic record here.

And the economic record is very clear that in 2012, if you look at the normal measure of economic growth or decline, which is the GDP, things were heading south at a terrible rate. The GDP, the negative GDP, was declining. It was bad in 2010. It got worse in 2011. And the negative growth in 2012 was heading downhill at a precipitous rate.

It was not until 2013 when there was a change in Government that the GDP, still negative on constant-dollar basis, positive on current-dollar basis, actually started to move in the other direction. We do not know what the GDP is in 2014 yet; we are going to have to wait to see what that was. But what we do know was that in 2012, things were getting dramatically worse. One of my honourable colleagues likened it to the movie *Thelma and Louise* in terms of going over the cliff. Clearly, if you look at the deterioration from 2010, which was negative growth, worse deterioration in 2011 and dramatic deterioration in 2012, things were going downhill at a rapid rate. It was not until 2013 that things started to come around in a different direction. So, I think that is a really important thing to mention.

Now, in terms of the payroll tax, timing is everything. And while the Honourable Member who speaks for Finance on that side says that we on this side said we were not going to increase payroll tax last year, that was because the Minister of Finance did not believe there was sufficient confidence in the economy and there was sufficient recovery in order to be able to put a further burden on it. But this year, the judgment is that, with the stimulus package—the ho-

tels, the investment in America's Cup, the airport and the rest of it—there is sufficient confidence and there is sufficient future growth that investors and businesses see that a payroll tax, while it may be a bit of a drag on the economy (not that much of a drag, at 0.5 per cent), is not going to be seen as the drag that it would have been last year, or the negative confidence that it would have created last year. So that is the issue.

Let us talk about jobs while we are at it, as well. We hear an awful lot about the loss of 790 jobs from 2013 to 2014. But what the Honourable [Shadow] Member who speaks for Finance does not tell you—and this is very similar to the GDP—is when you look at the job loss from 2011 to 2012, it was almost 2,000 jobs lost in one year. So when that Honourable Member was sitting in the front seat of the car, we lost roughly 2,000 jobs in one year, from 2011 to 2012. When you look at the job loss from 2012 to 2013, it was a little over 1,100. So it was almost approaching half of what it had been in the time that that Honourable Member was in the driver's seat. And this year, it is down to 790.

Are we still losing jobs, Mr. Speaker? Yes. But when you look at the rate of job loss, what was haemorrhaging in 2011/12 when that Honourable Member was sitting in the front seat, to where we are now, Mr. Speaker, even though it is job loss, things look a whole lot better than they did then. And what is even more important, Mr. Speaker, is we are actually starting to see job growth in some very important sectors. And the very important sector is that for the first time this year we saw an increase of 161 jobs in the international business sector. Last year, there was a loss of 110. Before that, it was 199. Before that, it was [a loss of] 2,010. For seven years, we were losing jobs in that sector. This is the first year, Mr. Speaker, we are actually gaining jobs.

So what that says, Mr. Speaker, is despite all the headwinds in international business, that particular sector of the economy is adding jobs for the first time in a very long time. It was losing jobs year after year under that Honourable Member's watch on the other side when he was in the driver's seat.

So, Mr. Speaker, I could go on. I do not think we need to get into the whole economic debate over again. But I think the fact of the matter is, clearly things are now a lot better than they were when that Government was in charge. If you dish out advice, then you have to expect to be judged on your record. And as the Honourable Premier said, that record is a failure over there. So, now that you are in the back seat driving, why should we be paying attention to your advice? Because clearly, when you were in the front seat giving advice, it was a disaster. It was getting worse. And if the Government had not changed, I suspect that 2013 would have been even worse than the 2012 numbers. Thank you, Mr. Speaker.

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

The Chair will now recognise the Honourable Member from constituency 13, Devonshire North Central. MP Glenn Blakeney, you have the floor.

Mr. Glenn A. Blakeney: Thank you, Mr. Speaker.

First and foremost, I think I would like to compliment my Shadow Minister. Because, by far, his contribution to tonight's debate was heads and shoulders above anyone else who has spoken from the Government benches. He broke everything down. He gave the rationale and substantiated his numbers. He alluded to various things he has said two years and more ago. And there has been no rebuttal. Maybe the Finance Minister, when he closes the debate, will come up with something that makes sense on a substantive basis in rebutting the Shadow Minister.

[Mrs. Suzann Roberts-Holshouser, Deputy Speaker, in the Chair]

Mr. Glenn A. Blakeney: Now, when you talk about the economy, Madam Deputy Speaker, you just cannot pin every single thing on the dynamics of the local economy in Bermuda. We got a local economy that is parochial local, meaning that it is Bermuda businesses. And then we have international businesses that operate in the local economy. A number of those business decisions made by those international businesses were not predicated solely upon what they were experiencing from policies of the former Government. Their decisions were usually made by people in the banking institution and financial institutions who went out on a limb, based on their greed, that tanked the whole global economy, which had an invariable knock-on effect on our local economy, the likes of which we have not yet escaped, which has put more pressure on the Finance Minister to get it right.

Which is why we on this side, through our Shadow Minister, came with some alternative options to consider. But yet, Members, particularly disappointing, the Premier, would talk about working together and hurling insults across the floor at us! Like we are the nincompoops, failing to recall regardless of the consensus in this country that gave them the seat of power in 2012. It was by the slimmest margin ever in a general election, a two-seat majority!

So do not play the politics when we are dealing with the serious issues. I enjoy hearing the Honourable Minister of Finance speak, because he always tries his best to come from a position of substantiating what he is doing. We do not agree with it. So if somebody is going to get up and rebut, let us stay on the issue. And what we are saying, fundamentally, is that payroll tax, across the board, on the income earned by gainfully employed people in this country, no matter what side of the political divide, is not the way to go right now when we are still deep in a recession.

[Inaudible interjections]

Mr. Glenn A. Blakeney: We do not have disposable income. We do not fuel the economy, because we do not have it to spend! And people are living from paycheque to paycheque, and now it is going to be even less. That is the point! And the thesis upon which the Honourable Shadow Minister predicated his speech was that you cannot do simultaneously two things that have a negative impact on economic growth. You just cannot do that. That is the Opposition.

And when you put the burden on the gainfully employed people in this country, the majority of whom are the glue to the country, because they tend to be the middle class, you are making a fundamental mistake! And there goes the confidence! The confidence in investing any additional disposable income they may have been able to save in the good times, they are going to hoard it and hold onto it! They are not going to feel comfortable, because right now there is a level in the country that is unready. It is un-readiness. There is a lack of confidence. They are not giving the benefit of doubt to anything the Government is doing, because they do not trust them, based on their action, not their words!

Actions, such as revoking contracts, turning back on promises in their platform that we hear over and over again relative to term limits, immigration and a number of other things, the referendum . . . I mean, all of these things! When it comes to the political context of making people feel confident in your decisions, it has a bearing, a very negative bearing. And then, the people who have been bearing the brunt of it all for the whole time, they are asked again to sacrifice. And it is this *shared sacrifice* coined phrase that we hear all the time. But they are the first ones to go, whom the Government will go back to and ask to make more sacrifice.

Look at the furlough day! Look at what happened in good faith around the table of diplomatic protocol between two parties engaged in negotiating and dialogue, where there was agreement. And the furlough did not come as a suggestion from the Government; it was from the organised working representatives in this community! They made the overture. There was an agreement, then an attempt to say, *We need to continue to do it*. And they are like, *No, no, no!*

They did not get any increases for several years, civil service members. They took a furlough day to help. Now we are coming back with a payroll tax on the money that they will never gain back! Not until the economy turns around, where there is going to be a lifting of all boats. And taxes, as a conservative would be the first to tell you, is the last thing we want to do in a time when money is tight on the people who we need to keep it fuelling the economy, disposable income through gainful employment and productivity.

And what we did on this side is say, *Listen. Let us look at some options. Let us have a good look at some options. Maybe you throw out eight of them and choose one or two*. But they are not even prepared to look at any options. All that they do is unceremoniously dismiss them with insults! I am not up here to be insulted every single week. We admit we could have done things a little better in certain areas, and maybe we went wrong. For God's sake, you heard the Opposition Leader. You heard the Opposition Shadow Finance Minister reiterate where we went wrong in certain areas. There is no government in the world, even in the best of times, that has got it all right.

But I will tell you what. A number of people in this community who benefited from the social programmes because of the former Government would tend to disagree. Madam Deputy Speaker, you have to remember there were no job losses significant in comparison to the private sector. The private sector even today continues to consolidate because there is acquisition mode going on right now. So if you acquire a company that has a receptionist, and you have a receptionist, you do not need two. You are not going to get any argument from me on a business decision relative to that.

But this Government was extremely user-friendly to business. We started the concessions—hotel concessions—where there was disingenuousness by those who were the proprietors of those institutions based on the caveats that were put in place to help assist musicians in this country to be employed. And look what they are doing now! They are trying to take careers completely away from local musicians, based on policy. It is the policies of this Government that this community is so concerned about. We come every week representing what we are hearing from those members of the community, 4,000-plus of whom walked on Cabinet grounds for two consecutive days, not because they were happy, not because they trusted the Government, not because they have good faith in giving more benefit of doubt that [the Government] will do as they say.

Because everything that they have said they have contradicted by their actions. And when you now put an incredible burden on the working person in this country who is living from paycheque to paycheque, no fault of their own, regardless of who the politicians on either side of the political divide may want to blame, they are the ones caught up in the net. They are the ones who are suffering the consequence. And they are the ones who have been subjected to hearing the kind of diatribe, in some instances, when it comes to the personal attacks by the Government on Members of the Opposition who are just doing their job, and doing a very good job!

It was this Opposition that, because of revelations, caused a Premier—for the very first time in this country—to resign! Then an attorney general went.

Then the Chairman of the ruling party went. You think people forget? Do you really think people have trust when that kind of thing happens? You promise you are going to reveal a report based on an investigation that was internally done. You did not do it. There was a police investigation launched. We do not know where that is at, but yet the person who resigned in humiliation—

The Deputy Speaker: Member, Member. I just want to remind you that we are not on the motion to adjourn right now. We are on a payroll tax.

Mr. Glenn A. Blakeney: And it all ties into the policy—

The Deputy Speaker: I just want you to—

Mr. Glenn A. Blakeney: —because the leadership that I am talking about—

The Deputy Speaker: Member. Member.

Mr. Glenn A. Blakeney: —relative to the—

The Deputy Speaker: I just want you to reflect on—

Mr. Glenn A. Blakeney: I got you. I got you. And I will just finish this point, that that person sits now in the Government on the front benches as a Minister, after having to resign in humiliation! Well, this budget has to deal with his *Ministry!*

[Inaudible interjections]

Mr. Glenn A. Blakeney: He is in a position now making decisions! When there was no confidence for him to lead the country, he is still among equals!

[Inaudible interjection]

The Deputy Speaker: Member! We have a Bill.

Mr. Glenn A. Blakeney: And that body—

The Deputy Speaker: Member. Member! Stay to the Bill.

Mr. Glenn A. Blakeney: And that body collect is the one that make the decisions on the policies that impact this country through taxation! That is my point.

But the background is important, because if you do not look at the foundation and where the roots are planted, you do not know what to expect as far as fruit is concerned, especially if you are not sure what is being used to nourish it! Could be poison! And the tree could die. That is our concern. That is our concern!

So when we try to have substantive debate and stick to the subject at hand, it is very hard when they digress and go down the road to reiterate or reinforce the premise upon which they base their argument in discrediting us in some of the decisions we made when we sat in the seat of power! But now they cannot take it after 27 months when we point out fundamental differences.

[Inaudible interjection]

Mr. Glenn A. Blakeney: Fundamental differences that are serving to put this country in a deeper position today than it was in 2012. We are not better off today than 2012. We are still trying to find our way! Ask the people who have been made redundant this year, last year and the year before if they are better off today than 2012 unemployed.

And when you make tax policies in trying your best to do what is in the interests of the country and those you serve who put you here to make the right decisions, and we on the Opposition have a problem with some of those decisions and articulate it, you do not just ridicule. You then want to go back to the record of 14 years. But you never once give us credit for the eight years where there was abundance, where it was really good! You never . . . you lump the eight in with the fourteen! Well, what about separating it?

[Inaudible interjections]

Mr. Glenn A. Blakeney: But you are still running up the debt, Honourable Finance Minister, yourself! You are borrowing again this year!

The Deputy Speaker: Member, just stay focused on me.

Mr. Glenn A. Blakeney: Madam Deputy Speaker, the debt is continuing to climb. It is not going down. It is going up! It is going up! And that is what . . . As has been reiterated several times on this side, \$800 million over three years of debt! I was not ready to really criticise, and I never *criticised* during that debate because I did not know. I was hoping that, you know what? We are going to lock out on this one. Because God only knows the country needed it. So, if it made economic sense, okay, let us see how it works. But I was more inclined to believe the prediction, or the unreadiness, I should say, of my Opposition Shadow Minister, who said, *Listen. Don't jump up and kick your feet just yet.*

Because even though, Madam Deputy Speaker, we were hoping that the interest rates would rise so that the fixed rate we got at a very low level would say, *Hey, we did a great thing*, it did not work that way. And that is just sometimes the way the cookie crumbles. So now the Finance Minister is chal-

lenged even more. He has to do more extreme things, implement more extreme measures, and then justify it.

The problem with it is finding the delicate balance. But when people in the country are losing jobs, the taxes, if you are going to apply them, have to go higher because there are fewer people in the pool. That is basic economics there.

If we had the full employment, we would not have half the concerns. But we do not know how many more consolidations are going to happen with regard to acquisitions. And given acquisitions continue to go the way they are going, we do not know how many more people who are gainfully employed today will be unemployed tomorrow. There is no crystal ball that is telling us that, not here, today, now!

And so, what our Shadow Minister has said has been some of the most conservative ways that we could approach addressing the challenge in steps and stages, not in a balloon way—in steps and stages. If the Finance Minister—20/20 they say is hindsight—would have waited for one year, he would have had a better, more favourable interest rate. Maybe this year he could have taken out another three years from this year. Who knows? Or two years, or two years.

So, Madam Deputy Speaker, I would implore the Government, and particularly the Premier under whose stewardship his front bench is obligated to serve, to just not only listen, but truly consider on merit some of the options and some of the things we are saying, just for cautious reasons so that we do not make it worse than it really has to be. And then if you do not decide, you come back with a fundamental rationale as to why, *We did not choose this. We did not choose this, and this is why.*

I have not heard that. I have just heard a counter tit-for-tat rhetorical exercise in debate to win the political points and favour of those who might listen and get some degree of understanding. Because if it is an average man out there right now, half of what the Premier was talking about, yes, they understood, but they did not get any comfort out of that. They did not get any comfort from the lips of the person who is leading this country that he had his hand on the throttle and a steady hand on the wheel and like, *Regardless of what the Opposition is saying, here is what we are doing, folks. Here is why we are doing it. You know, I understand the concerns that have been raised. I have heard some things that make some good points on school for thought.*

But that is not the way. That is where we have a fundamental difference. But where the rubber meets the road is here, and here is why. You know, the Honourable Shadow Minister gave an example. Yes, he said he had a problem with the description of “investment” in the America’s Cup being so described, because he says, *We are seeding capital, and that capital that is being seeded is now being used to do some of the things that they need to get done.* So it is an

indirect stimulus! And there is no other way you can look at it. And that cannot be contradicted.

But I would implore anyone who is in earshot of my voice right now who has a real interest in what is being talked about tonight, go to wherever they need to go online and try and download the Hansard report of the Honourable Member, Mr. David Burt, the Shadow Minister of the Bermuda Progressive Labour Party. And they will get it broken down in pure English, and they will get to see the level of debate that can happen in this place with the kind of intellect and common sense that the Opposition has in holding the Government to account. Thank you, Madam Deputy Speaker.

The Deputy Speaker: Thank you.

Are there any other Members who would like to speak to the *Bill*, Payroll Tax Rates Amendment Act 2015?

The Chair recognises the Member from constituency 29, Southampton East, the Shadow Minister of Tourism. The Honourable Zane J. S. De Silva, you have the floor.

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

Madam Deputy Speaker, a little disappointed tonight in debating this increase in the payroll tax. And my disappointment is really in our Premier. And Madam Deputy Speaker, when our Premier reads notes that were obviously uploaded and sent to him during a debate, it is a sad day. It is really a sad day.

And you could see by the way in which the Premier was speaking . . . Well, of course, I sit right across from him. You could see that he was struggling with it. And that is sad for us here in Bermuda. But I will move on, Madam Deputy Speaker.

Madam Deputy Speaker, there is talk about the airport by the Premier, by the Finance Minister and I believe also by the Honourable Member from constituency 22, Dr. Gibbons. And the Premier in particular talked about the hospital and talked about the cost, and complained about the burden of having to pay back for the new wing at the hospital for the next 30 years. If the Premier has that much concern about the hospital and the pay-back, why does he not have that same concern for the airport? It boggles the mind! It boggles the mind, Madam Deputy Speaker. If they are complaining about that, why would they not complain about the airport?

And there is a big difference. And, Madam Deputy Speaker, the Premier—

The Deputy Speaker: Member from constituency 10, I believe.

Hon. Zane J. S. De Silva: Constituency 10 . . . the Honourable Chirping-Bird Premier is talking about . . . Madam Deputy Speaker, what I am reading . . . these

are my handwritten notes that I have been making all night. You know well enough, and everyone knows well enough, that I refer to my own notes. I do not read in this House. I will read something in a minute, though. With your indulgence I will read something. It is a transcript. And you will hear that.

But Madam Deputy Speaker, there is a big difference between the hospital and the airport. The biggest difference is this, Madam Deputy Speaker, the hospital—all that money is staying here in the country. The airport—money is going out. That is a big difference.

And Madam Deputy Speaker, while we are on the airport, did you know that in November it was announced that the airport would be built for \$200 million? It is now February, three months later, has anybody noticed that the airport price has gone up to \$255 million? In three months it has gone from \$200 million to \$255 million. And, Madam Deputy Speaker, mark this space, I have a feeling that that number is going to get bigger. I really do.

What else confuses me a little, or at least leaves me wondering a bit, Madam Deputy Speaker, is we had a Throne Speech that was read and a few days later we had an announcement about the airport. Now the Finance Minister said that this is the most important project in Bermuda's history—our new airport. The words of the Finance Minister. If that airport construction is the most critical and most important project in Bermuda's history, why was it not in the Throne Speech? The Honourable Finance Minister said he started negotiating in May of that year, so what was the secret? Why was there a secret, Madam Deputy Speaker?

Hon. Patricia J. Gordon-Pamplin: Point of order, Madam Deputy Speaker.

The Deputy Speaker: Thank you. Please have a seat.

The Chair recognises the Member from constituency 23, Paget West, the Minister of Community, Cultural Development & Sport, the Honourable Patricia Gordon-Pamplin.

You have the floor.

POINT OF ORDER

[Misleading]

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Deputy Speaker.

I would just like to point out to the Honourable Member that he has, I believe perhaps unintentionally—maybe intentionally—but he is misleading the House. I will give him the benefit of the doubt that he is unintentionally misleading the House.

The Honourable Member is confused, but the purpose for which is that it was made abundantly clear that at the reading of the Throne Speech the negotia-

tions respecting the airport were not sufficiently advanced and as a result could not be included in the Throne Speech. It would have been premature; it would have been really jumping the gun. And I think that the Honourable Member understands that. I think he knows that, and I think he is being a little bit mischievous and I believe that that is unparliamentary.

The Deputy Speaker: Thank you, Member.

The Chair recognises the Member from constituency 25, the Honourable Zane J. S. De Silva.

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

That Honourable Member just made a point of order. Is that Honourable Member . . . I do not want to say the wrong thing . . . does that Honourable Member think that the people in this House and the people in the country that are listening are stupid, Madam Deputy Speaker? I hope not because, Madam Deputy Speaker, how can that Honourable Member make that statement when two days after the Throne Speech the announcement is made. So in other words they are saying that there was significant . . . there was possibly significant information—

Hon. Patricia J. Gordon-Pamplin: Point of order, Madam Deputy Speaker.

The Deputy Speaker: Thank you.

The Chair recognises the Member from constituency 23, the Honourable Patricia Gordon-Pamplin.

You have the floor.

POINT OF ORDER

[Misleading]

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Deputy Speaker.

Madam Deputy Speaker, I do not know how Members opposite wrote their Throne Speeches, but you can be assured that it takes time to craft your Throne Speech. It takes time for it to be vetted. It takes time for it to go to the printers. All of which would have been into the time that he is suggesting that information was at hand. Had the information been at hand it would have been included. The information was not solidified at the time and as a result, it was unable to be included.

The Honourable Member needs to understand they do things however they do it, if they fly by the seat of their pants that is not our problem. We do things a little bit more methodically on this side and I believe that he is completely misleading the House.

The Deputy Speaker: Thank you, Member.

The Chair recognises the Member from constituency 29.

You have the floor.

Hon. Zane J. S. De Silva: Madam Deputy Speaker, what that Honourable Member just told us and the country is that they are totally—totally—inexperienced and unqualified to be the Government of this country. That is what she just told us.

[Inaudible interjection]

Hon. Zane J. S. De Silva: That has got to be the saddest, saddest explanation, excuse for . . . for . . . oh man, unbelievable. Unbelievable is the only thing I can say, Madam Deputy Speaker, that two days after the Throne Speech they . . . unbelievable. You see it shows the inexperience, Madam Deputy Speaker. I was in Cabinet. I was part of a Government and I can assure you that any Government—any Government worth their salt—starts their Throne Speech the minute the Throne Speech is read for the next year, Madam Deputy Speaker. But of course inexperience, inexperience . . . total inexperience! You cannot expect any more. You cannot expect any more.

But Madam Deputy Speaker, maybe, maybe the reason the Honourable Member Pat Gordon-Pamplin got up from constituency—

The Deputy Speaker: Yes, yes, we do not refer to names. I know it is very difficult. I have a challenge with it. That is from constituency 23, Member.

Hon. Zane J. S. De Silva: But you know what, Madam Deputy Speaker, maybe the reason it was not included in the Throne Speech is because what they did not want to tell us was the real price of the airport, I do not know. Because you had \$200 million announced in November, and you had \$255 million announced this last week—\$55 million—\$55 million. Madam Deputy Speaker, \$55 [million] in three months. What is it going to be next month? What is it going to be next month?

[Inaudible interjections]

Hon. Zane J. S. De Silva: Oh, oh, oh, really? Oh, okay. All right \$55 million I am told, Madam Deputy Speaker, is for a law firm. Wow, okay. But we are told that an RFP process is going to . . . forgetting that is going to save us some money.

The other fundamental difference between the airport and the hospital, Madam Deputy Speaker, is the airport was not put out to tender, the hospital was—a big difference. A big difference, Madam Deputy Speaker.

[Inaudible interjection]

The Deputy Speaker: Just while in the silence, I am just reminding you that this is the Payroll Tax Rates Amendment Act.

Hon. Zane J. S. De Silva: Yes, yes, Madam Deputy Speaker, and you know what? I am glad you brought that up and reminded the listening audience because they are probably saying, *Why are they talking about the airport?* Well, why is the Premier? Why is Dr. Grant Gibbons? Why have all Members in this House been talking about it seems like everything else but the payroll tax? You know why? Because the taxes are being increased, Madam Deputy Speaker, because we have a Finance Minister that has failed in his job in the last year. Dr. Gibbons, the Honourable Member, what is his number again?

The Deputy Speaker: The Honourable Member from constituency 22.

Hon. Zane J. S. De Silva: Oh, [constituency] 22. I should have remembered that.

But you know what, Madam Deputy Speaker? The Honourable Member from constituency 22 talked about being in the driver's seat and the back seat and how the PLP failed and whatnot. But you know what? His right-hand man, his partner in crime, his buddy, the Honourable Member from constituency . . .

The Deputy Speaker: [Constituency] 10?

Hon. Zane J. S. De Silva: [Constituency] 10 . . . 12 . . . 11. Constituency 11. Right?

[Inaudible interjections]

Hon. Zane J. S. De Silva: But he was in the driver's seat last year and he failed. In fact, he . . . I do not think he had a seatbelt on. In fact, the Honourable Member from [constituency] 22 did not have his seatbelt on either. Because you know what? That car hit a wall and they both went through the windshield, Madam Deputy Speaker. And why do I say that? Why do I say that? Because what is that Finance Minister's record?

He came in, Madam Deputy Speaker, borrowed \$800 million, and in two years it is gone. Poof! Gone! Failed! He also told this Honourable House and the people of Bermuda that he was going to borrow that money because it is a great decision because interest rates were going to rise. Interest rates have not risen, Madam Deputy Speaker. He has failed.

And that is why we are here looking at increasing this tax because he failed. The OBA economic policies are not working, Madam Deputy Speaker. That is why we are here . . . you know, raising this tax. That is why we raised the commercial land tax. Their economic policies are not working, Madam Deputy Speaker.

The Deputy Speaker: Let's not reflect on a piece of legislation we have already done.

Hon. Zane J. S. De Silva: Okay. All right. Yeah, because . . . okay, well, let us talk about these taxes for now. Yes, ma'am, we will do that.

Madam Deputy Speaker, the Honourable Member from constituency 22 talked about the fall in the GDP from 2010, 2011 and 2012, and it just started to rise up in 2013. First of all, when it was rising in 2013, let's face it; he would like to think he has a magic wand. He would like to think the OBA has a magic wand, but they do not. The reason that the GDP went up in 2013 is because of some of the things that we were doing in 2012 before they got in.

[Inaudible interjections and general uproar]

Hon. Zane J. S. De Silva: Oh, yes! Oh, yes! And they knew it. And they knew it. That is why they are laughing. They know it.

But I will tell you what, Madam Deputy Speaker, let me read you, if I may, read you a quote from our Finance Minister—

The Deputy Speaker: Yes, you may.

Hon. Zane J. S. De Silva: —in 2011. This is our Finance Minister (you will have to bear with me I do not have my glasses, I will do the best I can), "I have been stunned by its destructiveness, by its power"—talking about the—

The Deputy Speaker: Would you help me? You said the Finance Minister. Was it the Finance Minister then in 2011? You said it was 2011.

Hon. Zane J. S. De Silva: No. [It was] 2011. He was the Shadow Minister then—

The Deputy Speaker: Ah! There you go, you said . . . okay. And you are reading it from?

Hon. Zane J. S. De Silva: I am reading it from his Budget Reply.

The Deputy Speaker: Thank you.

Hon. Zane J. S. De Silva: Okay. And the *now* Finance Minister said then, he is stunned and he is really "[stunned] by its severity and destructiveness—by the power to bring some of" (talking about the economic crash) "the western society's most prominent financial institutions to their knees, and by the power to have virtually all British and many major Swiss banks effectively nationalized because of the markets' loss in confidence in their capital position."

And he goes on, Madam Deputy Speaker, "And in the United States" (he wrote it himself, he will

remember this) "how the mighty have fallen. Centuries old Wall Street institutions, Bear Stearns and Lehman Brothers, disappeared into the night, the latter with the most devastating effect on global financial confidence. Even bigger titans" (even bigger titans) "were teetering on collapse, like Merrill Lynch and CitiGroup. To have these fail was unthinkable." (Hear me, Madam Deputy Speaker) "To have these fail was unthinkable yet, they were on the brink. Then almost out of the blue it was AIG" (a company we are familiar with) "a company so close and familiar to all Bermudians" (the [then-]Shadow Minister said at the time) "to be so hugely vulnerable that Uncle Sam himself had to step into the breach and nationalise it too. So Mr. Speaker, I certainly wasn't smart enough to foresee the utter financial destruction that took place in the latter half of 2008."

This is from the crystal ball man himself.

Now, Madam Deputy Speaker, why did I say that? Because the Honourable Members on the other side continue to say how the Progressive Labour Party put this country in the position it is today. And they talk about 2010, 2011, 2012—let us talk about 2008, 2009, and 2010.

Madam Deputy Speaker, these are the words of the *now* Finance Minister talking about some of the biggest companies in the world—failed or almost failed. Do you see what I am saying, Madam Deputy Speaker?

So what I am saying to you is that when they say the Progressive Labour Party caused all these problems, and the Honourable Member from constituency 22 talked about the international business in 2010, 2011 and 2012 shed jobs in Bermuda, and last year was the first time that they had an increase in jobs; well, Madam Deputy Speaker, this was happening all over the world, not just in Bermuda. International big finance companies were shedding employees faster than a lizard sheds his skin. Okay? And Bermuda was no different. Bermuda was no different.

So when the Honourable Member says, *Oh, now we have got 100 jobs coming*—

Dr. the Hon. E. Grant Gibbons: Point of order, Madam Deputy Speaker.

The Deputy Speaker: Thank you.

The Chair recognises the Member from constituency 22.

POINT OF ORDER

[Misleading]

Dr. the Hon. E. Grant Gibbons: Unfortunately, the Honourable Member is misleading the House. In 2011 most of the other economies had recovered at that point. It was only Bermuda that was heading south at a terrible rate under their watch.

The Deputy Speaker: Thank you.

Hon. Marc A. R. Bean: Point of order, point of order.
I would like—

[Inaudible interjection]

The Deputy Speaker: Wait, I would like to be able to hear the Opposition Leader.
The Chair recognises the Opposition Leader.

POINT OF ORDER
[Misleading]

Hon. Marc A. R. Bean: The Honourable Dr. Gibbons is misleading the House.

The Deputy Speaker: The Member from constituency 22.

Hon. Marc A. R. Bean: It is a false narrative that they are throwing out there that Bermuda is solely responsible for Bermuda's woes when our economic sectors are externally driven. It is a false narrative, a complete false narrative. If that is the case then they should take blame for Bermuda and everywhere else, right now, which they refuse to do. It is a false narrative.

The Deputy Speaker: Thank you—

Dr. the Hon. E. Grant Gibbons: Point of order, Madam Deputy Speaker.

The Deputy Speaker: The Chair recognises the Member from constituency 22.

POINT OF ORDER
[Misleading]

Dr. the Hon. E. Grant Gibbons: The Honourable Member is misleading the House in terms of what I was saying. What I was saying was that in 2011 many of the other economies had actually recovered at that point. They were in positive GDP growth. That was my point. Bermuda was not. In fact, it was headed even to a worse economic downturn at that stage, unlike other economies.

The Deputy Speaker: Thank you.
The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Madam Deputy Speaker—

[Inaudible interjection]

The Deputy Speaker: No, Member, would—

[Gavel]

The Deputy Speaker: Member, would you like me to hear you, as you are the only gentleman that is standing to his feet?

Hon. Marc A. R. Bean: Point of order.

The Deputy Speaker: Thank you.
The Chair recognises the Opposition Leader—

Hon. Marc A. R. Bean: I—

The Deputy Speaker: Ah! The Chair recognises—

Hon. Marc A. R. Bean: —well—

[Gavel]

The Deputy Speaker: Thank you.
The Chair now recognises the Opposition Leader.

POINT OF ORDER

Hon. Marc A. R. Bean: Thank you, Madam Deputy Speaker.

The Minister, Dr. Gibbons, just said, because I asked him [to] name some countries. And he actually referred to countries in Europe—European countries. The European continent is in a deflationary spiral. So that is what I am saying—it is a false narrative. You can even see that information on CNBC or Bloomberg, that the European construct is in a deflationary spiral. There is no growth in Europe. There is not even growth in Germany. It is a false narrative.

Dr. the Hon. E. Grant Gibbons: Point of order, Madam Deputy Speaker.

The Deputy Speaker: Thank you.
The Chair recognises the Member from constituency 22.

POINT OF ORDER

Dr. the Hon. E. Grant Gibbons: Thank you.
I think if the Honourable Member looks at the GDP data in 2011 he will find that there was growth in many of the European countries. There may be issues now, there have been . . . There may be issues now, but there is still growth.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: I think if the Honourable Member looks at figure 2 in the Budget Statement he will be able to sort that out.

The Deputy Speaker: Thank you.

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Finally, Madam Deputy Speaker, we are back.

Madam Deputy Speaker, when we are talking about this airport and we are talking about the reason that we have to raise taxes, the reason that the airport gives us great concern is that the company that the Government is talking to with regard to building, managing that airport had a similar . . . had a very similar deal with the Cayman Islands, or were about to. The UK Government stepped in and stopped it. The UK Government stopped it from happening, Madam Deputy Speaker. And there was a reason for that. And the reason that the deal collapsed in the Cayman [Islands], Madam Deputy Speaker, is because the UK expressed very serious concern because there was a lack of open tendering. That is why—

[Inaudible interjection]

Hon. Zane J. S. De Silva: That is why that did not happen.

So what did this company do? *Ah, where's another airport? Oh, Bermuda is looking at building one. Let's go see if we can get them to take the bait.* So that is where we are, Madam Deputy Speaker, that is where we are.

The concerns were expressed about the loss of direct . . . these are some of the reasons why . . . the loss of direct government revenue and . . . hear me . . . loss of control over a key strategic asset, i.e., their airport. The other thing that concerned the UK Government was the loss—the potential loss—of jobs at the airport. And my learned colleague, Lawrence Scott, has been saying—

The Deputy Speaker: The Member from constituency 24.

Hon. Zane J. S. De Silva: —from constituency 24 has been saying that all along. Well, you see the concern was so severe that the UK stepped in and stopped it from happening in the Cayman [Islands]. And there are good reasons for that, as I just outlined.

Now, Madam Deputy Speaker, before I take my seat, the Premier started singing *Kumbaya*. You know, he wanted us to sing *Kumbaya* yet again.

The Deputy Speaker: The Honourable Member from constituency 10.

Hon. Zane J. S. De Silva: The Honourable Member from constituency 10, the one that said, *Hold it. Let's hold hands. Let's work together. Let's work in collaboration and let's move forward.*

Well you know what, Madam Deputy Speaker? What happens is when they have an oppor-

tunity to hold our hands and sing *Kumbaya* they do not. All I am going to mention is one example and that is conscription. We brought a proposed Bill here to end conscription and they turned it down. They turned it down, Madam Deputy Speaker, so you know . . . we will hold hands with them maybe one day . . . maybe one day.

But Madam Deputy Speaker, I am going to finish on this note. And I think it was the Honourable Member from constituency 22 (I have got it now, I have got it, Dr. Gibbons) said, *We can't run from the truth.* And you know what? He is right. We cannot run from the truth.

[Inaudible interjections and crosstalk]

Hon. Zane J. S. De Silva: He said, *We can't run from the truth.*

Madam Deputy Speaker, arrivals in the country last year were down 5 per cent, hotel bed occupancy was down 7 per cent. The Honourable Member says you cannot run from the truth, let us not run from that truth either. We have had almost 800 jobs lost last year, Madam Deputy Speaker. You cannot run from the truth. That is what Dr. Gibbons—the Member from constituency 22—told us. Do not run from it. Do not run from it.

And Madam Deputy Speaker, let us finish on this note, I think the Honourable Member, my colleague, from constituency 13, Glenn Blakeney—

The Deputy Speaker: You almost said that.

Hon. Zane J. S. De Silva: [Constituency] 13. I got him. I got him right—

The Deputy Speaker: Unfortunately, you mentioned the name as well.

Hon. Zane J. S. De Silva: Yes, yes, sorry about that.

But he got it right, Madam Deputy Speaker. And do you know what he said? The One Bermuda Alliance keeps talking about 14 years of PLP Government. Well, they never forget to dissect that number in half, they never forget to cut it—

[Inaudible interjection]

Hon. Zane J. S. De Silva: Two-thirds, thank you, thank you, Honourable Member.

Because Madam Deputy Speaker, between 1998 and 2008—I have said it a hundred times, I will say it a hundred more—everybody that had a business in this country had record sales between 1998 and 2008. And I have never heard anybody *Point-of-order that, Madam Deputy Speaker.* And do you know why? It is because it is true.

Everybody in Bermuda that owned a business, Madam Deputy Speaker, between 1998 and

2008 did very, very well in this country. And Bermuda, Bermuda—the PLP—was not responsible for the Bear Stearns collapse, it was not responsible for the Lehman Brothers collapse. No, it was not. No it was not, Madam Deputy Speaker. And we were not responsible for the Bank of Bermuda's collapse either, or Bank of Butterfield's collapse, Madam Deputy Speaker. Okay? You know, we do not talk about that too much, do we? Was anybody from the Progressive Labour Party sitting on the board of the bank when it was on the brink? No. No. No, not at all.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Were they, Madam Deputy Speaker? Who jumped in, saved the Bank of Butterfield and saved 800 Bermudian jobs? The PLP did. That is what we did, Madam Deputy Speaker, that is what we did.

So Madam Deputy Speaker, it is going to be very interesting, it is going to be very interesting going forward to see how the One Bermuda Alliance handle projects like the airport. I hope for the sake of the country that it all works out okay. Because, Madam Deputy Speaker, if the United Kingdom—our mother country—

[Inaudible interjection]

Hon. Zane J. S. De Silva: Oh, yes, the Honourable Member from constituency 32 [sic] loves—

[Inaudible interjections]

Hon. Zane J. S. De Silva: —loves the UK, he says. The Honourable and Learned Member Shawn Crockwell says he loves . . . he loves—

[Inaudible interjection]

Hon. Zane J. S. De Silva: He says he loves the UK. Well, I hope he spends a bit of time with them, Madam Deputy Speaker, because if they turned down the Cayman [Islands] for a \$200 million project because they had concerns about jobs, the asset and the revenue that was going to leave the country, if the UK turned it down with them, and the same company shows up on our doorstep the following week, I hope . . . I hope . . . for us, for us, Madam Deputy Speaker, that we are going to be okay.

So, Madam Deputy Speaker, if the Honourable Premier wants to hold hands and sing *Kumbaya*, lead from the front and do not . . . do not . . . you know, bash, bash, bash, bash PLP and then say, *Let's sing Kumbaya, let's work together*. Okay? So now if you want to work together, if you want to try to move the country forward together—and I am not going to spin it and say we are already turning the corner like the Member from constituency 22 said, *We've turned*

the corner. It's getting better. We're on track, things are looking good, we're great, people are confident—but airline visitors are down, hotel beds are down, the investments they are talking about are all PLP initiatives that they have taken over. Madam Deputy Speaker, let us hope, let us hope that they really want to sing *Kumbaya* when they shout it from that side of the aisle.

Thank you.

The Deputy Speaker: Thank you, Member.

Are there any other Members that would like to speak to the Payroll Tax Rates?

The Chair recognises the Member from constituency . . .

Hon. Patricia J. Gordon-Pamplin: [Constituency] 23.

The Deputy Speaker: [Constituency] 23, the Minister of Community, Cultural Development & Sport, the Honourable Patricia Gordon-Pamplin.

You have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Deputy Speaker.

Madam Deputy Speaker, I should be very brief in my contribution to this debate and really remind the listeners and remind Members of this Honourable House that we are, in fact, debating the Payroll Tax Rates Amendment Act 2015. Because I believe that this debate has gone far and wide, it has gone all over the place, and I think that it might bode well for us to try to hone in on the purpose for this particular aspect of the debate.

With that said, we are looking at a 0.5 per cent increase in the payroll tax. One of the things that the Honourable Finance Minister indicated was that we have taken the time and made the bother to have the necessary consultation, and as a result, you have not seen the level of push-back that might otherwise have obtained had that consultation not occurred. I believe that we are on the right track.

We recognise that we have a void when it comes to revenue. We realise also that we have to look at additional forms of revenue. That is a given. The Honourable Minister has indicated that we will have someone coming in and looking at our tax base. And as the Honourable Member from constituency 29 had alluded to earlier that one of the recommendations that we had—my Honourable Finance Minister indicated—we will look at that particular aspect on the last Bill, so I will not reflect. But it says that we on this side are willing to listen when recommendations and observations are made that make sense. We are willing to be able to work with Members opposite.

What we are not going to do, Madam Deputy Speaker, is give credit and credence to the fact that Members opposite have decided that we should operate according to their tune. What we are doing is look-

ing at the economy, what we have, and how we can best try to arrest the depth of debt in which we find ourselves, to do something about the \$177 million just to service on our debt that we find ourselves in on an annual basis. That is the stranglehold that debt has on us, and we are obligated to find ways by which we can do something to minimise and ultimately to pay off the debt.

At \$177 million, Madam Deputy Speaker, if we were able to have that amount of money coming into the coffers that we would have as expendable income, and not having to pay it off the top before anything else is paid, imagine what condition and position this country would be in. We would not be having to press and pressure for things like an extension of furlough days. We would not find ourselves behind the eight ball. We would not find ourselves having to expend as much money on things like financial assistance, because what would happen is that we could utilise that level of revenue, that level of additional money, to be able to implement more programmes and more things that could inure to the benefit of the average person here in Bermuda so that we could start really jump-starting the economy.

So when we look at one-half of one per cent, [0.5 per cent] half of which will be charged to the employee and the other half of which will be charged to the employer, that is one-quarter of one per cent [0.25 per cent] of an increase in payroll tax [each]. Now none of us wants to see payroll tax or any taxes for that matter increase, but when you have no money you have to find some way in which to generate some revenue in order to keep the country afloat. First of all, to pay \$177 million dollars—if you have nothing else you at least have to meet that commitment. And then we have the services and goods that are expected of any Government to provide for its people. And that is what we are attempting to do.

So as we look at this Payroll Amendment Act, Madam Deputy Speaker, it is interesting that we hear Members opposite saying, you know, *The Finance Minister got it wrong last year. Admit your mistake and let's move on.* What did we see in the Budget Reply? And I am not reflecting on the debate but it is important to make reference to the item on page 27, I believe it is, of the Budget Reply from the Honourable Shadow Finance Minister from constituency 18, when he said, *This is not a PLP debt, this is not an OBA debt, this is our debt. It is ours.* So somehow it is like *you guys better say that you made some kind of mistake, but we can say, Oh, it wasn't us . . .* It is us, it is our debt—it's everybody's.

I remember making the comment, if you just admit that you were wrong when you raised the level of deficit and went on the (quote/unquote) “drunken sailor” spending spree that caused us to find ourselves in the position in which we now find ourselves, that is forcing us to levy a higher degree of taxation on our people, albeit, one-half of one per cent [0.5 per

cent]. You know, I recall the situation when Payroll tax went from 14 [per cent] to 16 per cent—no consultation—one fell swoop, announced it in the budget and what did we have? We had a mass exodus! We had companies that were contracting, companies that decided that they would just pack up and leave rather than be subjected to that level of disrespect by the then-Government.

So what did we do? We learned from their mistakes. Mind you, I have to point out in fairness to the previous Government they very quickly rolled back that 16 per cent down to 14 [per cent] with some half-hearted excuse that said, *Oh, it wasn't meant to be permanent. We only meant this to come in for a short period of time.* That was never articulated at the time. It was almost like, *Let's throw the Jell-O up against the wall, let's try and nail it, and let's hope some of it sticks.* But it did not work and it worked negatively to our economy and to the impact on jobs. And that is why we heard the Honourable Member from constituency 22 earlier as he articulated the number of job losses year on year going back, which resulted from the reaction by some of our corporations to that massive tax increase.

We might say that corporations make a lot of money. And let me declare an interest before somebody asks the question. I do work for an international company. But we might say that corporations make significant money and, therefore, they have a lot of money and we can start milking their purse in order to . . . in order for us to pay our bills. Well, let me say that corporations have their shareholders who invest in those corporations and it is to those shareholders to whom they have an obligation to report.

So with that we cannot make an assumption that you can jump from 14 per cent to 16 per cent and because they have bigger bottom lines that they will automatically eat it because invariably, as we have seen in most of the international company arena, they have options. There is no international company that I know of that does not have a branch, a subsidiary, a sister company, somewhere within their group elsewhere. And it is at the press of a button that one can decide that I will operate in Bermuda today or I could be in Ireland tomorrow or Singapore the next day or London or Belgium or any other of the choices that companies set themselves up to give them the options.

So when we look at tax increases, we have to be judicious in the application. And the first thing we do is go and to say to them, *We are in dire straits. We need for everybody to feel some of this pinch. We have asked the civil service to take a furlough day, so they are feeling . . . they are making their contribution. We now need you corporations to also make your contribution.* Yes, it is a bitter pill to swallow when things are tight.

The Honourable Member from constituency 18—the Shadow Finance Minister—indicated

that we followed his advice because last year he suggested that we roll back some of the benefits, tax advantages, for some of the companies that we have . . . the tax benefits, and that we have now followed his advice this year. Well, the economy was teetering and extremely tenuous last year at this time and could not take it. So you are not going to start to impose additional taxes at a time when it is difficult to breathe.

You know, there is a song that is out that says something like, *My head's underwater, but I'm breathing fine*. Well, we are going to make sure that the actions that we take are not going to put our companies underwater. We have to be able to coexist in this environment, in this economy, for the better good of every single individual—both corporate and personal—and we find ourselves—

Hon. Marc A. R. Bean: Point of clarification.

The Deputy Speaker: The Chair recognises the Member from constituency 26.

You have the floor.

POINT OF CLARIFICATION

Hon. Marc A. R. Bean: Thank you.

I would like the Honourable Minister to inform the House who has raised the issue of taxing companies? And are you referring to an increase in payroll tax or capital gains tax?

Hon. Patricia J. Gordon-Pamplin: I am speaking about the Payroll Tax Act that we are now debating. I was not talking about capital gains tax.

I am saying that we have to coexist in an environment in which we are asking everybody to pay some of their fair share in order to help to get the country out of the deep financial crisis in which we have found ourselves. That is the point that I am making because . . . you know, when I hear things like the Honourable Leader of the Opposition who made the comment that . . . you know, the Finance Minister borrowed \$800 million and somehow it was meant to last for three years—yes, it was—and then what do we hear? *Poof! It is gone.*

Hon. Marc A. R. Bean: Point of order.

The Deputy Speaker: The Chair recognises the Member from constituency 26.

POINT OF ORDER

Hon. Marc A. R. Bean: In typical fashion the Honourable Minister who was not present for the debate has claimed that I have said something when someone else made that statement. So I would ask the Honourable Minister to retract her statement.

The Deputy Speaker: Thank you.

The Chair recognises the—

Hon. Patricia J. Gordon-Pamplin: I will certainly retract the statement if it was not the Honourable Member. But somebody—I think it was the Honourable Member from constituency 29—somebody on that side. They all sound alike. They all sound alike from the perspective that what they want to do is to point fingers, throw barbs, throw the darts on this side of the aisle basically to say, *Everything you guys do is all wrong.*

Mr. Glenn A. Blakeney: Point of order. Point of order, point of order.

The Deputy Speaker: Thank you.

Hon. Patricia J. Gordon-Pamplin: That is what we feel.

The Deputy Speaker: Thank you. One moment.

Hon. Patricia J. Gordon-Pamplin: That is what we feel.

The Deputy Speaker: Have a seat please.

Mr. Glenn A. Blakeney: The Honourable Member—

The Deputy Speaker: Wait, please, until I acknowledge you.

The Chair recognises the Member from constituency—

Mr. Glenn A. Blakeney: —the Honourable Member is deliberately—

The Deputy Speaker: Member! Can I finish speaking, please?

The Chair recognises the Member from constituency 13.

POINT OF ORDER

[Misleading]

Mr. Glenn A. Blakeney: Thank you, Madam Deputy Speaker, I apologise.

But the Honourable Member is deliberately misleading the House when she, by her very statement previous to me getting up, completely contradicts herself by doing exactly what she is accusing us of doing.

The Deputy Speaker: Thank you.

The Chair recognises the Member from constituency 23.

Hon. Patricia J. Gordon-Pamplin: I have no clue what that Honourable Member was just trying to say, but it was certainly not a point of order. But it is okay; we understand.

[Inaudible interjections]

Hon. Patricia J. Gordon-Pamplin: But let me just move on and say one final thing. I will say one final thing.

[Inaudible interjections]

The Deputy Speaker: Shhhh.

Hon. Patricia J. Gordon-Pamplin: That we feel on this side of the aisle that every time we attempt to do something that helps to refloat the drowning country that we inherited from the now-Opposition that we get, we *feel* that we get criticism not for the policy, but for the sake that I believe that Members opposite are still suffering from PTSD. *[sic]*, I believe. I believe.

[Inaudible interjection]

Hon. Patricia J. Gordon-Pamplin: I am sorry, PTSD—PTSD—I got it wrong. I got it wrong.

But let me just say, that of the \$800 million, it is important to point out that part of that money that would have under normal circumstances, perhaps, been able to finance three years' worth of deficits and money that was borrowed in one area at one time at better rates for the actual . . . the cost of the borrowing, that some of that money actually had to go to pay off some of the supplementaries that we had from debt that was incurred that we had inherited that had not yet hit the budget that we then had to provide for.

So let us say that, yes, this is something that everybody is responsible for, everybody has contributed to, but now as we are looking to increase tax by 0.5 per cent for our Payroll Tax, let me say that while we do not relish the idea of having to do it, under the circumstances and in the position in which we find ourselves, I do not believe that we have much option.

Thank you, Madam Deputy Speaker.

The Deputy Speaker: Thank you.

Are there any other Members that would like to speak to the Payroll Tax Rates Amendment Act?

There are no other Members.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: Thank you, Madam Deputy Speaker.

Madam Deputy Speaker, much has been said this evening. I would like to make a few points, if I can read my own writing (which I do not write very well).

I think that one conclusion that I can draw from the debate so far is that the Opposition still re-

fuses to acknowledge their poor stewardship of the public purse during their tenure. There was much reference made to the good years during their tenure, but I can say unequivocally that the record shows that between 1998 and 2008—a period when the economy was still growing strongly—that in spite of that, they still managed to increase the public debt during that period.

They also managed to increase the amount that government paid for salaries and benefits. They managed to increase that to a greater extent than the economy itself grew. So there has been poor stewardship even during good times and, of course, when the bottom fell out and they did not anticipate it, they would not even acknowledge it for about a year and a half, by that time it was too late, the spending had really clobbered the public purse.

So as my honourable colleague stated, the Minister of Economic Development, that it is hard to give credibility to critics who do not want to admit what they did and do not want to admit the effect that it has had on our stewardship, on our situation, what we have had to deal with. So those are critical points.

Now, we are proposing to raise the Payroll Tax by a half of a per cent [0.5 per cent]. When I am listening to the rhetoric coming from the other side you would have thought we were trying to raise the Payroll Tax by 15 per cent or 20 per cent. The degree of rhetoric bears no proportion to the amount that we are trying to raise this tax. It is a small rise, it is a very small rise, and it is deliberately so. And in spite of the fact that it is a small rise in tax, we went out of our way to consult with our industry partners. And the reason that there was not a great deal of exclamation—weeping, wailing and gnashing of teeth, so to speak—the reason that there was acceptance of this is because, unlike the other side when they rose taxes, we not only just consulted with them but we explained the situation so that they understood the predicament that the Government was in—that was the first thing—and how important it was to try to break the deficit. Because they know that the deficit and credit rating of the Government indirectly affects them. They know that. So when the situation was explained to them, there was an acceptance.

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

Hon. E. T. (Bob) Richards: Also, Mr. Speaker, they accepted it because they saw that the Government was making efforts to reduce its expenditure. You see, what the problem was when the PLP blindsided them with that tax increase, what really annoyed business people was that there did not appear to be any attempt on the part of that Government to slim its size, to cut the fat. Instead they thought that they were being asked to finance the fat—finance the fat!

[Inaudible interjections]

[Gavel]

Hon. E. T. (Bob) Richards: And therefore that is what they found to be very difficult to swallow.

So that is the difference between what we are doing here tonight and what happened under the former Government: (a) we have consulted widely; (b) we have given reasons why this has to be done and connect those reasons to taxpayers; and (c) we can show that we are not asking them to finance a Government that is not on its own accord trying to cut expenses.

Because that is the most egregious part of a tax increase, if you increase taxes on the public and you do not make any real attempt to cut the waste. So they are saying, you know, *Why are you asking us to pay more money for the waste?* That is the problem. So they could see that we are making efforts in respect of those things. And that is why it was met with acceptance.

Now you know nobody is going to jump up and down and say, *I'm happy that we're paying more taxes.* Nobody is going to say that and that is not what we expected, but I think there was general acceptance that what we were doing was necessary under the circumstances and that we as a Government were doing our part to cut costs. Because they know that as taxpayers they are paying for our costs. So it was an understanding between the Government and the private sector in this respect. And that understanding has caused the public reaction—the general public reaction—that everybody is aware of, that there has been no statements of consternation by major players.

So you know, Mr. Speaker, and people have to understand different people react in different ways when they are unhappy. You know, there were people in January who were unhappy about whatever—quite frankly, I am not sure what they were unhappy about—but they were unhappy and they marched up and down the streets and in front of the Cabinet building. Those folks were unhappy. But when the people who provide income to this country in international business, when they are unhappy you never see them marching. You see them leaving quietly. They head for the exits and they head for the exits quietly. That is what happened under the administration of the former Government. There were no marches on the street from the people who were most upset, they just left quietly. Because that is—

Hon. Marc A. R. Bean: Point of order, oh, my gracious.

The Speaker: Yes, what is your point of order, Honourable Member?

POINT OF ORDER
[Misleading]

Hon. Marc A. R. Bean: The Honourable Member is misleading the House. You will know as well as I—

The Speaker: Okay, there would have been marches, yes, all right.

Thank you. Thank you.

Hon. E. T. (Bob) Richards: We saw marches from international business people?

The Speaker: Not from international business people.

Hon. E. T. (Bob) Richards: That is what I am talking about. We are not talking about the man on the moon; we are talking about international business. You saw marches from international business people?

Hon. Marc A. R. Bean: Mr. Speaker, he is asking me a question so could I—

The Speaker: That is all right, Honourable Member.

Hon. Marc A. R. Bean: —because they did march to Dr. Brown, right? Remember? And I am sure that some of those folks were international business people.

The Speaker: All right.

Hon. Marc A. R. Bean: I would like to think.

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

Hon. E. T. (Bob) Richards: You saw international business people marching because of the increase in payroll taxes? That is what we are talking about here. We do not have any time for *non sequitur* here, Member, all right? We are talking about increases in payroll taxes. That is a complete *non sequitur*, complete.

[Inaudible interjection]

Hon. E. T. (Bob) Richards: So, now, let me make a few reflections on some other things that we are seeing. You know, let me say this, Mr. Speaker, that the one thing that Honourable Opposition are most afraid of . . . they are most afraid of this Government being successful. They are terrified of us—

Hon. Zane J. S. De Silva: Point of order, Mr. Speaker.

The Speaker: Yes?

POINT OF ORDER
[Misleading]

Hon. Zane J. S. De Silva: That is misleading the House for sure. Mr. Speaker, I have said many times—

The Speaker: All right. Okay, Honourable Member. Okay, you say he is misleading . . . please take your seat.

Thank you. Thank you, you say he is misleading. Sit down.

Carry on, Honourable Member.

Hon. E. T. (Bob) Richards: Clearly not, it is my opinion, not misleading. And I think it is the opinion of everybody over here. They are afraid of us being successful. Therefore, any initiative that looks like it is going to be successful is criticised. Any initiative that has been successful is criticised.

Case in point—the initiative for new Bermuda hires. You can never get anybody over there to agree that this was successful, even though it created 400 jobs. But no, they find some way for it to be perceived by people who cannot see through their rhetoric as it is somehow unsuccessful.

You know, we have got the America's Cup. Well, that has not happened yet, but still we are getting rhetoric that is negative on that. All right? There is misleading about how much it is going to cost. All right? And there are all kinds of things . . . you know, we are giving money to rich people and it is not going to affect the average Bermudian—all this sort of stuff. They are afraid that we are going to be successful!

There is yard after yard of criticism of the airport, why? Because they are afraid we are going to be successful. They are afraid we are going to create many, many jobs for Bermudians at the airport. This business about people being made redundant at the airport is lunacy. What is going to happen at the airport is that the staff at the airport is going to be increased. The investors told us so.

[Inaudible interjections]

Hon. E. T. (Bob) Richards: There will be more people working at the airport than there are now. That is the plan! So we have got this nonsensical thing about creating fear among the staff who work down there of redundancies. So they are just trying to throw something out there to undermine it. So they are afraid—

[Gavel]

Hon. E. T. (Bob) Richards: They are afraid we are going to be successful. And do you know why, Mr. Speaker? The pattern has been set for years on that side where they will put their party's future above the future of this country. They are more interested in their party; they are more interested in getting back into power, driving their GP cars, and whatever. They are more interested in that than in the interests of the

Bermudian people. We have had that time and time again.

POINT OF ORDER

[Imputing improper motives]

Mr. Glenn A. Blakeney: Point of order. Point of order. He is [imputing] improper motives.

Mr. Speaker, you would know, you would know in particular, some of the initiatives that you introduced, some of the social programmes that the former Government introduced that have benefitted this country Island-wide—

The Speaker: All right. Thank you.

Mr. Glenn A. Blakeney: —international business and business included.

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

Minister?

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

There have been some statements made about investments in Bermuda, particularly the investment in Morgan's Point, that somehow if an investor invests in Morgan's Point partially backed by a Government guarantee that that investor is taking no risk.

Mr. Speaker, if investing in the Bermuda Government was not risky, then we would be paying the same interest as the United States of America. We do not. We pay a premium on interest on the United States of America and that premium is because Bermuda is riskier—a riskier investment—just the Government is a riskier investment than the United States. We are AA- credit [rating]. The United States is over AAA. They are over AAA.

POINT OF ORDER

[Misleading]

Mr. E. David Burt: Mr. Speaker, the Honourable Member is misleading the House.

The Honourable Member, sorry.

The Speaker: Yes, Honourable Member.

Mr. E. David Burt: The Honourable Member will know that the United States of America's credit rating was downgraded from AAA.

Hon. E. T. (Bob) Richards: The Honourable Member does not know anything about investments. He just does not know anything.

[Inaudible interjections]

Hon. E. T. (Bob) Richards: I mean, that is the most ridiculous thing you have ever said. One credit agency did that—the one—but the rest of them still have them rated at not only AAA . . . the United States gets a lower interest rate than other AAA credits. They are above AAA.

[Inaudible interjections and crosstalk]

Hon. E. T. (Bob) Richards: Listen and learn, young man. All right?

[Inaudible interjections and laughter]

Mr. E. David Burt: Point of order, Mr. Speaker.

The Speaker: Yes.

Mr. E. David Burt: Point of order, Mr. Speaker.

The Speaker: Yes, yes, Honourable Member.

Mr. E. David Burt: There is only one rating agency that gives AAA ratings, and that one, that gave the AAA rating, downgraded the United States.

Some Hon. Members: Ooh!

[Inaudible interjections]

Hon. E. T. (Bob) Richards: You are saying there is only one credit agency that rates the United States of America?

This is sheer nonsense.

The Speaker: Carry on, Honourable Member.

Hon. E. T. (Bob) Richards: This is sheer nonsense, Mr. Speaker.

So—

[Inaudible interjections]

The Speaker: Order! Order, Members.

[Gavel]

Hon. E. T. (Bob) Richards: The point here, Mr. Speaker, is that the statement that there is no risk in an investment that is backed by the Bermuda Government is incorrect. It is an incorrect statement. The risk is the Bermuda Government. The Bermuda Government has a risk. The risk has to do with the debt. The debt is in relation to your stewardship of this country. So the risk of the Bermuda Government is directly related to *your* stewardship of the public purse.! So that is the risk. Do you understand now?

Mr. Glenn A. Blakeney: Point of order.

The Speaker: There is no . . . there is no, Honourable Member—

Mr. Glenn A. Blakeney: But, a point of order.

The Speaker: What is your point?

Mr. Glenn A. Blakeney: He is misleading the House.

The Speaker: Honourable Member, he has his opinion and—

Mr. Glenn A. Blakeney: Well, but the—

The Speaker: —please take your seat.

Mr. Glenn A. Blakeney: —the risk is the policy—

The Speaker: Honourable Member, take your seat!

Mr. Glenn A. Blakeney: —of the OBA Government.

The Speaker: Take your seat.

Mr. Glenn A. Blakeney: That is the risk.

The Speaker: Take your seat!
Carry on.

An Hon. Member: I think he had a point of order, Mr. Speaker.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker. So there has a lot that has been said about . . . I am going to get back to the airport now because I am tired of hearing this misinformation on the airport. I am tired of it. I really am tired of it.

What we have here, Mr. Speaker, I will reiterate, that we found a way to finance an airport with little or no impact on the Bermuda Government public purse. I know that the former Government wanted to build an airport. They could not figure out how to finance it—we have. Now we have had, you know, my mother used to say, *from the sublime to the ridiculous*, but there is no sublime here, there is just the ridiculous. And you know, statements by an Honourable Member about how CCC are arm's traders. You know, I mean, this is just a great example of . . . you throw muck up against a wall and see what sticks.

You know, if the Opposition wants to create jobs in Bermuda, they would be for this airport. They would be before it because to be against this airport is to be against the creation of Bermudian jobs. There are going to be over 600 jobs that are going to be created and 400 long-term jobs are going to be created by the construction and operation of that airport. If they are against the airport, they are against the creation of jobs for Bermudians. It is as simple as that.

Now, I can see the procurement process is different from the standard, but Mr. Speaker, the standard does not have a good track record. It has a very bad track record. And that is the reason we have taken this route to protect the public purse against the risks from the standard procurement process. Let us remember this, Mr. Speaker, the construction of the Berkeley Institute was done under the standard of—

[Gavel]

The Speaker: Honourable Member Blakeney, if you will turn your chair around, I do not like looking at Members' backs.

Carry on, please.

Hon. E. T. (Bob) Richards: Berkeley Institute was built under the standard process that they are holding up as the Holy Grail, and you know we had these huge overruns.

The project that we are proposing here has safeguards against that. And the safeguards are not the Bermudian safeguards, the safeguards are put up by CCC. So while somebody might say we are not doing things the normal way, we have gone the extra mile to protect the public purse and Bermuda in general against the risks associated with that project. The risks of overruns, the risks of lateness, the risks having to do with a job . . . you know, you put stuff out and jobs never materialise. All these risks are being either eliminated or mitigated.

There is this stuff about how all this money is going out to a foreign entity. Mr. Speaker, this foreign entity is borrowing the money to build that airport. And whatever money goes to that project, most of it, in the first half of the 30 years most of that money is going to pay off that debt. We are not paying it, but it has got to be paid. So this whole nonsense about, you know, we are paying all this money to some foreign company and it is going out of Bermuda. Mr. Speaker, if I as Finance Minister signed a note of \$250-odd million to build that airport, the same money would go out of Bermuda. You cannot build an airport in Bermuda without money going out of Bermuda—impossible—because we would have to borrow from abroad.

[Inaudible interjection]

Hon. E. T. (Bob) Richards: So that is . . . somebody said it is a false narrative. That is the ultimate in false narrative.

Again, the motive is to throw muck against anything that looks like it will be successful. That is the motive. So everything you hear has to be heard within that context and then it all makes sense. It all makes sense.

There is the stuff about the Cayman [Islands] and the British closing down the CCC project in the Cayman [Islands]. That is not entirely true. It is par-

tially true, but it is not entirely true, because the Caymanians did not want that deal. The Caymanians did not want that deal.

[Inaudible interjection]

Hon. E. T. (Bob) Richards: No, they did not. Their Premier wanted the deal. The people from Canada went down to meet the Airport Authority in the Cayman [Islands] and they refused to meet them. They refused to meet them. And do you know why? Because they did not want the transparency requirements of a CCC deal. They did not want it.

[Inaudible interjection]

Hon. E. T. (Bob) Richards: That is right. The standards that CCC require . . . they were not prepared to abide by them. So that deal was torpedoed from both sides of the ship. It was torpedoed by the British and it was torpedoed by the Caymanians, too. So that deal did not stand a chance.

But we have worked, Mr. Speaker, with Her Majesty's Government to find a way forward so that they will not impede us in having this capital project that will create hundreds of jobs for Bermudians. We have found a way forward for this. I have said it before and I am saying it again.

So if you have something and it is something that is good, you can eventually persuade people who are perhaps not convinced that it is a good thing . . . you can find ways to persuade them, and we have stuck to this so that we can get an agreement and an acquiescence from Her Majesty's Government that this will go ahead.

So this is what has happened, we have stuck to the wicket because we know how important this is to create all those hundreds of jobs. That is the important thing. And this is going to be a strategic asset for Bermuda for a long, long time. You know, it does not matter who builds it. It really does not even matter who is operating it, because it is always ours. It is always going to be ours. So we can have Bermudians working there and it is going to be good for Bermuda all around. It will be good for our image going forward for tourism and everything.

So the criticism of this airport has only gained currency because yours truly and the Minister of Transport and Tourism have not said very much about it—yet. And why is that? It is the same reason that we announced the deal a few days after the Throne Speech—we are not going to say anything until we have got it all figured out. We are not going to be dribbling all kinds of pieces of information before we are sure what we are talking about. Two days after the Throne Speech I was able to make an announcement to the Bermudian public because at least I knew what I knew up to that point—that we started on a journey. We are still on a journey with the airport, and Mr.

Speaker, we are like an army going forward, we are taking incoming from the other side but we are still moving forward on this airport, still moving forward!

[Desk thumping]

Hon. E. T. (Bob) Richards: Some other points here, and I will move on after that. I think we have had some comments here that show that people do not understand the investment process. I just talked about it earlier, but I wanted to say something else. It was stated, *why would somebody have confidence in an investment and still look for a guarantee or some sort of other thing to back an investment?*

Mr. Speaker, that speaks to somebody who does not understand the investment process. You know, if you are a banker or an investor and you can lend money to somebody, you are not going to lend money to somebody if you think the thing is going to fail. It does not matter what they offer. If you think the thing is going to fail and you are not going to get your money back, they are not going to make the investment. But even if they think that they are going to get their money back, they will still ask for collateral. Everybody knows that. If you go to a bank, they are going to ask you for collateral.

And in this case the people at Morgan's Point got a guarantee from the Bermuda Government as collateral because the site was a site that was polluted and they could not use the property as collateral, because it was viewed that the property still may be polluted and that risk made it difficult for them to raise money. But I can tell you, since we have stepped up to the plate for that project with our guarantee, there has been a lot of money coming in offered to those developers to move forward. A lot more than what we are committed to. But collateral will be required. And I have to say this, for our guarantee we have taken collateral—as a Government. We are not giving any collateral. We are not giving any guarantee to those guys for free. I made it very clear to them from the get go. We do not rent out the Bermuda Government balance sheet for free. We will not ever do that. You know the former Finance Minister Cox, she did not do that preferred thing for free and neither should she.

And, you know, here is the difference between ourselves and the former Government, Mr. Speaker. You know, people are talking about the Butterfield Bank deal. I remember. I was sitting over there. The difference between us and them—when the then-Finance Minister and Premier rose at this desk and told this Parliament about what she was going to do, what did her counterpart say? Her counterpart (being me) . . . what did I say? I rose and fully supported her in her initiative—100 per cent—supported her in her initiative to bail out the Butterfield Bank. All right? Because it was good for Bermuda. It was—

[Inaudible interjections]

[Gavel]

Hon. E. T. (Bob) Richards: That was inappropriate. That is inappropriate.

The Speaker: Honourable Member—

Hon. E. T. (Bob) Richards: That is totally inappropriate.

The Speaker: Honourable Member, no, no. Please take your seat.

Hon. E. T. (Bob) Richards: Yes.

[Inaudible interjection]

The Speaker: Please take your seat. Take your seat and be quiet, please.

Carry on, Honourable Member.

Hon. E. T. (Bob) Richards: You know, I could have tried to score political points on that day, to pour cold water all over Ms. Cox's initiative to help out the Butterfield Bank, but I knew that would be bad for Bermuda because I knew that if Butterfield Bank collapsed, the economy of Bermuda would collapse. It was as simple as that. So that is what I had to do, and I did it.

But would any of these guys do that? We have got these good projects going, but everything that looks like it would be good for Bermuda—they throw muck up against it every time. Every time. And that is the difference, Mr. Speaker, between this side of the aisle and *that* side of the aisle. That is the difference. We are here for the interest of Bermuda, whether we are here on this side or that side, and it has been proven. If it is good for Bermuda, we are for it. If it is not good for Bermuda, we are not for it. No matter whose idea it was. No matter who is in the driver's seat—that is our track record. It is not theirs.

And with that, Mr. Speaker, I move that this Bill be committed.

The Speaker: All right. Thank you, Minister.

It has been moved that the Bill be committed.

Any objections to that?

There are none.

I would like to ask the Deputy Speaker if she would please take the Chair [of Committee].

[Pause]

House in Committee at 12:10 am

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

PAYROLL TAX RATES AMENDMENT ACT 2015

Minister?

The Chairman: Honourable Members, we are now in Committee of the whole House for further consideration of the Bill entitled [Payroll Tax Rates Amendment Act 2015](#).

I call on the Minister in charge to proceed.
Minister, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

Madam Chairman, this Bill seeks to increase certain rates of payroll tax as set out in the Payroll Tax Rates Act 1995 [the principal Act], and to extend the special situation set out in section 9(2)(f) of the Payroll Tax Act 1995. I will move all clauses.

Clause 1 is self-explanatory.

Clause 2 amends section 3(1) and (2) of the principal Act so as to increase the standard rate by half of one percent from 14 per cent to 14.5 per cent.

Clause 3 amends section 4(1) of the principal Act so as to increase by half of one percent (from 7.75 per cent to 8.25 per cent) the rate prescribed for the purpose of section 9 of the Payroll Tax Act 1995 (that is for employees in special situations). The rate prescribed for employees falling within the special situation in section 9(2)(f) of that Act is increased by a quarter of one per cent (from 5.25 per cent to 5.5 per cent). However, the rate prescribed for employees falling within the special situations in section 9(2)(a) and 9(2)(e)(i) of that Act remain unchanged (at zero per cent and 7.25 per cent, respectively).

Clause 4 amends section 5 of the principal Act to increase by half of one percentage point the rates payable by employers falling within Class A; paragraphs (a), (b) and (c) of Class B; and Class BB (increasing from 9.75 per cent, 7.25 per cent, 10.75 per cent and 12.75 per cent to 10.25 per cent, 7.75 per cent, 11.25 per cent and 13.25 per cent, respectively). For employers falling within Class C the increase is one quarter of a percentage point from 5.25 per cent to 5.5 per cent. However, the rate for paragraphs (d), (e) and (f) of Class B remains unchanged at 7.25 per cent.

Clause 5 amends section 7 of the principal Act to increase the statutory proportion of tax recoverable from employees from 5.25 per cent to 5.5 per cent.

Clause 6 amends section 9(2)(f)(ii) of the Payroll Tax Act 1995 to extend the special situation in paragraph (f) so as to include Bermudian employees who are employed on or before 31 March 2016.

Clause 7 provides for commencement on 1 April 2015.

The Chairman: Thank you.

Are there any Members that would like to speak to clauses 1 through 7?

There are no Members.

Hon. E. T. (Bob) Richards: Madam Chairman, having moved those clauses—

The Chairman: It has been moved that clauses 1 through 7 be approved as printed.

Hon. E. T. (Bob) Richards: Yes.

The Chairman: Are there any objections to that motion?

No objections.
Agreed to.

[Gavel]

[Motion carried: Clauses 1 through 7 passed]

Hon. E. T. (Bob) Richards: I would like to move the Preamble, Madam Chairman.

The Chairman: It has been moved that the Preamble be approved as printed.

Are there any objections to that motion?
No objections.
Agreed to.

[Gavel]

Hon. E. T. (Bob) Richards: I would like to move that the Bill be reported to the House as printed.

The Chairman: It has been moved that the Bill be reported to the House as printed.

Are there any objections to that motion?

An Hon. Member: Yes.

The Chairman: Since there was an objection, all Members in favour of the motion please, say Aye.

AYES.

The Chairman: All those opposed please, say Nay.

NOES.

The Chairman: I believe the Ayes have it.

[Gavel]

[Motion carried: The Payroll Tax Rates Amendment Act 2015 was considered by a Committee of the whole House and passed without amendment.]

House resumed at 12:16 am

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

PAYROLL TAX RATES AMENDMENT ACT 2015

The Speaker: The Payroll Tax Rates Amendment Act 2015 has been approved.

And we now move to the final one of the day, which is the Second Reading of the Miscellaneous Taxes (Rates) Amendment Act 2015 in the name of the Minister of Finance.

Minister?

BILL

SECOND READING

MISCELLANEOUS TAXES (RATES) AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: I now ask for the Miscellaneous Taxes (Rates) Amendment Act 2015 to be read a second time.

The Speaker: Are there any objections?
Carry on, Minister.

Hon. E. T. (Bob) Richards: Mr. Speaker, Government wishes this Honourable House to give consideration to the Bill entitled the Miscellaneous Taxes (Rates) Amendment Act 2015.

This Bill provides for a revenue raising measure to support the Government's 2015/16 budget.

Honourable Members will recall that in the 2015/16 National Budget the Government announced that with the pending redevelopment of the L. F. Wade International Airport, the Airport Departure Tax would be raised from \$35.00 to \$50.00 per passenger and will yield additional revenue of about \$5.5 million. This tax is charged under the authority of the Miscellaneous Taxes Act 1976 in respect of every passenger departing Bermuda by air.

The tax is payable by the owner, operator or agent of the aircraft within 10 days of the end of each calendar month.

Certain exemptions apply including a child under the age of two years, consular employees, in transit passengers, and officers and crew of any aircraft.

The tax is charged at the rate of \$35.00 per passenger, now to be increased to \$50.00 per passenger.

The last time this tax was increased was in 2008 when it was increased from \$25.00 to \$35.00 per passenger.

Mr. Speaker, the new airport terminal represents a major economic stimulus to our economy spread over about three years. In benchmarking total

associated airport fees paid by passengers, Bermuda is well within range following this increase in departure taxes.

Here is a complete benchmark of total airport fees paid by passengers in other destinations, total fees paid by these countries are as follows:

- Jamaica—\$82.91;
- Dominican Republic—\$82.60;
- Bahamas—\$76.00;
- Turks and Caicos—\$70.00;
- Cayman [Islands]—\$64.65;
- US—\$63.00;
- Bermuda—\$58.30;
- St. Maarten—\$51.91;
- Barbados—\$32.20;
- Puerto Rico—\$27.80.

Mr. Speaker, this increase is just one piece of the puzzle to make the financial model for the redevelopment of the airport sustainable. Financial modelling and other preliminary work with regard to the airport project are ongoing and I shall update this Honourable House as soon as the formal go decision is made on this project.

With those introductory remarks, Mr. Speaker, I would now like the Bill to be read a second time.

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

The Chair will now recognise the Leader of the Opposition, MP Marc Bean.

You have the floor.

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

The Speaker: Good morning.

Hon. Marc A. R. Bean: I am grateful for the Minister of Finance in his brief being out front and frank and admitting that this raising of departure tax has nothing to do with deficit reduction, nothing to do with fiscal responsibility, but everything to do with fattening the calf for CCC to make it more attractive for slaughter. And you understand the calf slaughtered, like Kobe beef. This has nothing to do with deficit reduction at all.

So, I mean, that was a question I was going to ask, in fact, I was going to make the claim, but the Minister admitted it. So I think that is interesting.

But before I get into this—

Hon. E. T. (Bob) Richards: Point of order.

The Speaker: Honourable Member . . . yes?

POINT OF ORDER
[Misleading]

Hon. E. T. (Bob) Richards: The Honourable Member is misleading the House by saying it has nothing to do with deficit reduction. By hiring those extra 600 people who are all paying payroll tax has a lot to do with deficit reduction.

The Speaker: All right.

Hon. Marc A. R. Bean: Oh, boy. Okay.

The Speaker: Carry on.

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

Okay, if you say so, Minister of Finance.

Mr. Speaker, before I go any further let me just, again, reiterate this false narrative that is out there which says that we—the Progressive Labour Party—would do anything to ensure that the OBA does not see any success. And I find that to be a default victim-like narrative, when all else has failed, they have been held to account and found wanting, now it is *we want the OBA to not see success*.

But I tell you what, earlier the Minister mentioned in the last debate about Bank of Butterfield and he said that he supported the former Minister of Finance because it was under Dr. Brown at that time, but it was the Minister of Finance, . . . they supported the guarantee for Butterfield Bank.

I asked a simple question because he made it seem like he supported it out of the genuine goodness of his heart. Now, I am not doubting it, but my question across the floor—and you did correct me—was, *Well, Minister Richards, did you have any shares in the bank at that time, too?* That is a genuine, legitimate question as to what was the motive. Because I could tell you, Mr. Speaker, I remember. I was in the room when you had the Butterfield Board, the Bermuda Cabinet, and you had on speakerphone Rothschild [Inc.] calling the shots. I was there. And I can recall Members, even my colleagues, some who were concerned . . . do you know what about? Their shares and their deposits. And that was the driving motivating factor in the room from the political side to bail out or give assistance to the Butterfield Bank. So I am not afraid—

[Inaudible interjection]

Hon. Marc A. R. Bean: Yes, because that is human nature. That is human nature.

The Rothschild's [Inc.] were calling the shots. We were brought to the Cabinet, like within an hour or two we called to an emergency meeting. We got there and I said, *What's happening?* But it had to be hush-hush because we could not let the public know of the current situation within the bank because it could have led to a bank run. So we just kept it quiet. But those of us as we had to grasp that information . . . I saw it. Members were thinking first and foremost, not as a

politician or a leader, but as a human being. *What? Butterfield Bank's in trouble? My deposits . . . my shares. And then it was, Oh, my jobs.*

So let us not front and make it seem like one was being an angel when they supported that. Trust me everyone in Bermuda supported the bail out of Butterfield Bank. Okay?

[Inaudible interjection]

Hon. Marc A. R. Bean: Well, that is not true. A few of us did not.

[Inaudible interjection]

Hon. Marc A. R. Bean: You are absolutely right.

The Minister of Finance says, *My Government didn't.*

Hon. E. T. (Bob) Richards: No, I said a few.

Hon. Marc A. R. Bean: A few.

[Inaudible interjection]

Hon. Marc A. R. Bean: No, actually I can name them on one, two fingers, honestly. I took note of it. I did not forget.

But now let me move forward into my substantial contribution, because this will be fairly short. I hope that this is not a repeat of the last debate when you had the Honourable Premier walk in and just do his best attempt to deflect and make the debate descend. He did not touch on one substantive issue regarding the payroll tax or the tax increase—nothing—Mr. Speaker. And if people are listening they would be like, *What's wrong with them people up in the House?* Well, look where it starts—

The Speaker: Get on . . . get on . . . get on with this—

Hon. Marc A. R. Bean: Look where it starts, Mr. Speaker.

The Speaker: Get on with this debate.

Hon. Marc A. R. Bean: Well, the Premier will have ample opportunity to give a contribution on this Bill. And let us see, let us see what he is actually produced outside of rhetoric from an iPad.

[Laughter]

Hon. Marc A. R. Bean: Mr. Speaker—

[Inaudible interjection]

The Speaker: Honourable Members.

[Gavel]

Hon. Marc A. R. Bean: As an example, I used a simple analogy about increasing revenues. Okay? And it was a third grade analogy, but the Premier said that it was an eleventh grade analogy but he still could not understand it. It went right over his head. But it was a third grade analogy, it is called the Laffer curve. Ever hear of it Honourable Premier? The Laffer curve, I know it is a supply side ideal or principle, but lower taxes may lead to higher revenues. But I understand . . . third grade, indeed.

Mr. Speaker, the Honourable Minister of Finance in his budget said that international business is contracting, or it is flat (my words, not his, I am paraphrasing). And so then he also wrote and he came up with this new and erudite idea. And do you know what that was? By stating that IB [international business] was contracting, he came up with this novel idea that we need to focus on tourism. And then he says the big idea for stimulating the economy, after 27 months, the big idea is hotel development. Mr. Speaker, that is not Minister Richard's idea, that is Dr. Ewart Brown's idea.

[Inaudible interjection]

Hon. Marc A. R. Bean: And so the Minister says, *But he couldn't make it work.*

But let me ask the people of this country if they think that this strategy being deployed by the Minister will work. He says that in order to focus on tourism and stimulate the economy, we have to have hotel development, but to have hotel development you have to have increasing air arrivals, Mr. Speaker. Would that not be the prerequisite for attracting investors? Of course it is. Of course it is! Nobody is going to build . . . nobody is going to go down the road of mal-investment and build a hotel when there is no one coming through the airport. I mean, and that too, is a grade three lesson, Mr. Premier. No one is coming.

So lo and behold, guess what—

[Inaudible interjection]

Hon. Marc A. R. Bean: Guess what our crystal ball Minister of Finance does? Tourism is our new focus. Hotel development is our new stimulus and is based on air arrivals. So guess what the crystal ball Minister of Finance does? He increases the cost of travel to Bermuda. He raises departure tax.

Now I said it earlier, let me say it again, that is a sure sign of confusion. When you are doing things, when you have a good intention, but then you realise that the road and how it is paved, and then you start saying one thing and then contradict yourself with something else. It is absolute confusion. If tourism is the new focus, and hotel development is the new stimulus, how on earth do you tax the bloodstream of both strategies? How do you increase the taxes in it?

And we know it is not to reduce the deficit, it is to fatten the calf for CCC.

My, oh my. It is absolute confusion. And I know the people who are listening online in Bermuda or abroad and on radio are saying, *Wow, listening to the One Bermuda Alliance I could truly say that their arrogance has actually been revealed like the Emperor has no clothes—their arrogance has revealed itself to be ignorance*, Mr. Speaker. They are showing that they do not know what they are doing. That is what I mean by ignorance, they just do not know. That is how it appears.

So in one instance this evening we tax property in a depressed property market, then we tax labour in a depressed market with increasing unemployment, then we go ahead and tax the goose that lays the silver eggs—tourism—not gold, it is silver, but we tax it. And I am sure that the Minister and a few other . . . well, one or two other OBA MPs are going to get up and say, *Well, it's the PLP's fault and rae, rae, rae.* Well, when, Dr. Brown was pursuing his hotel strategy at least he had higher air arrivals. He was functioning in a better environment. This is a worse environment. And you are actually doing things that are contrary to attracting more visitors to the country. It is absolutely shameful. And that is what happens when you have a party that is confused at its core.

Then Mr. Speaker, the Honourable Minister mentioned something about CCC and this airport. And then he tried to give some roundabout rationale for what happened in the Cayman Islands, which is absolutely unheard of. I have never seen or read that version anywhere.

[Inaudible interjection]

Hon. Marc A. R. Bean: No, that is because you just made it up in your head.

[Inaudible interjection]

POINT OF ORDER

[Imputing improper motives]

Hon. E. T. (Bob) Richards: Point of order, Mr. Speaker.

The Honourable Member is imputing improper motives; basically he is calling me a liar. I am not. I know something that he does not know.

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

Carry on, MP

Hon. Marc A. R. Bean: I am sure people who are listening are saying, *Uh-huh, Minister, right . . . right, right . . . Mm-hmm.*

So he says that we did not follow that route or the traditional way when dealing with CCC because

the traditional way does not work. The “traditional”—for people who are listening—means the proper transparent tender process. He says that did not work. So what . . . so what did he do? He would take the least transparent route known to any Government—a \$250 million no-bid contract. So the right transparent approach to the airport did not work for some reason, but now you are going to the bottom of the barrel and you sole source? Again, that is the mindset of confused leadership.

Let me close by saying this, we are against (again, for the third time tonight) this tax hike. And to know that it has nothing to do with reducing the deficit, regardless of what the Honourable Minister of Finance says, this is just to fatten the calf for his peeps and Mr. Butt and Somers Construction and Aecon and CCC. To know that, and now my ticket when I have to travel is going to increase by \$15.00. It might not seem like a lot to those in the OBA, but that is a lot you know, Mr. Speaker. That is a lot.

But we do not . . . let me make it clear. All we do as an Opposition, and I take the compliments that we complain and we try to block you and get in your way and we do not want to see success. That is a compliment of our effectiveness as an Opposition, that is all that is. So I take it as a compliment. But let me make it clear to you all in the OBA. Let me make it clear. We do not have to try to be negative towards you or wish you a lack of success. We do not have to do it. The One Bermuda Alliance is its own stumbling block. That arrogance is actually ignorance, but they are arrogant enough not to understand it, Mr. Speaker. We do not have to do anything to wish you not having success.

I mean, how can you have success when there is a law that cannot be voided and that is a law that says, *You reap what you sow*. How could we stop it when you are the one that planted peas and now are surprised that you are reaping corn? We had nothing to do with it. All we are doing is holding the One Bermuda Alliance to account, and it drives them crazy. Watch the response when I sit down and watch the low-level gutter politic debate putting people to sleep that comes from the One Bermuda Alliance. And I am sure the Premier is not going to leave because he already gave his best shot and bottom knives cannot cut meat, okay? So that was already proven.

All we are doing is asking questions. Why are you raising taxes? Why? Because your economic policy has failed. Okay, well, why are you raising the departure tax? Nothing to do with economic policies failed, this is just about ensuring in the future that . . . we all know what CCC and this airport is about, Mr. Speaker. Yes. And that is why they are fattening the calf. It has nothing to do with deficit reduction, so it is an absolute shame. It is an absolute shame that after 27 months the best thing that the Minister of Finance can come up with, the best thing he could come up

with are strategies that he then brings legislation to counteract. He brings strategies after 27 months, and then, at the same time period, brings legislation to counteract those strategies. That is the sure sign of confusion.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Learned Member from constituency 31, the Minister of Tourism and Transport.

Minister Crockwell, you have the floor.

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

Recognising the lateness of the hour, Mr. Speaker, I deem it appropriate to comment on this piece of legislation specifically as it impacts a department which falls under my remit. And Mr. Speaker, when this was brought to my attention and brought to the Cabinet, I certainly raised some concerns, as I have heard tonight, as it relates specifically to the impact it may have on those travelling to Bermuda.

Certainly we do not want to have the cost to be prohibitive of individuals travelling to Bermuda and so this decision was not taken in a vacuum, and it certainly was not taken in the absence of sufficient information. And although when you look at the totality of the increase taking the departure tax now from \$35.00 to \$50.00 and you look at it in isolation it does compare high to our competitor jurisdictions. But when you look at all of the associated airport fees paid by passengers, Bermuda still remains within a competitive range.

If I can just, with your permission, Mr. Speaker, refer to what some of the other jurisdiction's costs are. The total airport fees paid by passengers travelling to Jamaica is \$82.91; travelling to the Dominican Republic is \$82.60; travelling to the Bahamas is \$76.00; travelling to Turks and Caicos is \$70.00; travelling to the Cayman Islands is \$64.65; travelling to the United States is \$63.00; and then for Bermuda, the total airport fees travelling to Bermuda, is now \$58.31.

[Inaudible interjection]

Hon. Shawn G. Crockwell: No, this is with the increase now, it is \$58.31.

So, yes, it is an increase but we still are competitive. In fact, we are less than some of our direct competitors like the Bahamas, like Jamaica, the Dominican Republic and others. So the Minister of Finance had this information and, in fact, when he first brought it to the Cabinet, I went and had a conference with the General Manager of the airport and spoke to him and said, *What impact will this have on the airport?* Obviously, in an ideal world we do not want to see an increase and we do not want to see an augmentation of the cost. But all of that was laid out to

me. And he said, *Minister, Bermuda will remain competitive.*

So the individuals that we are vying for who are travelling all around the world are accustomed to these types of airport fees. So we do not believe that this will have a deleterious impact on individuals wanting to travel to Bermuda.

But the reality is and this is what I do not think the Opposition seems to get, I think they get it but they dismiss it, and the fact of the matter is, Mr. Speaker, is we are not operating in ideal circumstances. So I may say to the Minister of Finance, *In an ideal world I want this*, but the fact of the matter is we are not in an ideal world. And I have applauded the Finance Minister because he is making things happen under extraordinary circumstances.

It is interesting that every project that we are talking about . . . okay, you want to talk about the airport? Well we can go back and look at plans that were paid for—I do not know how much money it cost to generate those architectural plans—\$800,000 under the former administration to build a new airport. And we see in the reply by the Shadow Finance Minister where he says, *We don't need a new airport*, but the former Government spent \$800,000 for plans for a new airport. So it sounds to me like the former administration thought they needed a new airport. So let us be clear. And they wanted to build a new . . . and they could not do it.

We are going to get it done. They wanted to do it! I attended, Mr. Speaker, presentations—

[Inaudible interjection]

Hon. Shawn G. Crockwell: I attended presentations. It was the intention to do it, Mr. Speaker. We know the history of the St. George's project . . . of that development in St. George's. We saw the implosion of the former Club Med. And I know the former Premier and Tourism Minister wanted to get that project done—absolutely. And for various reasons it did not happen.

And here we are now. We have positioned ourselves to get it done. And maybe that just rubs the Opposition the wrong way because they want to focus in on the methodology of getting it done, but the methodology is unique in some circumstances because we are not operating in ideal conditions. And so we have to do things a little differently.

So when we hear the Opposition Leader who is always . . . his presentations quite often are constructed in this prism of conspiracy theories, that this is happening for some ulterior motive, for some ulterior benefit, which is strange. But Mr. Speaker, the reason why this increase has occurred for the airport is to finance the America's Cup, is to offset the cost of the America's Cup. And the Finance Minister said this during his budget presentation.

Hon. Marc A. R. Bean: Point of order.

The Speaker: Yes?

POINT OF ORDER

[Misleading]

Hon. Marc A. R. Bean: Point of order, the Honourable Minister of Tourism is misleading the House. The brief as presented by the Minister just now on this Bill, the rationale was to ensure that there was adequate revenue streams for the airport redevelopment in relation to CCC. Correct, Minister?

[Inaudible interjections]

Hon. Marc A. R. Bean: Oh, not entirely.

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

Hon. Shawn G. Crockwell: Mr. Speaker, clearly, if you increase the fees at the airport, you are increasing the revenue at the airport. But the fact of the matter is that we have been very fortunate to procure the America's Cup. It will cost us money, Mr. Speaker. We have heard other Members talk about how this is an investment or it is a stimulus. However you want to define it, the fact of the matter is, it is going to cost us money that we do not have, money that we have got to find to make this happen, because it is going to be good for the country.

So when you look at this from a holistic perspective, yes, it is going up, and taking the Opposition Leader's argument that this is directly in contrast to wanting to stimulate tourism. But then think of the fact that the America's Cup is probably the greatest stimulus to tourism. It is an answer to prayer. . . for tourism. You could not have asked for a better event to host in this country for tourism. And so this is a trade off.

[Inaudible interjection]

Hon. Shawn G. Crockwell: It is a trade off because we do not have, we just do not have . . . if we had it, Mr. Speaker, we would not be doing it. And so we have to operate under the conditions that we are in. Is it ideal? No, it is not ideal. Was I happy about it? No.

[Inaudible interjection]

Hon. Shawn G. Crockwell: The increase on the departure tax. I would have preferred for it to have remained as it was. But when we know that we are going to spend money on the America's Cup, we have to figure ways of how we are going to offset that. And of course the arrangement—

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

Mr. Speaker: Yes?

POINT OF ORDER

[Misleading]

Hon. Marc A. R. Bean: The Honourable Member is still misleading the House. This has nothing to do with the America's Cup. In fact, the last statement he made was about it was contained . . . that statement about the America's Cup and the airport redevelopment and raising departure tax, was in the budget. Mr. Speaker. But I can quote one quick sentence, it says on page 24, "With the pending redevelopment of the L. F. Wade International Airport" (and this is the Budget Statement) "the Airport Departure Tax will be raised from \$35 to \$50 per passenger and will yield additional revenue of about \$5.5 million."

Nowhere in the Budget Statement or the Minister's brief has the America's Cup been mentioned. He is misleading the House.

The Speaker: All right, thank you.
Carry on, now.

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

I am asking the Opposition Leader to hear me. If I am adding to the conversation—

Hon. Marc A. R. Bean: You are embellishing.

Hon. Shawn G. Crockwell: No, I am not embellishing. I am informing the House that as part of the discussions around this increase this Cabinet discussed the fact that we need to raise revenue to offset the cost of the America's Cup. So I am adding to the dialogue. I am adding to the dialogue. Okay?

So if the Finance Minister did not have it in his Budget Statement, then fine. I am advising the House that this is also why we are doing it. But the fact of the matter is that we are in a difficult financial position and so we believe—fundamentally we believe—that better days are coming. We believe that these developments are going to happen. Okay? And so we have to figure out a way to keep things together until we get there. And that is what we are doing, we are trying to keep things together, find a way to make it happen until we get there.

I believe that with the new hotel development that is coming, I believe that with the strategies that have been employed and will continue to be employed by the America's Cup—particularly as it relates to their marketing strategy—it will bear fruit. I do not like to speak . . . I am a man who wants my eggs hatched before I start talking about the chickens. Okay? But I am being told that there are going to be some good chickens as it relates to the numbers in this year. And I am praying that we do not have any unforeseen is-

sues like we had last year with Fay and Gonzalo, Mr. Speaker.

But you know the Tourism Authority . . . was I happy about the reduction in the budget for the Tourism Authority? No. You know, the Minister of Finance, what he gets in this House of Assembly is tame [compared] to what he gets around the Cabinet table, let me tell you, Mr. Speaker, not happy about it. But you know what? We have had to roll up our sleeves, and I have been in continuous meetings with the BTA because they have to figure out how to raise more revenue and how to bridge that gap. And sometimes, when your back is put up against a wall, it is amazing what ideas you can come up with and how you can find a way forward. And I have seen some progress in how that gap can be bridged through revenue-generating measures in relatively short order, Mr. Speaker.

So, yes, we know it is going to be difficult, but we are rolling up our sleeves and we have every intention to make this work.

What we are doing, Mr. Speaker, as the Honourable Member said—the Opposition Leader—is far from shameful. What is shameful, Mr. Speaker, is that they know what condition this economy is in. They know, they were there. Okay? And they were at the helm. And they knew exactly what they were handing over to this Government in 2012. And what is shameful is they will not just step aside for a minute and let us get on with it, Mr. Speaker.

Hon. Marc A. R. Bean: Step aside?

Hon. Shawn G. Crockwell: That is what is shameful—not to abdicate your role, I am not suggesting that, Mr. Speaker—to question the motives of everything that we do. You can question that it was not put out to tender. That is a reasonable argument; we expected that, of course. But for everything to have some conspiratorial, some malicious intent, Mr. Speaker, is getting tiresome. And you know what is interesting? And I have seen this time and time again with the Opposition. They always go too far. And everybody sees it. They may have a good point and then people might say, *Hey they are saying something*. And then they go so far and so ridiculous that people say, *That is just nonsense. It is just nonsense*.

Mr. Speaker, as I have said before, we are going to remain focused. The Finance Minister has come up with some innovative ways to get some things done under some very difficult circumstances. As the Minister responsible for the airport, this is not ideal, but I understand it and I believe that it will not hinder or impede our progress going forward.

Thank you.

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

The Chair will recognise the Honourable Member from constituency 29, MP Zane De Silva.

You have the floor.

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

Mr. Speaker, the Honourable Member who just took his seat finished off by saying that they are getting tired of the malicious, ridiculous claims, the nonsense from this side. And let me say that again, Mr. Speaker. The Honourable Member from constituency 32[sic] just said—

An Hon. Member: [Constituency] 31.

Hon. Zane J. S. De Silva: That is right. That is your constituency. I do not want to say you said that, Mr. Speaker.

But he just said that they are getting tired of the malicious, ridiculous claims and the nonsense from this side of the House.

Well, Mr. Speaker, do I have to remind the people of this country why they think like we do? We have had Jetgate—

[Inaudible interjections]

Hon. Zane J. S. De Silva: So here they go . . . same story.

Mr. Speaker, this is why they get tired. They say they get tired, it is ridiculous, and it is nonsense. Is it ridiculous? Is it nonsense that we have a Minister that sits in this place that has broken the Ministerial Code of Conduct on more than one occasion, and he still sits here? And he calls us ridiculous? He calls us malicious?

Mr. Speaker, you have had a Chairman of the OBA party resign because of what? Maliciousness, ridiculousness, nonsense? You have had \$400,000 that no one knew where it came from until we revealed where it came from, Mr. Speaker, until we revealed where it came from.

Mr. Speaker, that is why you get those . . . and they say they are tired of it. We are tired of it, Mr. Speaker. Every time we turn around, Mr. Speaker, there is another issue similar to this. Well, I could take my seat, Mr. Speaker, while the big fan would like to stand up and make a statement. I could do that.

The Speaker: Carry on. Carry on, Honourable Member.

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

So, Mr. Speaker, you know here we are talking about an increase, an increase to fly to Bermuda. The Finance Minister said in his Budget Statement how critical and crucial tourism is to Bermuda, but we have had a reduction of \$6.5 million out of the Tourism budget in the last two years—\$6.5 million, Mr. Speaker—a reduction in the Tourism budget.

But here we are having the same Finance Minister and the Minister of Tourism saying how important, how vital it is, how crucial it is for Bermuda. It makes no sense. We are having this major reduction when, quite frankly, they should be increasing the Tourism marketing budget, if you ask me, Mr. Speaker. Take the \$11 million profit that the airport generates and give it to the Tourism Authority. Let them go do . . . the Minister talked about they were going to roll up their sleeves and the Tourism Authority are doing their work. Give them some more money.

We have already heard about the difference in a cruise visitor dollar compared to an air arrival dollar—\$16 to 1 [versus] \$11 to 1. Give the Tourism Authority more money. Not so they can give it out to the private sector businesses, like they did down to Whitfield, Mr. Speaker. We do not want the Tourism Authority dollars going that direction; we want them going overseas to get people to come to Bermuda, Mr. Speaker, that is where we want those dollars going. We do not want it going down to Pier 6, helping out her friends and family, Mr. Speaker.

The Speaker: Honourable Member, Honourable Member, let us . . . let us make arguments that support your . . . come on, let us—

Hon. Zane J. S. De Silva: Okay. Well, we do not know, Mr. Speaker, we do not want the tourism dollars going for private sector business, Mr. Speaker. We do not want that, especially when the private sector business has got some dollars behind it.

Now, if you want to give Mr. Smith . . . you want to give Maceo Thomas . . . you want to give him some support to open up a beach bar? Then let us give him—or an entrepreneur—some support, sure, Mr. Speaker. And I know the Minister has already said in this Honourable House that \$180,000 went to help a tourist-related business. But that does not wash for me, Mr. Speaker, not \$180,000—not in these times—not when we have people out of work like we do.

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

The Speaker: Yes, Honourable Member.

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member is misleading the House. I just want to be clear that no one gave anything away. It was a loan, which is being repaid.

The Speaker: All right. Thank you.

And can we try and . . . if we can, try and travel down the road that has . . . on either side it is

one of those gauges that say . . . what is it called, this, the Miscellaneous Taxes Amendment Act?

Hon. Zane J. S. De Silva: Well, that is exactly why I am going this way, Mr. Speaker.

The Speaker: All right, Honourable Member.

Hon. Zane J. S. De Silva: Because if we did not do these types of things with the taxpayers' money, like giving them out to people to fix a tent, you know, Mr. Speaker, maybe we would not have to be raising these taxes. That is the whole point. That is the whole point, that we are going to raise tax . . . we are here, we are going to raise this airport departure tax, we are going to raise that to raise money.

I am not sure now why we are raising this because the Minister of Finance is saying one thing, the Minister of Tourism is saying another. So we are not really sure on this side what that \$15.00 increase is really for, Mr. Speaker. Maybe it will come out later on.

But Mr. Speaker, you know, the Minister of Tourism gave some statistics comparing Bermuda to several islands down in the Caribbean with regard to this airport departure tax. And he talked about Turks [and Caicos], Dominican Republic, and Jamaica, and a few others.

Well, Mr. Speaker, see . . . see . . . why . . . first of all, maybe the Minister has not talked to the CEO lately because the CEO is trying to get away from the Caribbean, and he is drawing analogies to compare to the Caribbean.

So, you know, that is one thing. The other thing, Mr. Speaker, is this: You can say we are competitive with regard to departure tax, but why does the Minister not give us those same statistics for whatever airport he chooses to leave from the US to go to Jamaica, DR [Dominican Republic], Turks [and Caicos] compared with coming to Bermuda? That is where the rubber hits the road, Mr. Speaker. It has nothing to do with comparing the departure tax. It is the cost of the airline ticket from that destination in the US (or wherever) to Bermuda compared to any of the Caribbean islands to the south. And we all know that . . . you know, I see advertisements all the time, Mr. Speaker, New York to Jamaica \$150.00; \$200.00 to DR [Dominican Republic], and so on and so forth. I see it all the time, Mr. Speaker. And we will talk about this more on Friday, but that, Mr. Speaker, is where our dollars should be going.

We should not be cutting the Tourism budget. And the Minister has already said it is in pains—well, certainly the CEO is in pains—because he had his budget chopped, Mr. Speaker. But that is our problem. And we can talk about promoting fish sandwiches and Dark 'n Stormies all we want, Mr. Speaker, but what is going to bring people to Bermuda is advertising and cheap airline tickets. That is what is going to get peo-

ple . . . of course, you have got to get hotels, too. A couple of hotels, a casino, cheap airline tickets, we will be all right.

I know that the Minister and I are on the same page in that regard. There is no issues there. But that is where we need to go, Mr. Speaker. Our money should . . . when was the last time you saw an ad on CNN, ABC, NBC or the Golf Channel on Bermuda? I have not seen one.

But Mr. Speaker, I see Jamaica, I see *Air Jamaica* all the time, I see Bahamas, I see (what is the other one? I see *Spirit*. This is where we need to go. There are still many people, Mr. Speaker, in the US who do not know where Bermuda is. I am sure everybody in this House gets that from time to time. They have got to. I get it all . . . well, I travel. I probably do not travel more than the Minister. He travels a lot more than me.

An Hon. Member: Yes, you do.

Hon. Zane J. S. De Silva: Well, yes—

The Speaker: Honourable Member, can you tie it into the . . . let's go . . . let's see if we can tighten it up.

Hon. Zane J. S. De Silva: Let me tighten . . . you do not like the googly, Mr. Speaker?

The Speaker: Not at all. Not at all—

Hon. Zane J. S. De Silva: You want a little fast ball?

The Speaker: Straight balls.

Hon. Zane J. S. De Silva: Okay. So Mr. Speaker, let me say this. The Minister said . . . and he is hopeful. Unlike the Honourable Member from constituency 11, the Finance Minister (unlike him) says that the last thing we want the OBA to do is to be successful. Okay? And the Honourable Member from constituency 22 says it all the time as well.

Mr. Speaker, let me state this again for the record. I do want the OBA to be successful. We do not confuse holding the Government to account with them being successful. Because Mr. Speaker, I have said it before and I will say it again, I will gladly stay in Opposition to the day I die *if* all the Bermuda businesses in Bermuda are busy and successful, and all our unemployed people are working. Keep me in Opposition! I do not think anybody on this side will argue the fact that we will stay in Opposition if our Bermuda people are working, our businesses are flourishing, and we do not have any debt—none whatsoever. So let me—

[Inaudible interjection]

Hon. Zane J. S. De Silva: No, I am not joking.

The Minister of Tourism from constituency 31 says I am joking.

No, I am not, Mr. Speaker, because you know what? I want them to be successful. Set that bar so that the PLP, in order to get back in power, has to reach that bar that is up this high. And I kid you not. I will stay here. I will stay here until the day I die.

So, Mr. Speaker, let us be clear, let us be clear. Because we hold the Government to account—do not get angry fellows, ladies as well, do not get angry because we . . . we are elected to help run this country, and we are also elected to hold the Government to account, Mr. Speaker. And we will do so.

If the Honourable Finance Minister comes back to this House with any more ideas about raising taxes, unless he is going to do what I said earlier, Mr. Speaker, you want to raise land tax on people that own 20, 30, 40 houses or 10 or 15 buildings in town, I am for that. Let us do that now because those are the folks that should be paying. The folks that live down in Tucker's Town and Fairylands, Mr. Speaker, double, triple their land tax, they can afford it. That is where we have got to go, not Mr. Smith who lives around the corner, Mr. Speaker. Let us let those that make more . . . should want to pay a little more.

So, Mr. Speaker, we are not going to be able to stop the OBA from raising taxes. And, like I said earlier, we understand the position they are in. We understand it. The Minister failed and we understand that too and he is trying. He is going to try. I hope his predictions are a little bit better this year than last, Mr. Speaker. But they have to change their model because their economic model is not working, Mr. Speaker, and they have to think about changing it. Listen to this young man right here. The Honourable Finance Minister continues to call him "young man" but he should listen to him a little bit more. But I think he might be okay.

Thank you, Mr. Speaker.

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

The Chair will recognise now the Honourable Member from constituency 24, Warwick South East, MP Lawrence Scott.

You have the floor.

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

And even before I start speaking you hear chastising coming from the other side. And to me that actually goes just to prove exactly what we are saying. We are not here to try to make the Government wrong. We are just here to hold them to account, to make sure that they have thought of everything.

The one thing that I have a feeling they have not thought of is the fact that you are raising departure tax, which is going to actually raise the cost of doing business for airlines. I am speaking because I know about the cost of doing business for airlines. I work for

an airline. Therefore, if you are raising the departure tax at a time when we have airlines that are doing unprecedented moves, like not coming to Bermuda for the off season, maybe this is not the time to raise the departure tax.

When you have days that only two airlines will fly to the Island, and actually sometimes it is only one airline with two flights to the Island, this is not the time to raise departure tax. And then when you . . . the Government is so quick to say, *Oh, the Opposition doesn't know what they're talking about. The Members don't know what they're talking about.* But then later on you find out that the ideas that have been floated by us, the ideas that we have put forward, the critiques and the accountability that we have given to them may get into their plans. I am speaking from experience, again, on that too with the Airport Authority. All right?

So it just seems as though you want to talk about how this is the time to raise taxes, or at least the departure tax, but then the thing is have they thought about the fact that we already have a . . . (what is that thing called?) supplementary for revenue guarantees. So now, if you are going to raise the cost of doing business, that means the airlines are going to need more money for minimum revenue guarantees because we are not going to be making the revenue that we need to.

Therefore, you are going to be costing the Island visitors that are coming in because they might not choose to fly to Bermuda because it is too expensive already. Airlines cannot do the \$99.00 deals. Trust me, Mr. Speaker, I know. I have gone to my corporate office and said, *Hey why don't we promote Bermuda to make our route just that much more successful and let's go back to doing those \$99.00 deals.* [They reply] *Hey, Lawrence, we would love to do that, but we can't.*

An Hon. Member: Why not?

Mr. W. Lawrence Scott: Because it costs too much to fly to Bermuda. We would be losing money on every ticket we sold if it was \$99.00, especially if you are doing a \$99.00 ticket and the departure tax is \$60.00.

So if you are doing \$50.00 from the States, you are doing \$60.00 from Bermuda, and you are doing a \$99.00 ticket—we cannot do that. So the airlines are now . . . you are tying the hands of the airlines on how we are trying to promote the business, how we are trying to promote the product.

And then, especially when the Minister, and I heard him say that it has a connection to CCC and making it more attractive to them. Now, Mr. Speaker, nobody in this Chamber should have any questions about my concern when it comes to the CCC, because I have been doing my research. All right? And they keep scoffing at the idea about the arms dealing and that the CCC is in arms dealing. That is not my

main point. My main point is the fact that they have gone into (and it is reported, it is documented) deals, signed deals, that they were not authorised to do which put the Canadian Government on the hook for \$15.7 million.

So, if they are going out and signing deals with other governments that they are not authorised to do, they did not have the right plans, they did not have the authority, how do we know that they are not doing that with us? That is what I am asking. And nobody on that side has the answer to that. They have, *Just trust me, just trust me*. That is the same reasoning, and saying words we heard before [when] they borrowed the \$800 million.

So the thing is that we are also looking at other jurisdictions. And I understand that we might not be as expensive as other jurisdictions, but are we giving the same value for money as other jurisdictions? Because that is what our visitors look at. Our visitors are looking at . . . and I am, once again, talking from experience. Visitors coming back from their stay come to the check-in desk, and I say, *How was your stay in Bermuda?* You have businessmen that are saying, *I am paying "X" amount of dollars per night and I can't get complementary Wi-Fi*. You are just going to raise the cost of doing business? You are going to raise the ticket price? You are going to raise the cost for them to come here?

Mr. Speaker, let us look at it like a club. You have one club that charges \$10.00 to get in and they have all these different amenities—they have the right music, they have the best bars, the bartenders are on point. And then you have another club that is charging \$5.00, but yet you have got rats running across it, you have got spiders and cobwebs, and the music is not too good, they only have three choices for alcohol. Even though the price is lower to get into that one club, are you not going to pay a little more to go to something that has more amenities, you get more value for money?

Right now our tourism product is not where it should be, Mr. Speaker. Right I believe that we need to let the Tourism Authority have a little bit more time to go out there and promote our product. And the Honourable Tourism Minister said that the Honourable Shadow Finance Minister mentioned that we do not need an airport. That is not true. The Honourable Shadow Finance Minister said that we do not . . . that right now is not the right time for investing in a new airport. There is a difference.

Mr. Speaker, I am one of those that would directly benefit from having a new airport. It means I could probably get a bigger office, things would look better, I would have jet bridges, I would have the works. It would be wonderful. But right now, Mr. Speaker, right now with our tourism product the way it is, it is not the right time for a new airport. Right now, Mr. Speaker, is not the right time to be raising departure tax on airlines that are doing their best to make

sure that they can make ends meet and continue to make Bermuda profitable. Right now is not that time.

I have Members on the other side that have no idea what happens at an airport, but yet they are still trying to interpolate over here. This is what we are talking about. We need the Government to start listening and stop just putting up blockers, defenders, and putting a deaf ear to what we are saying. The thing is that we do want the Government to be successful because the thing is that just like behind every good man is a better woman, behind every good Government is a better Opposition. So if the Government is successful that means that the Opposition is being successful in doing its job in holding the Government to account. All right?

Then the Members on the other side are going to be quick to say, *Oh, they don't want to work with us, they don't want to do anything with us*. Mr. Speaker, once again I will speak from experience. I have shared ideas with the Honourable Minister of Transport. I have shared ideas with anybody in the Government that is willing to listen, not because I want the credit but because I want Bermuda to succeed. I speak from a place of passion. I speak from a place of just love for my country. That is why I am here.

Mr. Speaker, I am going to be going to work at the airport in about five or six hours. All right? And that—

The Speaker: I want to go to bed soon, too.

[Laughter]

Mr. W. Lawrence Scott: I am going to be going to work at the airport in five or six hours and the thing is that I am here at some cockroach hour in the morning because I love my country, because this is the right thing to do.

I actually like to hear what the Ministers have to say. I may not agree with it, but I do like to hear it because I hear the same passion on their side. But what they need to start doing is stop thinking that they have all the ideas and that they have all the answers because they do not. In this Chamber—together—we all have the answers, not just one side.

So once again I am going to say that right now is not the time to be raising the departure tax. Right now is not the time to act as though you know it all. And right now is the time to listen to the voice of reason and listen to our critiques and us holding you accountable.

Thank you very much, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair now recognises the Honourable and Learned Member from constituency 36, who is the only one who has to drive further than me to get home tonight.

[Laughter]

Hon. Michael J. Scott: That is code, I know, Mr. Speaker, for saying, *Why on earth is he on his feet! Why doesn't he just let us all get home!*

The Speaker: Oh.

Hon. Michael J. Scott: I hear you, Mr. Speaker, but I will be brief.

So I think the issue before us is a question of choices and a question of alternatives. And some of it is about a question of timing. As the Shadow Minister of Tourism and Transport, Mr. Scott, has just indicated, raising the cost of doing business at this time is really what our critique is. This is our constructive criticism.

The modern, informed customers—our clients today, Mr. Speaker—are going to say the same thing. They will either read it online, they will read it somewhere. These are the modern informed customers—consumer being the King and Queen—they go onto websites they make comparisons with destinations' costs, they also end up at the Hamilton Princess or the Fairmont Southampton Princess or . . . any of our properties and they do make comparisons. And they gossip, they talk, and they make choices with their mouths and decide, *Well, I am going to click to another jurisdiction if these room nights, these airfares, the cost of the restaurants, are . . .* their experience and then they compare it with other destinations.

So this is part of the analysis we are making. We have to make . . . the Minister of Finance in particular has to make choices and decisions—fiscal decisions—about price point increases and tax rises in the context of this kind of consumer. The consumer today does nothing else but just sit at a terminal and make comparisons. And so when this feature factors now into their decision whether to click the mouse, it is a negative, or it can be a negative.

Even the macro operators like the large airline, as the Shadow Transport Minister indicated, they too . . . fiscal space has to be respected. It is a very skittish space. It has to be respected because it is a space where people take decisions based on the propensity for capital to migrate, for the herd mentality to take over. Fiscal space has to be respected. And in these modern conditions you add one factor that impacts on cost points and price points and it gets people making different decisions.

I am reminded, by listening to the debate tonight, that when the Minister of Tourism stood and made this broad proposition that these prices of departure taxes—in isolation—are competitive with other departure taxes from the Dominican Republic and Jamaica, et cetera, it makes . . . it is pointless. It is a completely useless comparison, particularly given—

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

The Speaker: Yes, Honourable Member.

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member is misleading the House. I did not compare the departure tax in isolation. I made the comment that it was all of the airport fees combined, and I compared that with some of our—

The Speaker: Yes, yes—

Hon. Shawn G. Crockwell: —competitive jurisdictions.

The Speaker: He did do that, Honourable Member. Carry on.

Hon. Michael J. Scott: That Honourable and Learned Member has misunderstood me completely.

And perhaps I was not being fair; certainly it was the Minister of Finance who listed all of the countries and the figures from \$82.00 to our \$58.00. And then his colleague, the Minister of Tourism, stood up and did the very same thing. But the fact that our number still—our number at \$58.00—comes under Jamaica's at \$82.00. We know that the numbers . . . and the weight of air lift going into Jamaica today and throughout all of our history (speaking of competitiveness with Jamaica) they have heavy air lift, far more heavier than ours. And yet they have a higher departure tax, but they are still being . . . we have absolutely no way of comparing ourselves competitively with Jamaica.

They are doing much better than we are on both air lift and the numbers of people going into Montego Bay and Kingston. So the comparison . . . I make the point, I still say that to justify an increase in departure tax by saying that our \$58.00 comes under Jamaica's and Cayman's and the DR [Dominican Republic] is a comparison without any meaning or value because those destinations are all doing very well, thank you very much. In fact, they are doing much better than us in terms of—

[Inaudible interjection]

Hon. Michael J. Scott: Yes, in terms of air lift. And therefore people . . . and I am not going to be the only person making this and drawing this calculation and making this conclusion. The travelling public are going to be doing it. And they will say, *Well, Bermuda has just given itself yet another reason for us to take the family this time to another destination.*

I do not think, just dealing finally with this whole question of whether we are going . . . the Opposition goes too far and we are on a campaign—persistent and continuous campaign—to try and stop the momentum of the Government. Mr. Speaker, governments will come and governments will go. And when Mr. De Silva, the Shadow Minister for Tourism, said he would live in the Opposition forever, he is entitled to say that. But, frankly, I am here to tell him that he has no fear that he will ever live in Opposition forever. I do not care how good the OBA Government manages to get one day, you will go as a Government because that is what happens with Governments. We do not last in Government forever. It is a reality that Governments come and go.

After Winston Churchill won and saved the country from the ravages of a moving German machine . . . after he did that you would have thought that they would have rewarded him with continuation. But no. He was surprised to learn that he was thrown out of office. So, Mr. De Silva, not to worry, we want the Government . . . we could stand and put hand on heart and say we want the Government to be successful. And we do, on this side of the House. We want you to be successful soon and frequently. But that is no guarantee that you will stay.

So it is a flawed calculation to say that that is the reason why we stand and critique you. We are lawyers over here, former Ministers over here, we understand the capacity for you to print in a national statement projects such as these, part of the two-track plan. We understand that your capacity to sell to the world and to the local public this proposition, just by a statement. But the only ones that really have the real prospects are a matter of analysis. And we are able to make the analysis, just by looking at it for 10 minutes, because some of these projects from Regis, Ritz, Hamilton Princess, Sinky Bay, Pink Beach, Ariel Sands, Airport, America's Cup—all of them are projects that we can look at in a glance and give a quick, quick, and fairly realistic analysis and prognosis as to their success.

You go out into the market and you hear . . . our analysis and prognosis is even assisted by people giving us direct information about some of these projects not having a snowball's chance in a very hot place of succeeding.

So, we add to the debate here, we inform you, it is friendly advice, that these are the views. But we do not need to rely entirely on what people tell us. We know that in the fiscal space unless and until . . . the gold standard is the Green family over there at Princess. They have got shovels in the ground. They have got the funding in place. They have got a hotel project which is a pure hotel project of redevelopment and reinvestment and it is taking place. So if that is the gold standard of telling the people through a Government that this kind of hotel project, this type of tourism project, is on its way, when we stood . . . and I do not

wish to reflect too deeply on previous debates. Let me say that a Pink Beach (which is here) involves not a pure hotel project, but a private owners' involvement plus a hotel project. It is both credible and legitimate to look at.

But let me not stray from increased departure taxes. This is the issue. This fiscal space demands of us that we not make ourselves uncompetitive with our decisions. And I hope that we would be forgiven for critiquing the Minister of Finance and the Minister of Tourism's support of this measure by the fact that we looked at another prior decision by the Minister of Finance on interest—not on interest rates, but on raising a tranche of loans in this country on the basis that interest rates would rise, when we now discover that interest rates have actually gone in the other direction and have fallen. It is a good reason why we should bring these things to the attention of the Government, Mr. Speaker.

So those are the reasons why we must operate in the context of the modern consumer. I mean, raising the departure tax has impact on the decision of airlines and what they say this will do to their price point. It has impact on the consumer who will decide whether another destination is a better destination for me to click the mouse on and choose over Bermuda.

Whilst I am sympathetic to the need for the Minister of Finance to look for ways to raise revenue, this is the reason why the opportunity must be seized in this House to actually work with us when we make proposals for other methods, alternatives, to finding a clear path through these challenges. The challenge that the Minister of Finance faces is to find revenue. The Shadow Minister of Finance has made a strong case for alternatives. But to go down a path that is actually going to make us uncompetitive does not seem logical to me. It does not seem logical.

But to adopt a programme of spending scarce resources in the local economy, including . . . whether it is the Blue Economy or the Green Economy, it has an equivalent impact—beneficial impact. If we get the engine of the economy turning on a proposal suggested by the Shadow Minister of Finance, you have the economy being successful in an entirely different area, and we are not making a decision that is fairly typical and classic, but it is one of the easy roads—increase taxes. But to do so during a time when we have not . . . on all prognostics coming from the front bench of this Government, that the country's economy has not recovered yet, why would we take a decision that actually adds to the price point of doing business?

[This] is the simple construct and the simple criticism that we make. And we invite the Government to have a look at it. But we cannot fathom why this choice seems to be one that the Government would go with at this time.

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

The Chair will recognise now the Member from constituency 18, Sandys North . . . Pembroke West Central—

[Laughter]

Mr. E. David Burt: Oh, you are tired, Mr. Speaker. You are tired. You were times two. He is 36; I am 18, Mr. Speaker.

The Speaker: [Constituency] 18, yes.

Mr. E. David Burt: Mr. Speaker, good evening.

The Speaker: Good evening, good evening—good morning!

Mr. E. David Burt: Good morning. I am certain that you were not expecting to be here this late. I was not expecting to be here this late. I know the Minister of Finance was not expecting to be this late, but nonetheless, Mr. Speaker, here we are.

Now I will do my best not to take up 30 minutes time because I know the Honourable Member for constituency 1 is dying to get back home.

But what I would say, Mr. Speaker, is that there is no doubt and there is no question that on this side we do not support this move because this move is tied to what we view is a flawed policy and a flawed way forward when it comes to redevelopment of our airport.

Now, there is no doubt that the airport itself is an ageing asset. And of course, Mr. Speaker, the reason why I am speaking about the airport itself and not the departure tax is that we know from the Minister's Budget Statement this is about the airport. This is about the redevelopment of the airport. This is, as the Opposition Leader said, fattening the calf for CCC and Aecon to kill. That is what it is about. It is about finding more revenue to make the deal work. That is what we are faced with right here.

As has been said many times from the other speakers, Mr. Speaker, this is not going to solve the problem because it is not going to do what we believe is the most urgent need. And we actually believe or agree with the Minister of Finance when he says that we need to put more energy and emphasis on our tourism, that tourism is going to be what is needed in order to create jobs in our economy.

The question is, Mr. Speaker, how do you best go about that direction? In our opinion the best way about going in that direction is investing in our tourism product and investing in our tourism marketing. There is no doubt, Mr. Speaker, that the building of a brand new airport is not going to bring additional tourists to this country. I said it before, it does matter if it is lined with gold, Mr. Speaker, it is not going to increase the amount of tourists that are on our shores. That comes from tourism marketing. That comes from

tourism product development. That comes from giving additional resources to getting people here.

When we talk about hotel development itself, when we are talking about our hotel occupancy being stuck in the low 60s—not even sometimes reaching 60, when we talk about the falling amount of hotel beds, not increasing the amount of hotel beds, what we need is to increase our air arrivals. And increasing departure tax and increasing the cost to come to Bermuda is not something that is going to increase air arrivals.

This policy, this move, is contrary to what we need. And that is why we do not support it, Mr. Speaker, because it does not make sense.

Now, Mr. Speaker, it is interesting because we see a whole lot of revenue-raising going on in this budget. But what happens when it comes to next year's budget, Mr. Speaker? And I bring this point up because I believe it is very important because we have to take a long-term view when we are considering these taxes.

Now, Mr. Speaker, one of the things . . . and I am very pleased that the Minister of Tourism said something because the Minister of Tourism and Transport said that if you raise the fees you are going to raise the revenue of the airport. And that is wonderful because we have been hearing from the Minister of Finance that if you raise these fees the airport is not profitable, it is not going to make money. If you raise these fees the money is not going to go to the airport. Well guess what, Mr. Speaker? The money is going to go to the airport. So all this . . . I do not want to say—

An Hon. Member: Brouhaha.

Mr. E. David Burt: —stuff . . . nonsense, that we are hearing, nonsense that the airport does not make a profit, that CCC is going to take on a money-losing enterprise, that Aecon and Michael Butt are going to come down here and build an airport that is going to lose money, does not make sense. It does not make sense.

And the argument that the Minister said, that because the money from the airport departure tax does not go to the airport, it goes to the Consolidated Fund? Mr. Speaker, all money that goes to Government, if it is not diverted to a separate fund, goes into the Consolidated Fund. That is what it says in the Public Treasury (Administration and Payments) Act. That is what it is.

[Inaudible interjection]

Mr. E. David Burt: Oh, the Minister of Finance asked me if that is a point. Yes, Minister of Finance, it is a point. And it is a point because you cannot say that the airport does not make a profit because the money from the airport departure tax goes to the Consolidated Fund without recognising that the revenue and

the expenses at the airport itself go in and out of the Consolidated Fund. So if you want to say what is going to form part of the deal, say all of it is going to form part of the deal. Because as much as you say Minister of Finance that the airport does not make money, when we look at the Estimates of Revenue and Expenditure, Mr. Speaker, and we take into account airport departure tax, expenses and revenue of the airport, versus the expenses of the airport, we see a profit of—this year, Mr. Speaker—\$11.5 million.

[Inaudible interjection]

Mr. E. David Burt: Mr. Speaker, I am happy to yield for a clarification if the Minister would like to clarify my numbers.

[Inaudible interjection]

Mr. E. David Burt: Okay. Here it is, Mr. Speaker, here we are. *I am wrong.* Mr. Speaker, *I really do not understand.*

Mr. Speaker, the Honourable Minister says I am wrong. I am going to try here: Airport Departure Tax—\$20 million; Revenue to the Airport—\$10.818 million; total \$30.818 million. So \$30,818 million is the revenue assigned to the airport. Expenses from the airport—\$19,331,000.

[Inaudible interjection]

Mr. E. David Burt: [That is] \$30,818,000 minus \$19,331,000, yields \$11,487,000.

Now I am happy for the Minister to yield because that is from his numbers in his Budget Book, Mr. Speaker.

Hon. E. T. (Bob) Richards: Point of order.

The Speaker: Minister?

POINT OF ORDER

Hon. E. T. (Bob) Richards: The Honourable Member's numbers do not include things that are outsourced.

The Speaker: Thank you, Member.

Mr. E. David Burt: Things that are outsourced? What outsource are we talking about?

[Inaudible interjection]

Mr. E. David Burt: Okay. Oh, I do believe that the security fees come under Professional Services and they come under the line items of the Department of Airport Operations. I am quite certain I heard that earlier today. But that is okay, that is okay, because the

Minister of Finance still wants to convince us that Aecon is going to take over a loss-making enterprise, because the airport does not make any money, for however long they are going to take it over, build us an airport for \$225 million and then employ 400 people on an ongoing basis—10 times as many as are employed now—wow! Wow, wow, wow.

Oh, yes, the Minister of Finance is saying that these figures do not take into account outsourced operations, but I see security as a line item and I see meteorology as a line item. So they are there, they are there in Budget Book, Mr. Speaker.

As I said, Mr. Speaker, we know what is going to happen with the airport. We know that these fees are going to pay for the new airport. That is what is going to happen, Mr. Speaker. The challenge is that as a country we understand and know that we are going to lock ourselves into a long-term deal—my goodness they took the crystal ball.

[Inaudible interjections and laughter]

Mr. E. David Burt: They took the crystal ball.

Mr. Speaker, I rise and request the privilege—a piece of my property has been stolen from the Honourable Member across, and I would appreciate if you would return our crystal ball back to us.

[Laughter]

Mr. E. David Burt: Mr. Speaker, going back to the point, because I think this is another important point to make, the question is what are the long-term impacts that this move will have on our budget?

Now we hear the Honourable Minister say that the move to the new airport . . . that the reason for this departure tax increase will have But here is the thing, Mr. Speaker. In the long term it has a long-term effect. He said a minimal impact to our balance sheet and a minimal impact to the Government's finances. Nonsense, Mr. Speaker. And the reason why is if you are taking in \$11.5 million less (because right now the airport runs at a profit) that means that your financial situation is worse. That is what it is, Mr. Speaker.

But here is the rub, because if the airport is going to be taken off the books, Mr. Speaker, if the airport is no longer going to be a part of the Government of Bermuda going forward, if it is going to be off to the side and, you know, concessionaired by CCC, they have their own thing—not inside of our balance sheet, not inside of our income statement at all, Mr. Speaker—then that would mean that their revenues go to CCC and their expenses go to CCC.

Now here is where it gets tricky, Mr. Speaker, because if you take the revenues off the books, then that means you are taking \$30 million of revenue away. So this year if we are having \$930 million of revenue, next year we have \$900 million of revenue. But the Minister is predicting that we are going to have

\$960 million of revenue next year. So that means that he is going to have to raise taxes again by even more than he raised taxes this year to try and meet that figure, Mr. Speaker. That is where it is.

But the other thing is on the expense side, Mr. Speaker, because on the expense side money will disappear from the expense side so we will now be looking at an \$870,000 expense line. However, here is the rub, Mr. Speaker. That is not enough. So the Minister has to make more cuts next year in order to meet his targets because outsourcing the airport is not enough. So this is not a one-term deal, Mr. Speaker. This is not a one-year arrangement.

When we are talking about the vote today to increase these taxes to support the redevelopment of the airport, we are talking about a long-term impact to the balance sheet of this Government, a long-term impact to the income statement of this Government, and a long-term impact to the Consolidated Fund. Because when we are talking about \$30 million of revenue coming off our books and going to CCC, and we know in the end it is going to be more, because we know \$11.5 million cannot build a \$255 million facility, even if you are borrowing interest at zero per cent. It is not going to work. The fact is, Mr. Speaker, that somehow some way this money is going to have to get paid back.

So we heard from the Honourable Minister for Tourism and Transport that these are not ideal conditions. And I agree, Mr. Speaker. It is clear these are not ideal conditions. It is clear that there are no easy choices and no easy decisions to be made. Here, however, Mr. Speaker, is the challenge: The challenge is that if we have short-term thinking, and we are constrained by short-term thinking, then we are going to askew the long term. And we need to be very careful about what happens in the long term, Mr. Speaker, because Bermudians do not just live for three years. This country is not just here for three years. Our planning cannot be limited to just three years. We have to look into the future.

The move and the vote of which we are taking today is in support of the airport. It is in support of the rebuilding of the terminal underneath the process of which the Minister set forward. A process which has no RFP, a process which does not meet international value for money test, a process which, Mr. Speaker, is something that many have questioned—and not just Members on this side, but Members of his own party, members of the business community, which are some of his strongest allies. I hear them. I'm like . . . *Mr. Burt, I am keeping up on the airport. I can't imagine why it is not going out to tender. This PPP project is going to cost a lot of money going forward. You know, I really like what you're doing.* And all the rest.

As the Opposition Leader said, they are not going to say it publicly. They are not going to say it publicly. But that, Mr. Speaker, is what we get because we know that this is not the right way forward

and we know that this is going to put Bermuda in a bad situation. And we heard the Honourable Premier earlier talk about the hospital and how we have to pay so much going into the hospital going forward. It is the same thing that will happen with this airport project, Mr. Speaker, the exact same thing—a stream of payments that the Government is committed to going forward. That is the case, Mr. Speaker, and whether they want to say it is different, the fact is that money that would have been going into the Consolidated Fund is now going to go to Canada. That is the fact, Mr. Speaker.

Now, these are not ideal conditions. But it does, Mr. Speaker, rub me the wrong way when I hear that all we want is for the country to fail. No, Mr. Speaker, we want the Government to make the best decisions for the people of this country. There can be an airport deal that we can support. It may even be an airport deal done by CCC. It may even be that Aecon ends up building it and Somers Construction ends up getting the construction contract. However, Mr. Speaker, it should only be that after we are certain we got the best deal possible, after it is certain that it has met value for money test, after it is certain that it has gone out to tender, and after we know that there is no better deal on the table for Bermuda to have.

But under this construct, Mr. Speaker, it is impossible to find out whether or not Bermuda got the best deal—unless they are going to shop the deal around, Mr. Speaker. And I am happy if the Minister is going to tell me that they are going to shop the deal around. Unless they are going to shop the deal around, there is no way that we can know for sure that we could not have gotten a better deal. That is the problem which we have, Mr. Speaker. That is the issue, because even if it could have been a \$5 million better deal, \$5 million means a lot. And if someone could give it to us for \$250 million or \$245 million or \$230 million, that is money, Mr. Speaker, that is a real difference. And that is what we have to look at when we are talking about value for money.

Now, Mr. Speaker, I would really hope that when the Minister stands up he can give clarity on this issue of how he said that Aecon is going to create 400 long-term jobs, because I am dying to hear it. Mr. Speaker, if he can convince me, then, to be quite honest, I will sit down because I need to hear where these 400 long-term jobs are coming from at an airport which right now only employs 43 people. That is what I want to know. I am dying to find out, especially when efficiencies are going to have to be created, where these 400 long-term jobs are going to come from.

I hope that the Minister will provide clarity. I hope that he would do that. Because the fact of the matter is, Mr. Speaker, that, yes, the airport will bring short-term stimulus with jobs. But if the trade off between the short-term stimulus and the long-term stream of payments, the long-term loss of control of a

strategic asset to the Canadian Commercial Corporation and Aecon and Somers Construction, then we have to really question as to whether or not this is the best way going forward for Bermuda.

So I would hope that the Minister would be able to take into account my concerns. I would hope that the Minister would be able to answer the question, specifically the issue that he raised about 400 long-term jobs. And I would hope that the Minister could also explain how he is going to rationalise this in future budgets going forward because the numbers do not work.

The Minister of Finance in his Budget Statement predicted that revenue will only increase by 3 per cent next year. That is in his projections. However, if the airport is gone and the \$30 million of revenue is gone, it cannot be a 3 per cent increase because we will not meet his budget targets. So that means that either he is making it up inside the figure or he is not being completely open and honest. I hope that he will take this time to clarify for us what will actually happen in the future years, especially if the airport gets privatised, because it is clear that income and expenses will come off our balance sheet, it will come off of our income statement and go somewhere else.

The figures do not add up as he has presented them and, Mr. Speaker, it is clear that we on this side do not believe this is the right move at this time. We need to take the money and invest it in tourism and hold off on an airport development so we can raise our air arrivals. We do not exist in an ideal situation, as the Honourable Minister of Transport said, so we should make the best of this not ideal situation and put our money where we can get a return. There is no return in a new airport, Mr. Speaker, there is a return on increased investment in tourism.

Thank you.

[Desk thumping]

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

I now recognise the Minister of Finance, Minister Bob Richards.

You have the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

This is getting like a broken record, Mr. Speaker. I start out by saying the hour is late, the hour is late, and the hour is late.

First, as it relates to the airport, let me make something very clear. If we sign a deal with Aecon and CCC tomorrow, there will be no need to do anything for the airport until it is built and that is three and a half years from now—three and a half years from now if we did the deal tomorrow. All right? Three and a half years. Therefore, between now and when the airport is built, this increase in departure tax goes into

the Consolidated Fund to help to pay for America's Cup expenditure. Okay?

So let us just settle this lot down and all its rhetoric. Those are just the facts. We are not going to build the airport tomorrow. You know, even if we struck the deal tomorrow, it is not going to get built for three and a half years. It is only when the airport is finished that there will be some hypothecation of departure tax.

So that is how we explain the truth, which is, between now and three and a half years from now, Mr. Speaker, we are going to have a huge influx of people coming through the present airport for America's Cup. And when they do they are going to pay a \$50.00 per head departure tax, which would really help the Consolidated Fund, thank you very much.

So when we say this will help pay for America's Cup, when I say that, you know, we are going to try to do the America's Cup without deficit financing, this is what I am talking about! Okay. So let us get that straight.

Now raising taxes is going to be the big deterrent to tourism. The relationship between departure taxes and tourism arrivals depends on a lot of things. Mainly, it depends on the elasticity of demand for people coming here. Now, you know, I think we get on funny ground when we start making that comparison to Jamaica, for instance. The type of tourist that goes to Jamaica for \$100.00 junket is not the type of person that is going to come here under virtually any circumstance because that is not the segment of the market that we are attempting to penetrate. In the main, that is not the type of market we are trying to . . . we know that Bermuda is always going to be expensive and, therefore, we are trying to make a penetration in the higher echelon of the tourist market.

But there is a point that has been missed as it relates to . . . you know, which comes first the chicken or the egg? Do you get the hotels because more people are coming to Bermuda or do you get more people to come into Bermuda because you have new hotels? We are basing our strategy on the branding power of new hotels . . . the branding power. Once upon a time in Bermuda, I guess, a long time ago now, there were no hotel chains in Bermuda. All the Bermuda hotels were kind of independent. Now we have Fairmont and Rosewood, that is about all. But most of your major hotel corporations have very, very valuable brands and people go to those brands, go to countries where those brands are present.

The deals that we are trying to do with the St. George's hotel and the one at Morgan's Point are going to be branded hotels. And what that means is that if you have, particularly a luxury brand hotel, the elasticity of demand as it relates to the price of a ticket and the price of a lot of other things is a lot smaller. Let me just use an example. You know the most inelastic demand product you can buy is pharmaceuticals. It does not matter how much the drug cost, all

right, you are going to pay for it. It is as simple as that. That is a really inelastic demand product. But some other things that you know even if it is just a penny difference, you are not going to buy it and that is a very elastic product.

Now what we are shooting for here is hotel brands, which are luxury brands, where there is an inelastic demand for it. So that means that we will have the ability to put up this price for transportation without any visible effect on the actual volume coming through. So the strategy here as it relates to tourism development has to do with the power of branding. All of your major hotel companies on the New York Stock Exchange or any stock exchange, all right, the most valuable thing for those hotel corporations is their brand. And we want more branded hotels in Bermuda and the brands will suck in the customers. So that is what we are trying to do.

I have got some other notes here. I think I will just skip over them because of the time.

[Pause]

Hon. E. T. (Bob) Richards: Okay, Mr. Speaker, I will stop there because it is late. I can go on and on for some time, but I mean, I think that the point I am trying to make here is that this airport is a very strategic part of our plan. It is going to be a job creator. It is going to be a job creator for Bermudians. And when somebody says, *Well, we want to put money into tourism and then we have the airport*, Mr. Speaker, you know the former Government spent a whole lot of money on tourism and where did it get us? It is sort of like the same argument that we did with education—if you throw more money at it, it will get fixed. That kind of philosophy and approach has not worked. Where you just keep throwing money at stuff and you expect it to work all by itself.

That has not been the approach of this Government—to throw money at things. It is much more of a qualitative approach, and an approach to change a system as opposed to just throwing more money at it and expecting things to get better. Dr. Brown threw a lot of money at tourism and it did not do a whole heck of a lot for tourism in Bermuda. Certainly this is—

Hon. Zane J. S. De Silva: Point of order, Mr. Speaker.

The Speaker: Yes.

POINT OF ORDER

[Misleading]

Hon. Zane J. S. De Silva: That is certainly misleading the House, Mr. Speaker, because under Ewart Brown we had a record—a record—amount of tourists that came to Bermuda in 2007. So just saying that it did not have—

The Speaker: All right. Thanks.

Hon. Zane J. S. De Silva: —any success is not right.

The Speaker: All right. Thank you.

Hon. E. T. (Bob) Richards: Most of those tourists were on cruise ships, Mr. Speaker. So, you know, we can have cruise ships and customers come here and buy a t-shirt and they are gone. But that is not what we are after here. We are after air arrivals, people who stay in hotels, and spend a lot of money—

Mr. E. David Burt: Point of order, Mr. Speaker.

Hon. E. T. (Bob) Richards: That is what we are after.

POINT OF ORDER

[Misleading]

Mr. E. David Burt: Point of order, Mr. Speaker.

The Honourable Member is misleading the House because he should know from the figures that the air arrival figures in 2007 were 110,000 more than they are currently.

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

Hon. E. T. (Bob) Richards: And what happened after that, Honourable Member? They have just gone down and they went down during their administration. I mean, give me a break. Give me a break! You know, give me a break.

So, you know, they want to say that they did great, but tourism has been in a secular decline for 30 years and we need to take systemic and qualitative methods and initiatives to turn it around. That is what we are doing. It is not going to be good enough just to throw money at it. That is the point. And if they do not want to accept that point, well, you know, we are on different pages.

So the point I have made is how we are going to get money to help pay for the America's Cup, which is what I said in the Budget Statement, that we are going to do it . . . to try and get that money without deficit financing. That is a very important point.

The airport is going to create jobs. It is going to go . . . it is going to be in keeping with what we want to have Bermuda viewed as in terms of a product, in terms of a quality product.

[Crosstalk]

[Gavel]

Hon. E. T. (Bob) Richards: So that is also important.

But mostly, Mr. Speaker, we are doing this airport now because we want to create jobs for Bermudians.

And I repeat, anybody who is against this airport is against the creation of jobs for Bermudians.

So with that, Mr. Speaker, I would like the Bill to be committed.

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

The Minister has moved that the Bill be committed.

Are there any objections to that?

Deputy Speaker, please take the Chair [of Committee].

House in Committee at 2:00 am

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

MISCELLANEOUS TAXES (RATES) AMENDMENT ACT 2015

The Chairman: Good morning. Members, we are now in Committee for further consideration of the Bill entitled [Miscellaneous Taxes \(Rates\) Amendment Act 2015](#). I call on the Minister in charge to proceed.

Minister, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Madam Chair.

This Bill seeks to amend section 9B of the Miscellaneous Taxes (Rates) Act 1980.

I move clauses 1 through 3.

Clause 1 is self-explanatory.

Clause 2 amends section 9B(1) of the Miscellaneous Taxes (Rates) Act 1980 to increase the rate of passenger departure tax in respect of air travel from \$35.00 to \$50.00 per passenger.

Clause 3 provides for a commencement of 1 April 2015.

The Chairman: Thank you.

Are there any Members that would like to speak to clauses 1 through 3?

The Chair recognises the Member from constituency 18, Pembroke West Central, Mr. E. David G. Burt.

You have the floor.

Mr. E. David Burt: Thank you very much, Madam Chairman.

Madam Chairman, the first thing is that the Progressive Labour Party is on record as not supporting this tax increase for the reasons of what the funds will be used for.

The question that I had, which I asked in the general debate—which the Minister did not answer, so I will give him another opportunity to answer, although I have a feeling that he will not answer—is that in the main debate he said that this airport project will create 400 long-term jobs. And given that the airport right now only employs 43 people, I was wondering if he could explain to us where that thousand per cent increase in jobs is going to come from, especially from a profitable enterprise.

The Chairman: Thank you.
Minister?

Hon. E. T. (Bob) Richards: My only response to that is when the Government is in a position and is willing to make a full presentation to the public of Bermuda, that answer will be forthcoming.

The Chairman: Thank you.

Are there any other Members that would like to speak to clauses 1 through 3?

There are no other Members.

Minister, please proceed.

Hon. E. T. (Bob) Richards: Madam Chairman, I move all three clauses, please.

The Chairman: It has moved that clauses 1 through 3 be approved as printed.

Are there any objections to that motion?

No objections.

Agreed to.

[Gavel]

[Motion carried: Clauses 1 through 3 passed.]

Hon. E. T. (Bob) Richards: Madam Chairman, I move the Preamble.

The Chairman: It has been moved that the Preamble be approved as printed.

Are there any objections to that motion?

No objections.

Agreed to.

[Gavel]

Hon. E. T. (Bob) Richards: Madam Chairman, I move the Bill be reported to the House.

The Chairman: It has been moved that the Bill be reported to the House as printed.

Are there any objections to that motion?

[Inaudible interjection]

The Chairman: There is an objection to that motion.

All those in favour of the motion, please, say Aye.

AYES.

The Chairman: All those opposed, please, say Nay.

NOES.

The Chairman: The Ayes have it.

[Gavel]

The Chairman: Thank you. The Bill will be reported to the House as printed.

[Motion carried: The Miscellaneous Taxes (Rates) Amendment Act 2015 was considered by a Committee of the whole House and passed without amendment.]

House resumed at 2:04 am

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

MISCELLANEOUS TAXES (RATES) AMENDMENT ACT 2015

The Speaker: Thank you, Members. The Miscellaneous Taxes (Rates) Amendment 2015 has been approved.

We now look at Order No. 7 all the way through to 19, [they] are carried over.

I now call on the Minister of Finance.
Minister of Finance, carry on.

SUSPENSION OF STANDING ORDER 21

Hon. E. T. (Bob) Richards: Mr. Speaker, I move that Standing Order 21 be suspended so that we can have a third reading of the Land Tax Amendment Act 2015.

The Speaker: Are there any objections to that?
Carry on, Minister.

[Motion carried: Standing Order 21 suspended]

BILL

THIRD READING

LAND TAX AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: Mr. Speaker, I move that the Bill do now pass.

The Speaker: It has been moved that the Bill be passed.

Any objections?
The Bill is passed.

[Motion carried: The Land Tax Amendment Act 2015 was read a third time and passed.]

SUSPENSION OF STANDING ORDER 21

Hon. E. T. (Bob) Richards: Mr. Speaker, again, I move that Standing Order 21 be suspended so that I can read for the third time the Payroll Tax Rates Amendment Act 2015.

The Speaker: Any objections?

Okay, I heard some . . . all those in favour, say Aye.

AYES.

The Speaker: Those against, say Nay.

NOES.

The Speaker: I think the Ayes have it.

[Motion carried: Standing Order 21 suspended]

BILL

THIRD READING

PAYROLL TAX RATES AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: Mr. Speaker, I move that the Bill do now pass.

The Speaker: All right. It has been moved that the Bill do now pass.

Are there any objections to that?
The Bill is now passed.

[Motion carried: The Payroll Tax Rates Amendment Act 2015 was read a third time and passed.]

SUSPENSION OF STANDING ORDER 21

Hon. E. T. (Bob) Richards: And lastly, Mr. Speaker, I move again that [Standing Order] 21 be suspended to allow me to read the Miscellaneous Taxes (Rates) Amendment Act 2015 the third time.

The Speaker: Any objections to that?
Carry on, Minister.

[Motion carried: Standing Order 21 suspended]

BILL**THIRD READING****MISCELLANEOUS TAXES (RATES) AMENDMENT
ACT 2015**

Hon. E. T. (Bob) Richards: I move that the Bill do now pass.

The Speaker: All right. Any objections to that?

Some Hon. Members: Yes.

The Speaker: All those in favour, say Aye.

AYES.

The Speaker: Those against, say Nay.

NOES.

The Speaker: I think the Ayes have it.

[Motion carried: The Miscellaneous Taxes (Rates) Amendment Act 2015 was read a third time and passed.]

The Speaker: I recognise the Premier.

ADJOURNMENT

Hon. Michael H. Dunkley: Good morning, Mr. Speaker. I move that we adjourn and come back tomorrow morning at 10:00 am.

The Speaker: All right. Thank you.

The House is now adjourned until Friday at 10:00 am.

[Gavel]

[At 2:07 am [Thursday, 5 March 2015], the House stood adjourned until 10:00 am, Friday, 6 March 2015.]

BERMUDA HOUSE OF ASSEMBLY**OFFICIAL HANSARD REPORT****6 MARCH 2015****10:19 AM***Sitting Number 12 of the 2014/15 Session**[Hon. K. H. Randolph Horton, Speaker, in the Chair]***PRAYERS***[Prayers read by Hon. K. H. Randolph Horton, Speaker]***CONFIRMATION OF MINUTES**

The Speaker: Honourable Members, the Minutes for the meetings of March 2nd and March 4th will be deferred.

MESSAGES FROM THE GOVERNOR

The Speaker: There are no messages from the Governor.

ANNOUNCEMENTS BY THE SPEAKER OR MEMBER PRESIDING**APOLOGY**

The Speaker: I do have one message. And unfortunately, today I have received word from the Honourable Deputy Premier and Minister of Finance he is not well. And we certainly wish him better. And the Finance Budget will be handled by the Honourable Minister for Economic Development, Dr. Grant Gibbons, when the time comes. We certainly hope that the Minister is feeling better soon.

MESSAGES FROM THE SENATE

The Speaker: There are no messages from the Senate.

PAPERS AND OTHER COMMUNICATIONS TO THE HOUSE

The Speaker: No papers and communications.

PETITIONS

The Speaker: No petitions.

STATEMENTS BY MINISTERS AND JUNIOR MINISTERS

The Speaker: The Chair will recognise the Honourable Minister, the Honourable Minister Atherden, from constituency 19, Pembroke West. You have the floor.

FAMILY RESPONSIBILITY

Hon. Jeanne J. Atherden: Thank you, Mr. Speaker.

Mr. Speaker, thank you for the opportunity to [address](#) my honourable colleagues and the public of Bermuda to talk about how distressed I am that our hospital is being used as a residence for seniors who do not need to be there.

Mr. Speaker, you will be aware that the new Acute Care Wing (ACW) at the hospital opened its doors in September of last year. During that time, the patient satisfaction survey results have been very encouraging. Patients are impressed by the new facility and the services that are being offered.

Mr. Speaker, we could feel some pride that we are moving in the right direction in our provision of quality health care for all Bermudians. Now, Mr. Speaker, some six months later, there is a problem. The problem is that all 90 beds at the new Acute Care Wing are full. Not only that, but all of the beds in the General Wing of the hospital are also full, and the Bermuda Hospitals Board is having to add additional beds.

Mr. Speaker, if the beds were full because we had a sudden influx of acutely sick patients, I would understand. But this is not the case.

The problem, and the source of my distress, is that there is a growing trend for the families of these elderly Bermudians to refuse to take them back home. They refuse, Mr. Speaker, to take responsibility for their grandparents, their parents, their siblings—telling the hospital that they are unable to cope with an ageing relative, or do not have the appropriate resources at home.

There are some instances in which the hospital's medical social workers help the family to find alternative placements for their relatives, but we are seeing cases where the family is still refusing to make a decision about placement, which leaves the senior in the hospital.

Mr. Speaker, we have more than 30 Bermudians in the hospital who are what we call "long-stay social admissions." These ladies and gentlemen do

not need to be in the hospital; they should be at home with their families in familiar surroundings that provide a degree of comfort that they can rely on.

I have to pause here and say that it is my belief that the vast majority of families on this Island are responsible and caring. They look out for and ensure that their elderly relatives are well looked after. I know that many individuals and families scrimp and save and sacrifice to make sure that they provide for their elders.

But there are others, Mr. Speaker, who do not seem to have the same motivation. Mr. Speaker, I have been made aware of cases where children who are professionals and have good jobs will not help to cover the cost of their parents' residential care and the case where a senior's family have turned their collective backs and said, *They are not my problem; you find them somewhere to live.*

Mr. Speaker, what this says to me is that we still have much work to do. We want Bermuda to be a community where we can plan for old age, and as a family we work together to allow seniors to age gracefully at home with dignity and independence as far and as long as possible.

Some will say that there is really no harm in this and there is no real cost. But the reality is that harm is being done to that senior, and there is a price that the senior pays for staying as a long-stay social admission in the hospital. Mr. Speaker, there is also a price that the community pays.

Let me give you an example, Mr. Speaker. Let us assume that a 75-year-old senior who is on FutureCare has been in the hospital for more than 15 days because, although they do not need hospital care, they cannot be discharged. Every month this senior is in the hospital costs \$34,000. FutureCare pays 20 per cent of that, or \$6,800, but hospital subsidy pays the other 80 per cent, or \$27,000.

I do not have to remind you, Mr. Speaker, that the hospital subsidy comes out of the Consolidated Fund, which means that the taxpayer is paying \$27,000 for every month that any senior over the age of 74 is in the hospital. That is a real unnecessary cost to the public purse.

Mr. Speaker, if we can find a way for just a few thousands of those of dollars to pay for in-hospital care to follow the senior home to provide for in-home caregiver support, I feel that we would realise significant savings on the bottom line.

Mr. Speaker, the hospital is at the point now where they are having to cancel elective surgery because of a bed shortage. That is right—surgeries are being cancelled because there are a large number of people in the hospital who do not need to be there, who cannot be discharged.

Mr. Speaker, I brought this subject to the House today so that the public will be aware of the issues that we are facing. I do not have the answers

right now, but I am asking my new Seniors Advisory Council to look into the problems on my behalf.

I recognise that in many cases funding or the lack of funding is the issue. And I recognise that there are patients who are in long-stay beds at the hospital because, while they do not need hospital care, they need more care than they can get easily at home.

We want to find ways to ensure that our seniors can age well and age at home for as long as possible, but it is clear that money and services may be an impediment to ageing at home.

We as Members of this Honourable House are often focused on legislation. But I do not know if legislation is the answer for this problem. There has to be a better way to address this than by trying to legislate caring.

For those Bermudians who have relatives in the hospital, I implore you to visit with them, to let them know that you are thinking about them and that you care. Talk to the hospital staff, meet with the physician team and the medical social workers, and work with them to develop a plan to have your loved ones return home.

Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Minister.

REPORTS OF COMMITTEES

The Speaker: There are no reports of committees.

QUESTION PERIOD

The Speaker: And we now move to the Question Period.

Honourable Members, we have on the Order Paper questions from the Learned Member K. N. Wilson to Minister Atherden. These questions will be carried over until Monday, March the 9th. I have had discussion with both Members involving the questions.

We now move to questions from the Honourable D. V. Burgess, the Honourable Member from constituency 5. You have the floor.

QUESTION 1: BERMUDA TOURISM AUTHORITY LOANS

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

Mr. Speaker, will the Honourable Minister please advise this Honourable House what were the loan amounts given to Soma Sailing, ScootCoupe, Funworx and the Shelly Bay Beach Experience by the Bermuda Tourism Authority? And please list the names of the principals involved.

The Speaker: Mr. Minister?

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

Mr. Speaker, ScootCoupe was given \$30,000. The recipients were Justin Robinson and Tallent Clark. Funworx was given \$30,000. The recipients were Aaron Williams and Iesha Castle. Mr. Speaker, that particular one was featured yesterday in the *Royal Gazette*. Shelly Bay was given \$30,000. The recipient is Mr. Tom Steinhoff. And Soma Sailing was given \$15,000 to recipient Alex Jones.

The Speaker: All right. Thank you, Minister. MP Burgess?

QUESTION 1: ILS CONFERENCE

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

Will the Honourable Minister please advise this Honourable House how many visitors attended the ILS [insurance-linked securities] Conference?

The Speaker: Minister?

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

The total confirmed attendees to the conference was 306 individuals, I believe inclusive of the Shadow Finance Minister. The overseas delegates were 174. There were 13 overseas countries represented, from Australia, Canada, Cayman, Finland, France, Germany, Hong Kong, Ireland, Monaco, South Africa, Switzerland, United Kingdom and the United States. The number of room nights which were booked were 398.

The Speaker: All right. Thank you, Minister. Do you have a supplementary?

Mr. E. David Burt: Mr. Speaker, I do have a supplementary on the first question. I did not know the Honourable Member—

The Speaker: It is too late for that, Honourable Member.

Mr. E. David Burt: But I did not know that he was moving to the second question, Mr. Speaker.

The Speaker: Well, he is going to it, Honourable Member. You now go to the second question. We are on the second question. We are on the second question!

Mr. E. David Burt: Mr. Speaker, with respect, we did not have a chance to ask our supplementary question. I did not know that the Honourable Member—

The Speaker: Honourable Member, you should have been paying attention. I am sorry!

Mr. E. David Burt: Mr. Speaker, when the Honourable Member stood up, he asked his second question. When he stood up to his feet, I did not know that he was going to ask the second question.

The Speaker: That is not my fault, Honourable Member.

Mr. E. David Burt: But, Mr. Speaker—

The Speaker: Honourable Member—

Mr. E. David Burt: Mr. Speaker—

The Speaker: Honourable Member, please.

Mr. E. David Burt: I could not stand up at the same time that he was standing up to ask a supplementary.

The Speaker: Honourable Member, you are on the same team. You are not on different teams.

Honourable Member from constituency 5, do you have your next question?

QUESTION 1: BERMUDA TOURISM AUTHORITY BONUSES

Hon. Derrick V. Burgess, Sr.: Mr. Speaker, will the Honourable Minister please advise this Honourable House, how many staff members of the BTA [Bermuda Tourism Authority] have received bonuses or are eligible for bonuses, and what are the terms, conditions and criteria relating to these bonuses?

The Speaker: Yes, Minister.

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

All BTA staff members are eligible under the performance incentive programme. BTA is a performance-driven organisation. The compensation packages of all BTA employees consist of a base salary established within a market-based salary range for similar positions, and a performance-incentive programme.

Assuming an employee's performance objectives have been met, their incentive will bring them within the mid to upper range for their position, while exceeding objectives enables them to realise a more significant payout. Overall, BTA organisational objectives are also factored into the performance incentive calculation. These include team goals and, for 2015, core competencies.

This method of calculation was developed to best serve the BTA as a performance-driven organisation. The incentive payment is based on varying percentages, from 5 per cent to 30 per cent of the employee's base salary, depending upon the employee's position and responsibility within the organisation.

Mr. Speaker, as of this morning I was advised that no one in the executive of the BTA, including the CEO, has received a bonus. There have been bonuses paid to the staff based on their contract and their . . . and it has been pro-rated.

The Speak: Thank you, Honourable Minister.

Yes, the Honourable Member from constituency 29, you have a supplementary?

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

The Speaker: Yes.

SUPPLEMENTARIES

Hon. Zane J. S. De Silva: I would like to ask the Minister, he did say that the bonuses range from 5 [per cent] to 30 per cent. Can he be specific in terms of what percentage the executive members get?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, I do not know all of the executives, the terms of all of their contracts. I was asked the question pertaining to the CEO previously, and my answer was that that was 30 per cent . . . Well, I do not think that was the question; I am sorry. He actually gave that information publicly, and it was 30 per cent for the CEO.

The Speaker: Yes, another supplementary?

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

The Speaker: Yes, yes.

Hon. Zane J. S. De Silva: Just to confirm, you did say that the bonuses were based on . . . the percentages will be on their base salary. Is that for the executives as well? Is that where that bonus is derived from?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Yes, Mr. Speaker. As I said a few moments ago, that (sorry) . . . It will be based on the employee's base salary, yes.

The Speaker: Thank you.

The Chair recognises the Honourable Member from constituency 5. You have a supplementary?

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

The Speaker: Yes.

SUPPLEMENTARY

Hon. Derrick V. Burgess, Sr.: Mr. Speaker, would the Honourable Minister please inform this Honourable House, what was the total amount paid and how many staff received bonuses?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Yes, Mr. Speaker. As I said, I just got that information this morning. So I do not have the specifics. But I will endeavour to get the specifics of what was paid out to the staff. Again, no one in the executive suite received any bonuses to date.

The Speaker: All right. Thank you.

The Chair will recognise the Honourable Member from constituency 6. MP Wayne Furbert, yes, you have supplementary?

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

The Speaker: Yes.

SUPPLEMENTARY

Hon. Wayne L. Furbert: The Minister said that no executive has been paid to date. I took note of that. Is the money being accrued and will be paid soon?

The Speaker: Minister?

Hon. Shawn G. Crockwell: Mr. Speaker, I do not have responsibility for who gets paid, what they get paid. That is a BTA function. It is a Board of Directors function. The Government is not involved in those matters with the BTA.

The Speaker: All right. Thank you, Minister.

Hon. Shawn G. Crockwell: So when you ask the question, I would get the answer and provide it for the Honourable Members.

The Speaker: Thank you. Thank you, Minister.

Any other questions?

Thank you, Honourable Members.

We now go to the Ministerial Statement by Minister Atherden. And I will first recognise the Honourable Member from constituency 29, MP De Silva.

QUESTION 1: FAMILY RESPONSIBILITY

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

I would like to ask the Minister a question on the second page, the second-to-last paragraph, where the Minister says she has ". . . been made aware of

cases where children who are professionals and have good jobs will not help to cover the cost of their parents' residential care . . ." and she goes on.

But my question to the Minister on that Statement, Mr. Speaker, is, Has there been any attempt to sit down . . . If the children are not willing to help with the cost of looking after their parents, or relatives looking after their siblings, or what have you, has there been any move by the Minister to look at maybe making any legislative moves to make sure that family members will contribute to this cost?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, as I said earlier, my Seniors Advisory Council are going to be looking at all the options that are available to us. But as I said in the Statement, I have a real concern about when you want to try and legislate caring. So, we will, obviously, look at possibilities. But it is all about getting the caring first, because if you can get that, then you can get a better result. Thank you, Mr. Speaker.

The Speaker: Thank you, Minister.

The Chair will recognise the Honourable Member from constituency 29. You have a supplementary?

Hon. Zane J. S. De Silva: Second question.

The Speaker: Or a second question.

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

The Speaker: I saw two other Honourable Members stand up. Did you have supplementaries?

Hon. Zane J. S. De Silva: You can take them first.

The Speaker: Yes, I will take them now because they have supplementaries on the first question.

SUPPLEMENTARY

Mr. Walter H. Roban: My supplementary pertains to the Minister's answer she just gave. In light of the circumstances that the Minister did present in her Statement, does the Minister feel that some of the strategies deployed previously—because this is not a new problem—will help with dealing with this 90-bed issue that she has described in her Statement?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Sorry, Mr. Speaker. Could you ask the Honourable Member to repeat his question?

The Speaker: MP Roban?

Mr. Walter H. Roban: Clearly, the issue is that persons have come in who, Mr. Speaker, find themselves unable to be returned to their homes because of their health circumstances or family circumstances. This is not a new problem with the BHB [Bermuda Hospitals Board].

I am asking, does the Minister feel that some of the strategies that were deployed previously, which did get this issue dealt with to some degree, will be helpful going forward?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, I am not sure what the Honourable Member is referring to in terms of some of the previous solutions that have been dealt with. I can reflect back in terms of, this problem has been going on forever in terms of persons who come in there, into the hospital and have issues with respect to being able to be returned to their families. And it is an ongoing problem, and I am not sure what particular solutions the Honourable Member is referring to.

The Speaker: Thank you.

MP Walton Brown, you have a supplementary?

Mr. Walton Brown: Yes, Mr. Speaker.

The Speaker: The MP from constituency 17, Pembroke Central.

SUPPLEMENTARY

Mr. Walton Brown: Thank you, Mr. Speaker.

Is the Honourable Minister aware that there was at least one person, and possibly more, in long-term care in the hospital who has physical challenges but who has protested repeatedly that he is capable of living on his own and just needs support? And that support will be considerably less than the \$34,000 that it is costing for this physically challenged patient to be there. I believe this has been raised in the past. I was just wondering if the Minister is aware of it.

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, I just want to perhaps reiterate. I am aware of the case, and I am aware of a couple of other cases. But I think the point that I wanted to make is that when I talked about trying to see if some of that money could follow the persons to places where they could get care which is less expensive, but the proper care . . .

But all I just want to say to you is that the most important thing that we have to deal with, going

forward, is to try and deal with the range of individuals. It is not just seniors. I realise that there are young disabled individuals, and that is one of the things that my Seniors Advisory Council is going to do. Because as I made the Statement, the press conference, I have asked the Seniors Advisory Council to also look at persons with long-term disabilities. Because in the end, they usually become seniors who need care.

The Speaker: Thank you.
MP Brown, another supplementary?

Mr. Walton Brown: Yes, just a follow-up.

The Speaker: Yes. Sure.

SUPPLEMENTARY

Mr. Walton Brown: Is the Minister aware that in the case that she refers to, there is no medical care provided? It is just a rooming house. The person comes into town every day and gardens and so forth. And so it is not a question of medical care or attention. It is just that the person is there and being paid for at a very large amount every month by the state.

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, I will not go into specifics in the House. And I am quite happy to have the discussion with the individual. But I also know, in general terms, when you get to the bottom of it, you find that it is not as simple as just the person being able to move. Sometimes, it is whether the place they want to go to is registered to be able to get the funding.

But I appreciate the Member's concern, because we are all concerned to make sure that we get this dealt with.

The Speaker: Thank you.
MP De Silva, your second question?

QUESTION 2: FAMILY RESPONSIBILITY

Hon. Zane J. S. De Silva: Yes, yes, Mr. Speaker.
Mr. Speaker, I would like to ask the Minister, with the current cost of the seniors being \$27,000 per month and the former cost being in CCU [Continuing Care Unit] was about \$13,000 a month less, which equates to about \$400,000, has this amount of money been given any thought as to maybe put into Lefroy House, which new facilities could be built, money borrowed? And I am sure with the savings of \$400,000 a month, this should be something the Minister should look at quite seriously.

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, I do not know where the Honourable Member gets his numbers with respect to the differential. But I am not going to get caught up by the differential. I am going to deal with what I believe is his intent.

His intent was to raise the question of whether there is some opportunity to look at another facility where you could house some of these individuals at potentially a lower cost and save the money. And I want to say to the Honourable Member, those types of thoughts are under consideration and not necessarily just at Lefroy House. I am a firm believer that Government should try and not get into more facilities where it has to get involved. But if we can set up a process or open up the playing field where individuals will move into it and we can get persons to turn around and offer those services.

The Speaker: Thank you.
You have a supplementary?

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

The Speaker: Yes.

SUPPLEMENTARIES

Hon. Zane J. S. De Silva: Mr. Speaker, I get my numbers from doing little simple math. Currently, we are paying \$27,000 per month per person. In the old CCU, it used to be \$14,000 per person per month. So the difference is \$13,000 per month. That is where I got my figure from.

So, my question, the supplementary question is, Has the Minister considered having that reduction of \$13,000 per month just from moving the seniors from the CCU over to the new hospital—not the new hospital, but the existing hospital wing?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, as I said, I cannot verify the numbers that the Honourable Member is talking about in terms of what it used to cost. And so, as I say, I am not going to sort of try and second-guess him in terms of a differential.

I am accepting the fact that there is a differential, which is the most important thing. There is a differential, and if we can turn around and look to see how we can move those persons to a facility where we can save more money, I am all for it. And that is what I am looking at. I am not going to get into whether it is 17 and 14, because that is not the real issue. The real issue is that there is a differential.

The Speaker: Yes, Honourable Member? You have another supplementary?

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

Mr. Speaker, the Minister said she did not want to get into the differential of money; she does not know what it is. I can tell you what it is. The number is a difference of \$14,000. That is what the hospital charged for patients who were in CCU previously. They were over in the hospital, the existing hospital now, and they are paying \$27,000; got that. That is public record, and so is the \$14,000.

So, what I am saying, Mr. Speaker, is that I am asking the Minister to talk to this . . . This money comes out of the Consolidated Fund. What I am asking the Minister is if she can ask the CEO of the hospital that, whilst we have made this change from one section of the hospital to the other, if we can have that amount reduced, that claim of \$27,000 a month reduced to the claim that we used to pay in the CCU of \$14,000?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Sorry, Mr. Speaker. I understand where the Member is coming from. But I think I need to be clear. The persons who I am talking about are not persons who were in CCU. These are persons who have come into the hospital for illnesses in the Acute Care Wing and are not able to be discharged home. They are not persons who were in the old CCU. They are individuals who, if their illnesses . . . Once they have had their illnesses dealt with, they would normally go home. So, to me, I understand if we are looking at CCU and the differential. But I am talking about individuals who are in the ACW and having to stay there because they cannot be discharged to go home.

The Speaker: Thank you.

You had supplementary, MP from Hamilton East, constituency 5? MP Burgess, you have a supplementary?

Hon. Derrick V. Burgess, Sr.: Yes. Mr. Speaker. Would it not be more cost-effective—

The Speaker: Ask the . . . We are going to ask the Speaker the question.

Hon. Derrick V. Burgess, Sr.: Yes, I am so used to it, but anyhow.

[Laughter]

SUPPLEMENTARIES

Hon. Derrick V. Burgess, Sr.: Mr. Speaker, would the Honourable Minister look at to see if giving assistance to families to have these folks at home, basic-

ly like day care, it certainly would be cheaper than \$27,000 a month.

The Speaker: Minister?

Hon. Jeanne J. Atherden: Sorry, Mr. Speaker. I obviously did not talk loudly enough or I talked too quickly. I think I said that it was . . . I made the suggestion that, "Mr. Speaker, if we can find a way for just a few thousands of those of dollars that pay for in-hospital care to follow the senior home to provide for in-home caregiver support, I feel that we would realise significant savings on the bottom line." I understand that, and I am looking at all of these options.

The Speaker: Thank you.
Another supplementary?

Hon. Derrick V. Burgess, Sr.: Yes, Mr. Speaker. Honourable Minister, how many of these 90 patients have dementia or Alzheimer's?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, I am not aware of that number. And the only thing I can say is that I can do a research. But by and large, those persons came into the hospital for acute care issues. And so, I would have thought there would not be a lot. But I do not have a problem trying to do the research.

The Speaker: Yes, you have another question? Now, you have had two supplementaries, Honourable Member.

Hon. Derrick V. Burgess, Sr.: Yes, I have a question.

The Speaker: So you have a question, right?

QUESTION 1: FAMILY RESPONSIBILITY

Hon. Derrick V. Burgess, Sr.: Yes.

Honourable Minister, the patients have been moved from the old wing to the new—well, not the new wing, but the newer wing, or the old hospital, not the old-old hospital, but the old hospital.

[Laughter]

Hon. Derrick V. Burgess, Sr.: When will that building, the old-old hospital, when will that be knocked down?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, my recollection is, and if my recollection proves to be not correct, then I will come back and tell the House and the

Member. My recollection is that they have actually started to knock down the building, but remember, they are not knocking down the whole building. But the demolition has already started.

The Speaker: Thank you.

Any other questions?

MP Wilson, you had a question? The Honourable and Learned Member from Sandys, constituency 34, Sandys South Central, you have the floor.

QUESTION 1: FAMILY RESPONSIBILITY

Ms. Kim N. Wilson: Thank you. Thank you.

I wonder if the Honourable Minister can answer the following question with respect to page 2, the penultimate paragraph concerning the cases of children who have professional jobs, et cetera. Has consideration been given to the Minister with respect to requiring upon admission the seniors who are receiving acute care treatment to have a guarantee signed by their family members and/or credit card also deposited for same, so that in the circumstances when the patient is ready to be discharged and there is no further medical need, then the credit card and/or the guarantee can be relied upon?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Sorry, Mr. Speaker. I think I understood what the Honourable Member was saying, but, to me, we are not dealing with what the issue is. The issue is not the fact that they are not prepared to pay; they are not getting out of there. So subsidy covers them. Subsidy covers them so it is not a question of the fact that there is nobody there paying. They are staying there, and subsidy is covering them. So the credit card and the guarantee are not going to do . . . It is not required. The issue is the fact that subsidy takes care of it, and FutureCare takes care of it.

But going forward, the most important thing is for them to actually leave the facility. It is not a cash issue or a guarantee issue.

Ms. Kim N. Wilson: With respect—

The Speaker: MP Wilson, yes?

Ms. Kim N. Wilson: A supplementary.

The Speaker: Supplementary, yes.

SUPPLEMENTARY

Ms. Kim N. Wilson: Actually, it is for clarification, because the question comes directly from the Statement, which says, quote, “Mr. Speaker, I have been made aware of cases where children who are professionals and have good jobs will not help to cover the

cost of their parents’ residential care . . .” So my question stems from what is actually in the Statement.

So perhaps the Minister would oblige me by answering the question based on the information that she has given to this Honourable House concerning circumstances where children who are professionals cover the care.

My question, again, is, Has the Ministry considered implementing a process where, upon admission, the person indicates by a credit card as well as provides a guarantee? So, in circumstances where the patient is ready to be discharged and the family has the money and the means, as is in this Statement, then the guarantee is relied upon and/or the credit card is charged accordingly.

The Speaker: Minister.

Hon. Jeanne J. Atherden: Mr. Speaker and Honourable Member, and just for clarity, the issue becomes when they are ready to be discharged, and normally when it comes up in terms of residential care they need to be discharged. The individual does not have the wherewithal to have them at their own home. And so, they need to go to a residential care facility. That is the point in time where the individual, the family, needs to then step in and cover the residential care cost.

It is not a question of a guarantee or a credit card. If the person does not leave the hospital and go to the appropriate home, then nothing happens. And it is the residential care . . . ACW is not residential care. The residential care that I am referring to is being discharged and going to a rest home or a nursing home.

The Speaker: MP Wilson?

Ms. Kim N. Wilson: Supplementary.

The Speaker: Yes.

SUPPLEMENTARY

Ms. Kim N. Wilson: Again, relying on the Statement that was made by the Minister, in circumstances where the patient is ready to be discharged from the hospital, there is no further acute ailment, they are ready to go home, and the family says, *No, we are not going to take them home because, notwithstanding the fact that we have the money, we are not taking them home.* Maybe there is no place for residential care, et cetera.

Cannot the hospital . . . Will the Minister at least humour me and consider as an option that, upon admission, a credit card and/or a guarantor are signed so that if that patient is ready to be discharged and the family are waiting to provide residential care or move the patient somewhere else, but they have the means to do it, every day that that patient is charged or every

month that the Consolidated Fund is charged \$27,200 a month, let us say for the example, of the senior over 74, cannot a guarantor and/or a credit card be appropriately used to cover that fee? It provides an extra incentive.

The Speaker: Minister?

Hon. Jeanne J. Atherden: I understand what the Honourable Member is saying right there. And that is obviously an option that we can look at. I think the other option that we are also going to look at is, basically, limiting the fact that . . . Because technically, the whole, the crux of all of this is saying that, at a point in time, the person is no longer eligible for the subsidy or the coverage. Until that happens, until that has happened and started, then it is no question of turning around and saying, *You are responsible*. But that is why we are looking at it. We are looking at saying that, once the illness that got them there has been dealt with, looking at saying there should be a cut-off to say that, *Now you are turning around and you are actually (if you will) no longer having it for the illness that the subsidy covered*.

So I take your point with respect to credit cards. And if we can get it to that stage where the coverage ceases, then that is something we can obviously consider. And thank you for the suggestion.

The Speaker: All right. Thank you, Minister.
Yes, MP. You have another question?

Ms. Kim N. Wilson: Yes, yes, my second question.

The Speaker: Yes.

QUESTION 2: FAMILY RESPONSIBILITY

Ms. Kim N. Wilson: Could the Minister consider the following option with respect to circumstances where, again, the patient no longer has an acute ailment and they are discharged?

And if I can just provide a little background. Upon admission, there is next of kin who is normally indicated on the admission forms, et cetera. Could the Government at least perhaps consider as an option that, upon discharge, the patient is taken to the next of kin? So they have been discharged from the hospital. Whether there is a \$75.00 fee for the ambulance, whatever the ambulance services cost, and they are delivered home to the next of kin. And then the next of kin has that responsibility for their parent.

This is just . . . I cannot, Mr. Speaker . . . Forgive me. I just cannot believe we are talking about legislating caring for parents. And perhaps the Government could consider discharging the patient into the care of the person who was listed as the next of kin.

The Speaker: Let the Minister get to the question that you asked.

Hon. Jeanne J. Atherden: Mr. Speaker, I hear what the Honourable Member says. And actually, Mr. Speaker, I think that the hospital has to consider that. Because I think we have to recognise that the patient is the patient of the hospital. The hospital would be the entity that would be effectively turning around and saying to the patient's family, *As of this day, your family member is ready to be discharged, and as of this hour, that person will be delivered to this facility*.

Now, Mr. Speaker, I am going to say that I appreciate that that is an option. And I also appreciate the possible reaction. And that is why I am trying not to have us to get to that situation. Because you know when that happens, there is going to all sorts of people who are going to feel that we are not caring.

So, Mr. Speaker, I am going to try and hope that I can convince family members to become more caring so that we do not have to have that as a last resort. But I appreciate that it is a possibility.

The Speaker: All right. Thank you, Minister.

The Chair will recognise the Honourable Member from constituency 21, Pembroke South East, MP Commissiong. You have a question.

Mr. Rolfe Commissiong: Thank you, and good morning, Mr. Speaker.

The Speaker: Good morning.

QUESTION 1: FAMILY RESPONSIBILITY

Mr. Rolfe Commissiong: Would the Honourable Minister indicate whether any studies have been undertaken with respect to this phenomenon of the hospital turning into a de facto residential care facility? And I am proposing that—

The Speaker: Ask your question first.

Mr. Rolfe Commissiong: Yes. I am proposing Mr. Speaker, that if it has not been undertaken, that the Minister consider a study so we can get a handle on how much of this is as a result of the uncaring family narrative and how much of this is being produced by economic challenges that are confronting, perhaps, more low-income clients and their families?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, in response to the question by the Honourable Member, I am not aware of a study that has been undertaken. But I must admit I can reflect back to how long this has been going on. But I believe it is important to have this looked at. As I said, this is something that my Seniors Adviso-

ry Council will be looking at, because it is about coming up with a solution to deal with this. And the solution, obviously, has to look at all the factors that are contributing to it. So it will be looked at. Thank you, Mr. Speaker.

The Speaker: All right. Thank you.

You have a supplementary or another question?

Mr. Rolfe Commissiong: I have another question.

The Speaker: Yes, go ahead.

QUESTION 2: FAMILY RESPONSIBILITY

Mr. Rolfe Commissiong: Thank you again, Mr. Speaker.

Will the Honourable Minister give some indication also whether she anticipates that this phenomenon will increase over the next decade or more as a consequence of the ageing nature of Bermuda's population? Low fertility rates mean that, over the last quarter-century many Bermudians over the next 10 to 20 years will reach an elderly part of our population without having much in the way of family. So, does she think that this phenomenon will increase unless significant reforms are put in place?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, that is possible. But I think the point that I need to make here is the fact that what we are going to try and do is start off initially to talk about, as we said in our vision, ageing well in Bermuda, which is to start to try and have people age at home with the appropriate care support. And then, over time, if they have to progress to a rest home, with funding to be able to take care of that, a nursing home, and then what I called the more skilled nursing.

But what I think is more important is that, as I believe my Seniors Advisory Council will do, they will start to look at all sorts of options. And when I say *all sorts of options*, there are options that have been used in other places of having care homes, which are group homes where you start off, you know, when you are 50 or 60. And then you age in that facility. And then you [stay] there till you are 70 or 80.

So the phenomenon will be looked at because it is important for us to get an understanding of the population that we will have to cater to. And that is one of the things that the Seniors Advisory Council will be looking at.

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

No further questions?

Thank you, Honourable Members. That brings to a close our Question Period.

MATTERS OF PRIVILEGE

The Speaker: There are none.

PERSONAL EXPLANATIONS

The Speaker: There are none.

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

The Speaker: There are none.

Introduction of Bills. The Chair will now recognise the Honourable Minister Gordon-Pamplin. Minister Patricia Gordon-Pamplin, from constituency 23, Paget West, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

Mr. Speaker, did you [skip] over congratulatory and obituary speeches, at the bottom of the page? Or did I miss hearing you?

The Speaker: No. You know what? No, no. I did not say it. Hang on.

[Pause]

The Speaker: You know, I certainly did. It was right at the bottom of the page.

CONGRATULATORY AND/OR OBITUARY SPEECHES

The Speaker: Honourable Members, if there is anyone who wants to give one, then I will go back to that, with the agreement of the House. Any objections to that?

All right. I recognise now the Honourable Member from constituency 23.

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

Mr. Speaker, very briefly, this weekend on the 8th of March, celebrates International Women's Day. And the Department of Human Affairs has determined that this is appropriate to salute women in shipping, which is an unusual sort of vocation for many women. It is deemed, historically, to be a male-dominated field. But they have put a brochure together which highlights 12 Bermudian women whose livelihood and their focus is in the shipping industry.

There were a couple on the list who actually are presently employed by Maritime Administration, either presently or very recently past. But I would ask that . . . I will give the list to the Clerk, and ask that we send a letter of congratulations from the House to these individuals who have acquitted themselves well in this particular field which historically has had the glass ceiling, as far as women are concerned. Mr. Speaker, thank you.

The Speaker: All right. Thank you.

Would any other Honourable Members care to speak? The Chair will recognise the Honourable Member from constituency 4, the Deputy Speaker. Suzann Roberts-Holshouser, you have the floor.

Mrs. Suzann Roberts-Holshouser: Thank you, and good morning, Mr. Speaker.

Mr. Speaker, over 18 years ago, UNESCO recognised a specific day for World Book Day. Now, yesterday happened to be World Book Day, which is in celebration of authors, illustrators and, of course, reading and books. Mr. Speaker, I would like a letter of congratulations to be sent to Nikita Robinson, at HOTT 1075. Mr. Speaker, annually, she has dedicated a lot of time and effort into organising World Book Day in Bermuda. And of course, we would like to associate with that the whole House. Nikita was able to coordinate a goal of 1,562 books to be distributed Island-wide. I had the opportunity to go to Hope Academy. And not only did I read books, but some of the young students also helped me read books to the rest of the children at school. After we read books, we rolled around on the ground as we pretended we were the armadillo that had to climb over the mountain and down again.

Mr. Speaker, it was an awesome experience. I know that she had sent out heartfelt thanks to all those individuals who participated. I know the Premier was also at Happy Valley, and I believe perhaps some other Members in the House participated and do continue to participate.

And I would encourage all parents to recognise the need for words in our children's lives. It creates another world for our children, so one can go into the world of imagination. And as they grow older, it is into the world of reality, as is our history.

So, Mr. Speaker, I would like a letter of encouragement and congratulations sent to recognise the efforts of Nikita Robinson. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

Would any other Honourable Member care to speak?

Yes. The Chair will recognise the Honourable Deputy Leader of the Opposition, from constituency 18, Pembroke West Central. MP David Burt, you have the floor.

Mr. E. David Burt: Mr. Speaker, I would just like to rise to associate myself with the remarks by the Deputy Speaker, that congratulations be sent to Nikita Robinson and the Inter Island Communications family of stations. It was a wonderful event. I, like many other members, I am certain, got a chance to participate and to read to students. I was at St. John's Preschool, my old preschool, yesterday morning. And it was a very fun experience. So I appreciate her for making the effort, and it is very good of her to continue to do this work, because reading, of course, is very important. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

Would any other Honourable Member care to speak?

Honourable Members, at this point, I am going to do something different, something that has never been done before, you know, since I have been in the House. Hold on now. Hold on. Hold on, guys.

[Inaudible interjections]

The Speaker: But, I think it is important to respect (not that we have not respected before) Members who have come and have passed. But I would like to see that each time a Member, a past Member of this House, a person who passes, who loses their life, that we give recognition to them by standing and honouring the service that they have made.

In this case, which will be the first one, as far as I know, is the passing of Dr. Vincent Bridgewater, who served in this House and also who served in the Senate. So, I would ask that if Members would stand for a moment of silence in recognition of the service that that Honourable Member played to Bermuda.

[The House rose and observed a moment of silence]

ANNOUNCEMENT BY THE SPEAKER

HOUSE VISITOR

The Speaker: Thank you, Honourable Members.

Also, just before we move on, I would like to recognise in the House, we have a Youth Parliamentarian, Destiny Taylor, from CedarBridge Academy. She is the President of the Student Government at CedarBridge Academy.

[Desk thumping]

INTRODUCTION OF BILLS

GOVERNMENT BILLS

The Speaker: Now, Honourable Minister Gordon-Pamplin, you have the floor.

[Mrs. Suzann Roberts-Holshouser, Chairman]

FIRST READING

FINANCIAL ASSISTANCE AMENDMENT ACT 2015

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

Mr. Speaker, I am introducing the following Bill for its first reading so that it may be placed on the Order Paper for the next day of meeting: the Financial Assistance Amendment Act 2015.

The Speaker: Thank you.

Are there any objections to that?

Thank you, Minister.

There are no other Bills.

NOTICES OF MOTION

IMMIGRATION POLICY REFORM— ESTABLISHMENT OF A JOINT SELECT COMMITTEE

The Speaker: The Chair will recognise the Honourable Member from constituency 17, Pembroke Central, MP Walton Brown.

Mr. Walton Brown: Thank you, Mr. Speaker.

Mr. Speaker, I give notice that at the next day of meeting, I propose to move the following motion:

BE IT RESOLVED that this Honourable House, in an effort to develop a set of proposals for a substantial reform of immigration policy, agrees to establish a Joint Select Committee to develop such proposals; and that this committee have its proposals and its conclusions agreed by at least two-thirds of its members; and further, that Part IV of the Parliament Act 1957 apply to the deliberations of the committee.

Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

Any objections?

So, that will be placed on the Order Paper.

ORDERS OF THE DAY

The Speaker: Now we move to Orders of the Day.

We are in resumption in the Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for 2015/16.

In that case, I am going to ask (that the Honourable Deputy Speaker please take the Chair for the Committee of Supply.

[Pause]

House in Committee at 11:13 am

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Chairman: Honourable Members, we are now in Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for the Year 2015/16. Heads this morning will be Heads 10, 11, 12, 38, 58 and 28, Finance.

I call on the Minister from constituency 22, the Minister of Economic Development, Dr. the Hon. E. G. Grant Gibbons, to proceed. Minister?

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

Madam Chairman, let me start by moving the following heads, and those are Heads 10, 11, 12, 38, 58 and 28. And those are the Ministry of Finance Headquarters, the Accountant General, Customs (just the revenue portion), Office of the Tax Commissioner, Interest on Debt and the Sinking Fund.

Madam Chairman, as I think most Honourable Members know, I am standing in for the Minister of Finance this morning. I have been, as it were, pressed into service. And I just wanted to say that I spoke to the Honourable Member this morning, and I think, as others will know, he had been suffering from a shoulder injury the last couple of days. I think people have seen him moving his shoulders. And unfortunately, my understanding is that he took some medication which he reacted rather badly to. So I think he is on the mend. And as I said to him this morning, we wish him a speedy recovery.

HEAD 10—MINISTRY OF FINANCE HEADQUARTERS

Dr. the Hon. E. Grant Gibbons: Madam Chairman, the 2015/16 Budget Estimates for Ministry of Finance Headquarters, Head 10, may be found in section B of the Estimates Book on pages B-82 through B-85, and in section C on pages C-9 and C-16.

Madam Chairman, the overall purpose of the Ministry of Finance is to supervise the economy of Bermuda generally and to provide an overall framework for the financial management and control of government activities.

The Finance Ministry comprises five departments led by Ministry of Finance Headquarters and includes the Accountant General, Customs Revenue, Social Insurance and the Office of the Tax Commissioner. Allocations to cover the interest on government debt and contributions to the Sinking Fund are also included in the Ministry of Finance budget. The Ministry has a total staffing establishment of 130 posts

and an aggregate current account budget of \$259.9 million, and is responsible for collecting \$710.3 million, or what works out to 76 per cent of all government revenue. A snapshot of key information for the Ministry of Finance is shown on page B-82 of the Estimates Book. Department current account allocations are as follows:

- Head 10—Ministry of Finance Headquarters, \$4.407 million, which is a decrease of \$753,000, or 15 per cent;
- Head 11—Accountant General, an allocation of \$76,541,000, a decrease of \$5,767,000, or 7 per cent;
- Head 12—Customs. (And I think Honourable Members will be aware that the Customs Budget has been moved to National Security, while the Ministry of Finance maintains responsibility for the Customs Tariff and revenue collections. So the expense lies with National Security and responsibility for the revenue lies with the Ministry of Finance);
- Head 28—Social Insurance has been allocated \$6,016,000, which is a decrease of \$317,000, or 5 per cent;
- Head 38—Office of the Tax Commissioner has been allocated \$3,126,000, a decrease of \$114,000, or 4 per cent;
- Head 58—Interest on Long Term Debt has been allocated \$117,619,000, which is an increase of \$4,119,000, or a 4 per cent increase; and finally,
- Head 59—Sinking Fund Contribution, the allocation here is \$52,250,000, which is an increase of \$4,557,000, or 10 per cent.

Madam Chairman, I will just take a couple of minutes and go through some of the senior officials in the Ministry of Finance Headquarters. They are, as many Members will know, as follows:

- Financial Secretary is Mr. Anthony Manders;
- Assistant Financial Secretary with responsibility for Policy is Mr. Tyler Moniz;
- Assistant Financial Secretary with responsibility for Economics & Finance is Mr. Stephen Gift;
- Assistant Financial Secretary with responsibility for the Regulatory Unit is Mrs. Pamela Burrows;
- Assistant Financial Secretary for the Treaty Management & Administration Section is Mr. Wayne Brown; and finally,
- Director of Budget is Mrs. Tina Tucker.

Madam Chairman, it is most fitting that the Minister of Finance, having delivered his third Budget Statement on Friday, February 20th, which actually marked the official start of the Budget Debate, finds

himself or would have found himself here again today to address the Ministry of Finance Budget items.

I think as we all know, the Ministry of Finance plays a pivotal role. Budgets are formulated based on the needs of the country and are not only about the numbers. The Budget Statement for the 2015/16 Financial Year continues what is, in effect, a multi-year national recovery plan, and in that context, it represents a work in progress, preparing the way for future growth and prosperity.

To achieve that, Madam Chairman, we implemented a two-track strategy to grow the economy and return government finances to a sustainable position.

With the presentation of the 2015/16 budget on February 20th, Bermudians saw the vision of the two-track strategy morph into a strategy, and the strategy manifest itself into reality. The Budget Statement clearly displayed how Bermuda will meet its goals of returning to overall growth—and the jobs and opportunities it will generate—while breaking the back of the government deficit, paving the way for public debt reduction.

Our main focus has been to invigorate the engines of economic growth because of their potential to improve more people's lives more quickly than anything else.

The Ministry of Finance has been working to restore investor confidence to attract foreign dollars back to our shores, opening the Island to job- and revenue-creating activities and creating new possibilities for Bermudians to make a living.

In terms of government finances, we are implementing budget control systems, monitoring performance and reducing spending.

The goals and objectives, Madam Chairman, of the Ministry of Finance are as follows:

1. to facilitate balanced economic growth and development;
2. to provide strategic direction and an overall framework for financial management and control of government activities; and
3. to safeguard Bermuda's economic interests in the face of challenges and threats in the changing global economy.

The detailed objectives, or core functions, are as follows:

First, to facilitate balanced economic growth and development by:

- development and diversification of the financial services sector; and
- by providing support for small businesses.

Secondly, providing strategic direction and an overall framework for financial management and control of government activities by (a list of things):

- optimising the yield from government's revenue base;

- assuring the alignment of resource allocation with policy priorities;
- instituting and adhering to the principles of prudent budgeting and the Medium Term Expenditure Framework; and
- using output and performance measures to evaluate programme expenditure.

Thirdly, to safeguard Bermuda's economic interests by:

- meeting international standards of financial supervision and regulation;
- establishing and maintaining economic intelligence networks; and
- establishing and maintaining strategic economic alliances.

Madam Chairman, other key department objectives are as follows:

- to prepare, implement and closely monitor the National Budget;
- to arrange all government borrowing requirements at the most competitive rates;
- to maintain effective relations with credit rating agencies;
- to oversee and manage the public pension funds;
- to ensure and support the fair, coherent and predictable development of financial services regulation; and
- to be proactive in treaty negotiations with respect to tax information exchange agreements.

The Ministry's core functions are discharged through five broad programme areas. And they are:

1. Policy Planning and Management;
2. Fiscal Planning and Control;
3. Business Development and Regulatory;
4. Economic and Financial Intelligence; and
5. Treaty Management and Administration.

In discharging its functions under the overall policy direction of the Minister of Finance, the Honourable Mr. Richards, the Ministry of Finance Headquarters seeks to achieve the following outcomes for Bermuda, and they are:

- a Bermuda that maintains its position as a domicile of choice for international business;
- a Bermuda where citizens have confidence in Government's stewardship of the public purse;
- a Bermuda where funding and resources are available for key programmes and initiatives;
- a Bermuda where citizens regard Government's policy responses to economic and financial challenges as appropriate and in the national interest.

Madam Chairman, in seeking to fulfil this mandate, the Ministry of Finance Headquarters has a staff establishment of 14 permanent full-time posts, and its total budget for 2015/16 is \$4,407,000.

Ministry of Finance Headquarters' budget allocation in 2015/16 reflects a decrease of \$753,000, or 15 per cent, compared to the original estimate for 2014/15. The budget for Ministry Headquarters includes an operational element for each of the five programme areas within Ministry Headquarters, plus grant funding to the Pension Commission.

Let me start with cost centre 20000, which is found on page B-82, under Policy Administration. And that is Policy Planning & Management. And Members will see in the Budget Book a decrease of some \$640,000, or 27 per cent, compared to the previous year's estimate.

Madam Chairman, the policy planning and management unit provides overall direction and management of Ministry Headquarters and supervisory oversight of the four departments in the Ministry of Finance, namely, the Accountant General's Department, Her Majesty's Customs Revenue, the Office of the Tax Commissioner and the Department of Social Insurance.

In addition, this unit undertakes strategic planning, manages the Ministry's public relations, coordinates initiatives in economic diplomacy, and organises the review and development of economic and financial policy. The budget for this unit in 2015/16 is \$1,714,000, or some \$640,000 less than the budget allocation for 2014/15. The budget decrease of \$640,000 reflects the removal of professional services to assist with the establishment of the proposed Efficiency and Reform Authority and the cancellation of the CCRIF windstorm insurance cover as of this coming June, June 2015. And this achieves gross annual premium savings of some \$300,000.

Madam Chairman, Honourable Members may recall that the Government agreed to a proposal from the BTUC [Bermuda Trade Union Congress] to defer the tabling of the Public Bodies Reform Bill to enable a working group to find a reduction of 5 per cent in the cost of operating government other than by privatisation, outsourcing or mutualisation. Due to this decision, there is no need to include funding for an Efficiency and Reform Authority, which was a key component of the Public Bodies Reform Bill. However, it should be noted that policy development and drafting are continuing on this proposal.

Madam Chairman, like most small states and territories, Bermuda's economy is highly vulnerable to external events, underlining the need for financial and fiscal prudence. This vulnerability is, for now, compounded by Bermuda's continuing budget deficits and high and rising level of Government debt. This is only one of the risks and uncertainties ahead for Bermuda. There are others, including the near certainty of rising

global interest rates (or a renewed global economic downturn). This adds to the urgency of addressing the deficit and reducing debt.

An important feature of the 2015/16 budget is that it provides a clear analysis of Bermuda's vulnerabilities and the risks the Island faces from present and prospective debt levels. More importantly, the budget announces a concrete, credible and visible action to reduce debt and sets a clear fiscal framework for the future. This plan is an extension of the Government's Medium Term Expenditure Framework (otherwise known as MTEF) announced in the 2014/15 budget. Members will recall that the MTEF involved the introduction, from the 2014/15 budget cycle, of rolling three-year budget and forward estimates to establish hard multi-year budget ceilings for each Ministry. The MTEF was the first step in enabling the Ministry of Finance to begin to fulfil its commitment to changing the trajectory of deficits and debt over the medium term.

This 2015/16 budget will have a significant positive impact on confidence and investment, as it clearly shows that the Government has a plan to reduce the deficit and return our finances back to a sustainable position. Some of the critical commitments and statements announced in the budget are as follows:

- a clear statement that debt reduction will require tax increases as well as expenditure cuts;
- the announcement of various tax increases in order to strengthen the tax base. More importantly, the commitment to look at the options for a broader tax base, with advice from the Caribbean Regional Technical Assistance Centre (CARTAC), and then consult on the options;
- the firm commitment to reduce the deficit to zero within three years;
- the decision to establish an independent committee to review, monitor, assess and publicly report on the fiscal progress of the Government;
- the commitment in due course to apply a rule to use borrowing only to finance capital spending;
- the equally clear commitment to go beyond a balanced budget and take the action needed to achieve the 80 per cent debt to revenue and 10 per cent debt service to revenue targets.

Madam Chairman, the Ministry of Finance is confident that the 2015/16 budget will provide a renewed level of confidence in Bermuda amongst the rating agencies and potential investors. However, ongoing work is required to achieve our fiscal targets.

Madam Chairman, the 2015/16 budget also contains a growth element with the announcement of

over \$900 million of inward direct investment from various capital projects and economic activities from the America's Cup and other projects. Madam Chairman, this list of projects, representing inward direct investment, is the essence of the Government's stimulus package. In two years, the Government has changed the reputation of Bermuda as being unfriendly to investors to an investor-friendly environment where global businesses feel comfortable to invest in our country once again.

Madam Chairman, there is one more element to our stimulus efforts, and that is the support and encouragement for our partners in international business.

The largest share of the \$1,714,000 budget for the Policy Unit is professional services and salaries. The salary provision for the Policy Unit is \$512,577, and this covers four posts including the financial secretary, assistant financial secretary for policy and two administrative officers. This amount reflects an increase of \$23,579 due to the furlough proposal ending.

Madam Chairman, in last year's budget, there was a provision of \$300,000 for Bermuda's annual premium to the Caribbean Catastrophe Risk Insurance Facility (otherwise referred to as the CCRIF). Madam Chairman, you may recall that following the devastating hurricane season in 2004, CARICOM [Caribbean Community] heads of state invited the World Bank to establish a fund that could assist countries in their region that suffer substantial damage due to hurricanes. The World Bank took up the project in January 2006, and the CCRIF started operations in 2007. Bermuda provided a capital contribution of \$500,000 in CCRIF's start-up year, in addition to an annual premium, and has continued participation in the facility.

In 2014, the Ministry of Finance, and as well as Ministry of Public Works, with assistance from a qualified insurance consultant conducted a comprehensive review of the Government's insurance risks, policies and the securing of coverage relating to those risks. The principal components of this review were cost and value for money.

The key tasks that were undertaken in this review, amongst others, were:

- review, assess all insurance policies, evaluate policy coverage and the terms and conditions and renewal dates;
- review claims process—that is, the notification, conditions precedent, appointment of adjusters, as well as settlement and other issues;
- analyse premiums and claims history including Hurricane Fabian losses;
- review the most recent insurance survey and risk reports;
- consider the appropriateness of individual insurance purchased;

- review deductible levels and assist determining risk appetite levels;
- assess value of insurance broker and consider alternative options for insurance placement;
- consider the cost/benefit analysis of utilising some form of captive insurance structure to retain risk; and
- assist in the development and issuance of the insurance RFP and 2015 insurance renewals.

Honourable Members are advised that a report has been submitted to Government by the consultant, containing various findings and recommendations. The Government has accepted most of the recommendations and is currently in the process of implementing these recommendations. Based on a recommendation from the consultant, the Government of Bermuda has decided not to renew its tropical cyclone peril cover with the CCRIF, which will expire on the 1st of June 2015.

Madam Chairman, this was not a decision that was taken lightly. During the course of the insurance review, Bermuda experienced direct hits from Hurricanes Fay and Gonzalo. While the impact of these hurricanes was unfortunate and costly, the Government did get the opportunity to see the claims process at work. In short, the performance of the broker, primary insurer and claims adjusters was first-class, and by April of 2015 the claims should be agreed and paid. This experience has engendered considerable confidence that our traditional property insurance coverage meets our needs and there is no need for the CCRIF product. (The Minister has actually got a little note in the sideline here that, apparently, we actually received no claims money from the CCRIF for the recent hurricanes.)

The Ministry is keenly aware that Bermuda was a founding member of the Caribbean Catastrophe Risk Insurance Facility (CCRIF), and it is with great reluctance that we have arrived at this conclusion. The Ministry of Finance wishes the CCRIF continued success.

Further, Madam Chairman, as part of its strategic policy work in support of the National Budget 2015/16, the Policy Unit in the Ministry of Finance Headquarters was involved in the various policy initiatives included within this budget. Some of these policy measures are as follows:

- reducing the deficit by strengthening the tax base by increasing payroll tax, land tax on commercial buildings, corporate service taxes, customs duty on fuel, airport departure tax and other miscellaneous fees, mainly in the Ministry of Tourism Development and Transport;
- setting the standard rate of payroll tax at 14.5 per cent, which is an increase of 0.5 per cent, and providing a similar increase of 0.5 per cent for most other tax rate categories.

Setting the rate of tax recoverable from employees at 5.5 per cent in 2015/16, up from 5.25 per cent—this is so that the increase may be shared by both employer and employee;

- partially rolling back payroll tax concessions currently in place for the hospitality, restaurant and retail-sector businesses to a rate of 5.5 per cent;
- the yield from the revised rate structure and partial rollback for payroll tax concessions is estimated at \$353 million in 2015/16;
- raising the duty rate on fuel by five cents per litre in April 2015 to achieve additional Customs revenue of about \$9.6 million;
- improving the yield from land tax by adjusting the rate on ARVs [annual rental values] for commercial properties from 4.4 per cent to 5.5 per cent. The amount of additional tax is estimated at \$4.1 million; and
- raising the corporate service tax rate from 6 per cent to 7 per cent to achieve additional revenue of about \$1 million.
- with the pending redevelopment of the L. F. Wade International Airport, raising the airport departure tax from \$35.00 to \$50.00 per passenger, which will yield additional revenue of about \$5.5 million; and
- extending the successful new Bermuda hire initiative to March 31st, 2016. It is worth noting that this tax incentive, passed in the spring of 2013, has helped create 400 new jobs since then.

Madam Chairman, major changes are ongoing in order to improve the way we approach the handling of public money. The Policy Unit will continue to oversee this transformation of the management of the public finances. Although there have been some improvements, there is always room for further enhancement. Accordingly, ministries will continue to enhance their monthly reports pertaining to their expenditure versus budget allocations so that slippage can be arrested before becoming problematic.

This Government is committed to changing the trajectory of deficits and debt going forward by implementing various measures.

Madam Chairman, I will conclude this snapshot of some of the work that is carried out by the Policy Unit within the Ministry of Finance Headquarters by noting that this unit is responsible for coordinating all of the legislative items that support the National Budget. The process includes providing drafting instructions to the Attorney General's Chambers for Bills, Orders and Regulations; coordinating with other ministries where necessary; and preparing legislative briefs to assist Ministers and Junior Ministers in steering the legislative items through the approval process in the legislature. There were more than 15 items of

legislation associated with the 2015/16 National Budget.

Also, during the past fiscal year, the Policy, Planning and Administration Unit conducted a comprehensive review of government's insurance and risk management. This review and the resulting RFPs realised over \$3 million dollars in insurance premium savings—that is over \$3 million in insurance premium savings. An officer from this unit was also a part of the Budget Reduction Working Group formed with members of the BTUC.

One of the major objectives of the Policy Unit for fiscal year 2015/16 is to work with the Caribbean Regional Technical Assistance Centre (that is, CARTAC), an IMF [International Monetary Fund] regional body, to study the feasibility of broadening Bermuda's tax base.

Madam Chairman, I am now going to move to [cost centre] 20010, Fiscal Planning and Control, on page B-82, which shows an increase of \$18,000, or 4 per cent. Madam Chairman, the Fiscal Planning and Control Unit, or the Budget Team, is primarily responsible for the management, collection and collation of Consolidated Fund budget data, the monitoring and control of overall government expenditures (on both Capital Account and Current Account), and the achievement of government revenues. The unit is also tasked with the responsibility of reviewing and developing the government's annual Capital Expenditure Plan. The budget for this unit in 2015/16 is \$517,000, which reflects a 4 per cent increase compared to 2014/15. The primary reason for the increase relates to the ending of the furlough proposal.

The Budget Team provides advice and guidance to department heads and controllers on both the formulation of ministry budgets and on budget monitoring and control. The team provides two formal training sessions each year, designed for ministry and departmental staff that have responsibility for budget preparation and/or budget monitoring and control. As part of the budget monitoring and control exercises, all ministries and departments are required to review expenditure performance and to confirm, on a monthly basis, their current and capital account expenditure performance with the budget office.

In 2014, as part of the ongoing implementation of the Medium Term Expenditure Framework, the Budget Team received technical assistance from CARTAC. A Public Financial Management Advisor visited Bermuda from September 25th to October 2nd, 2014. The visit followed a previous technical assistance mission in late 2012 that set out recommendations and an action plan for the implementation of strategic budget reforms—in particular, multi-year and programme performance budgeting aimed at strengthening fiscal discipline and improving the prioritisation and effectiveness of budget allocations. The primary purpose of the 2014 mission was to review

progress of the reforms and identify areas for technical assistance.

Madam Chairman, the mission met with the financial secretary, assistant financial secretary, the budget director (and her team) and the accountant general. A mission work schedule was agreed at the commencement of the mission. Initial discussion with the Budget Team focused on ongoing implementation of the medium term framework, performance measures and the Governmental transition, post-election. A number of technical meetings were held with Budget Department staff to review application of the initial CARTAC 2012 mission recommendations.

An exit meeting was held with the Budget Director and Financial Secretary on October 2nd, 2014, which presented findings and recommendations of the mission. The general finding of the mission was that Bermuda has made good progress in implementing multi-year budget estimates in accordance with the recommendations set out in the November 2012 report, which bodes well for our budgeting process. The Budget Office will use the action plan and recommendations from the mission to improve our budget preparation and planning.

Madam Chairman, in 2014/15, the Budget Office closely monitored budget performance, and due to this constant oversight, current account spending was restricted to \$955.1 million, which is only 1 per cent higher than the \$945.8 million originally budgeted in 2014/15. Almost half of this overspend was from uninsured costs associated with Hurricanes Fay and Gonzalo. Also, revised capital expenditures for the year were restricted to \$59.4 million, or \$2.6 million (that is, 4.2 per cent) below the budget allocation of \$61.9 million.

The Budget Office is constantly encouraging all managers to commit to higher levels of financial rigour. It is their strong view that it is in the country's best interest for all senior executives in the public service to maintain a disciplined grip on the budgets that are under their charge. The introduction of budget checking in the ERP [Enterprise Resource Planning] System has also assisted with enhanced budget monitoring. This capability has facilitated stronger control over the use of budgeted funds by ensuring that ministries and departments have budgeted funds available before committing to the procurement of goods and services on behalf of the Government of Bermuda.

Madam Chairman, budgeting and financial performance starts at the very top of the government structure, which is with the Cabinet. Previous governments appear to have operated whereby Cabinet decided what services the Government desired to provide to the public, and the spending budget became the total of all those services. This approach has been one of the key factors behind the fiscal crisis that the Bermuda Government finds itself in.

This Government takes the opposite approach. Our approach is based on the cash inflows we expect to have available to spend. We then allocate spending limits to each ministry so that services provided to the public fit within the overall budget limit. This is what is meant by *living within one's means*. We are still living beyond our means at present and must work towards re-establishing that prudent benchmark without inhibiting the economy in the process.

Madam Chairman, at its highest level, the decision-making process that shapes the budget is simple. If the objective is to reduce the annual deficit, then you can do one of three things: You can increase revenues by raising taxes and/or imposing new taxes; you can cut government spending; or some combination of the two. In this budget, we have chosen to take both actions to reduce the deficit. The result is the first current account surplus, excluding debt service, in seven years! Let me reread that. The result is the first current account surplus, excluding debt service, in seven years.

Madam Chairman, during the 2013/14 Budget Debate, it was announced that the Government was proposing that the 2014/15 National Budget provide Bermuda with a foundation for what will become a three-year revolving framework, one that will embed long-term structural reforms into the current account strategy, reforms that will allow us to adopt a multi-year approach to public sector financial planning.

As we prepared for a period of change, it was noted that the challenge for public expenditure management will be to ensure that service delivery policies are aimed at the right segments of the population and that performance meets the expectations of the citizens.

Madam Chairman, to transition to this model, we needed to adopt a medium-term plan that would enable us to consolidate and generally rebuild our revenue base, identifying new sources of income while underpinning existing sources. This required efforts on three fronts: better budget preparation, better and more transparent budget execution, and systematic budget monitoring—the whole underpinned by clearly articulated sector strategies; efficient delivery agencies; and monitoring by oversight entities and the legislature and, most importantly, the public.

Madam Chairman, as promised, we have now moved to a Medium Term Expenditure Framework (MTEF). This is the name given to Government's medium term plans to eliminate the deficit and ultimately reduce the debt. The full implementation of a Medium Term Expenditure Framework involved the introduction, from the 2014/15 budget cycle, of rolling three-year budgets and forward estimates to establish hard multi-year budget ceilings for ministries. This was done to enable the Ministry of Finance to begin to fulfil its commitment to changing the trajectory of deficits and debt over the medium term.

To achieve the Finance Ministry's strategy for fiscal consolidation (that is, deficit reduction), the Ministry set an ambitious target of cost savings on current account expenditure of 15 per cent, in real terms, to be achieved by the end of three years. This plan has been a challenge, but it must be accomplished by all ministries working together. If fiscal consolidation is not successfully implemented, there is a material risk of a credit ratings downgrade.

Madam Chairman, the 2015/16 fiscal year represents the second year of the Medium Term Expenditure Framework, and despite adjustments mentioned in the 2015/16 budget, the Government has not been able to meet the expenditure target as required by the MTEF. Spending is budgeted to be reduced by 3.5 per cent, while the MTEF calls for 5 per cent. This is unfortunate and undermines the credibility of this Government pertaining to public commitments on cost reductions. This will not play out well with the rating agencies and our creditors. However, Government remains committed to the MTEF and will seek to reduce current expenditures by 4.6 per cent in 2016/17 rather than the original 3 per cent called for in the MTEF.

A salary provision of \$419,691 accounts for 81 per cent of the Budget Team's allocation for 2015/16. The provision covers the posts of director of budget, principal budget officer, budget officer and budget assistant. This amount reflects an increase of \$18,869 due to the expiry of the furlough proposal on March 31st, 2015.

For the fiscal year 2015/16, the department has set objectives to:

- continue the open budget process;
- effectively implement the medium term framework;
- enhance budget monitoring and reporting to Cabinet;
- bring all supplementary appropriations current.

Furthermore, to increase transparency and international credibility, Government intends to establish an international, independent committee to review, monitor, assess and publicly report on the fiscal progress of the Government. Several other islands have also adopted similar outside assessors, and it has helped bolster credibility and confidence. This monitoring committee will be established under the aegis of the Financial Stability Board regime already under development at the Bermuda Monetary Authority.

I move now, Madam Chairman, to [cost centre] item 20020, which is the Regulatory Unit. And on page B-82, you will see that it includes an increase of some \$5,000, or 2 per cent. Madam Chairman, the Regulatory Unit is the lead regulatory division within the Ministry of Finance Headquarters in relation to the financial services sector and the lead unit within the Ministry Headquarters for anti-money laundering and

European Union [EU] financial market and audit policy. Established in 2012, the unit is the newest and most senior technical regulatory division within the Ministry. The head of the unit, the Assistant Financial Secretary, plays a key role in supporting the Ministry's strategic goal to protect our economic security. The Assistant Financial Secretary carries out the Minister's financial services policies through the Ministry of Finance, the Bermuda Monetary Authority, the National Anti-Money Laundering Committee and specialist global partners.

The budget for this unit in 2015/16 is \$320,000, some \$5,000 more than the budget allocation for 2014/15. This increase largely reflects the expiry of the furlough policy.

Now, the circumstances and issues the Regulatory Unit employees face are some of the most challenging and complex within government. The tasks the unit must address are significant and varied and critical to the country. The unit's plan responds to these challenges through various goals focused on advancing the unit's priorities and reflecting the outcomes the people of Bermuda deserve. Madam Chairman, these goals are as follows:

- Goal 1 is to ensure and support the fair, impartial, efficient, and transparent development of regulation at the national and international levels.
- Goal 2 is to strengthen capacity to secure regulatory solutions to economic security issues.
- Goal 3 is to strengthen public diplomacy and support bilateral and multilateral engagement.

The Regulatory Unit's main objective is to protect our economic security through coherent, transparent and predictable application of the financial services policy towards the financial services sector.

The Regulatory Unit assists the Minister of Finance and the Financial Secretary by providing policy advice, governance and administrative services on all financial services regulatory policy matters of the Government, and involves a close working relationship with a wide range of stakeholders. The Regulatory Unit is involved in virtually every policy and management area—from regulatory reform and financial stability to anti-money laundering and trade and development issues. The scope of the Regulatory Unit's activities is as follows:

- to support the Minister of Finance and the Financial Secretary in coordinating the financial services regulatory policy initiatives of the Government;
- to oversee the Ministry of Finance component of the financial services legislative programme, together with the Bermuda Monetary Authority and the Ministry of Legal Affairs;
- to provide policy advice to the Financial Secretary and the Minister of Finance on anti-

money laundering policy initiatives, together with the National Anti-Money Laundering Committee, pursuant to section 49 of the Proceeds of Crime Act 1997;

- to provide policy advice to the Minister of Finance and the Financial Secretary on matters related to the regulatory component of financial services, audit and trade in services directives issued by the European Union, together with the Cabinet Office, London Office and EU counsel;
- to support the Financial Secretary on matters related to the Economic and Development Committee;
- to facilitate implementation of the Public Access to Information regime for Finance Headquarters, as per the 2014 Throne Speech; and
- to provide policy advice to the Insurance Advisory Committee on matters related to the insurance sector.

Madam Chairman, in this environment of declining resources, the Regulatory Unit is uniquely positioned at the intersection of the financial services industry, regulatory and law enforcement agencies, as well as domestic and global partners. The unit is able to network these various perspectives to bring a comprehensive insight in the development and protection of our economic security. This unique position allows the unit to develop and support multiple partnerships that have a broad domestic and international impact.

In order to achieve its priorities, and pursuant to the Ministry of Finance legislative agenda, the Bermuda Monetary Authority business plan, the Ministry of Finance EU engagement strategy, and the National Anti-Money Laundering strategy, the unit will undertake the following key strategic ownership goals in 2015/16, as follows:

It will lead efforts to coordinate the Ministry of Finance legislative component of the EU Solvency II insurance equivalence exercise, together with the Bermuda Monetary Authority and the Attorney General's Chambers. This will include amendments to the insurance regime where required.

It will lead efforts to coordinate the Ministry of Finance component of the enhancements to the corporate service providers' regime, together with the Bermuda Monetary Authority and the National Anti-Money Laundering Committee. This will include amendments to the Corporate Service Provider Business Act 2012 where required.

It will lead efforts to coordinate the Ministry of Finance legislative component of the European Union Audit Directive, together with the Bermuda Public Accountability Board and the Attorney General's Chambers. This will include amendments to the [Bermuda Public Accountability Act 2011](#), together with the enactment of various rules and regulations.

It will lead efforts to coordinate the Ministry of Finance engagement component of the Ministry of Finance EU engagement strategy, together with the Cabinet Office, the Bermuda Monetary Authority, and EU counsel. This will include preparation for an annual visit by the Minister of Finance to meet with key European Union stakeholders. This work also includes working with public and private sector stakeholders, participation in strategy sessions, and expansion of analytical support efforts to public and private sector stakeholders.

It will work with the Financial Secretary and the Assistant Financial Secretary (Economics and Finance) to coordinate the Ministry of Finance component of the banking special resolution regime, together with the Bermuda Monetary Authority and the Attorney General's Chambers. This work includes the enactment of a Bank Special Resolution Regime Act.

It will work with the Financial Secretary and the Assistant Financial Secretary (Economics and Finance) to coordinate the Ministry of Finance component of a new banking model for Bermuda. This work includes amendments to the Banks and Deposit Companies Act 1999.

It will contribute to and support the implementation of Bermuda's Anti-Money Laundering strategy, together with the National Anti-Money Laundering Committee. This work includes the provision of strategic and policy advice to the committee on matters related to the standards set down by the Financial Action Task Force.

It will support the Government's goal of engaging with priority countries and international bodies to strengthen mechanisms for Bermuda's bilateral relationships and overseas footprint. This work includes working with the private sector, as well as the Washington Office, the London Office and the Bermuda Monetary Authority on matters related to financial services, development opportunities and geo-political risk management.

It will lead the implementation and management of the Public Access to Information regime for Finance Headquarters. Common requirements identified by the Cabinet Office will be incorporated into the Ministry's organisational framework, which will be operational on the 1st of April 2015.

It will work with the Financial Secretary and the Tax Commissioner to advance initiatives designed to protect the public purse. This work includes amendments to seven pieces of legislation.

And it will create greater administrative efficiency to ensure that all services to government agencies are provided in a timely, quality-oriented, customer-focused, efficient and effective manner.

Some of the Regulatory Unit's milestones in 2014/15 included the following:

They completed the Ministry of Finance component of the enactment of four Bills and/or statutory instruments in the areas of financial services and au-

ditig. They also contributed to several cross-ministry legislative/policy proposals covering matters related to enforcement, external affairs and financial services.

They continued participation in the development of the Bermuda Government's Anti-Money Laundering and Anti-Terrorist Financing [ML/ATF] strategy, together with members of the National Anti-Money Laundering Committee. This work included analysis of Bermuda's effectiveness in preparation for an IMF visit in 2016. This work also included advice on amendments to the Proceeds of Crime Act 1997, the Bermuda sanctions regime, as well as matters related to the Caribbean Financial Action Task Force.

They continued participation in the Bermuda Government's coordinated engagement strategy in Europe by providing technical and strategic advice on matters related to the EU Solvency II Directive, the EU Audit Directive, the EU Asset Management Directive, as well as matters related to tax transparency. This work included meetings with the UK's EU representation team, the European Commission, the European Parliament, and the Economic and Monetary Affairs Committee as part of a joint briefing exercise led by the Bermuda Monetary Authority. These meetings are integral to the domestic insurance framework and the EU Solvency II Directive.

They continued participation in the Bermuda Government's response to the G7 (formerly, G8) Beneficial Ownership and Transparency initiative, together with the Cabinet Office, the Chair of the National Anti-Money Laundering Committee and the Bermuda Monetary Authority. This work includes strategic, technical and PR [public relations] advice.

And they participated in the UK: Bermuda Anti-Bribery Forum hosted by the Foreign and Commonwealth Office and Her Majesty's Justice Department. This work included a detailed briefing about the UK legal framework, as well as a discussion about the policy framework for Bermuda.

Now, with the backdrop of changing market conditions and regulatory transformation, the unit's primary [role] going forward in the next year will be to continue to influence how the Ministry of Finance is able to contribute to the formulation and implementation of international standards (and related legislation) to address Bermuda's macroeconomic needs. In doing all this, the unit will maintain our network to protect and promote the Bermuda brand and serve the Bermudian people worldwide.

A salary provision of \$228,074 accounts for 71 per cent of the Regulatory Unit's allocation for 2015/16, which covers two posts including the Assistant Financial Secretary (Regulatory Unit), and one Administrative Officer. This amount reflects an increase of \$10,492 due to the expiry of the furlough proposal.

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITOR

The Chairman: Thank you, Minister, if you could just take your seat for a quick second.

The Chair would like to recognise, in the Gallery, Jon Brunson. Welcome.

[Desk thumping]

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

The Speaker: Thank you, Minister.

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

I now move to [cost centre] 20030, which is the Economic and Financial Intelligence line item, which indicates a decrease of \$43,000, or 9 per cent. And that is on page B-82 of the Budget Book.

The Economic and Financial Intelligence Unit provides research and analysis of economic and financial conditions to facilitate sound decisions on public policy and fiscal management. Responsibilities of the staff in the unit include economic forecasts, economic modelling, projections of gross domestic product and the development of key economic indicators. Analysis and commentary on economic and financial statistics are provided, and an annual and mid-year review and outlook are produced. The budget for this unit in 2015/16 is \$460,000, which is \$43,000 less than the budget allocation for 2014/15. The reduction is mainly due to the cancellation of a contract for one of the credit rating agencies.

Economic forecasting in a small, relatively open economy is always problematic, especially since changes in aggregate demand and supply usually have quite substantial effects on output, as they are magnified around the economy. Accordingly, risks to forecast are always high. However, the Economic and Financial Intelligence Unit met these challenges head-on and have worked with the Caribbean Regional Technical Assistance Centre (CARTAC) to establish a detailed macroeconomic projection framework that encompassed both short-term and medium-term projections. These projections are meant to provide the Government with projections of fiscal variables based on underlying movements in economic activity and to enable a more accurate forward estimate of government revenue.

Madam Chairman, the unit also manages the relationship with credit rating agencies and is responsible for government debt management policy. The Government is satisfied with its credit ratings and currently holds credit ratings of A1 from Moody's (which is the fifth-highest rating), AA- from Standard and Poor's (the fourth-highest rating) and A+ from Fitch

(which is the fifth-highest rating). Madam Chairman, it should also be noted that we have, in general, maintained our credit ratings when various other countries have been downgraded significantly.

Madam Chairman, in this difficult financial climate, it is necessary for the Government to trim public spending. In this vein, we have made the decision to cancel our credit ratings contract with Fitch ratings agency, as our loan covenants only require that we use two rating agencies.

Madam Chairman, last year, the Minister of Finance announced that the Ministry was in the process of strengthening budget formulation by introducing multi-year budgeting. As part of this multi-year budgeting process, the Ministry of Finance reviewed its borrowing arrangements and practices used to finance ongoing budget deficits.

The review identified the fact that it would be prudent for Government to issue bonds in 2013/14 sizeable enough to cover multi-years of government operating deficits. To this end, in July 2013 Government borrowed \$750 million in the international bond markets, and in December 2013 borrowed an additional \$50 million in the Bermuda dollar market. This was strategically done to take advantage of favourable low interest rates and was part of the Ministry's multi-year borrowing strategy.

The Government still believes this was the right decision, despite interest rates remaining low. Transactions to raise funds in the capital markets involve significant cost, including legal, underwriting, printing and other fees and road show cost. If anything, the Ministry has saved on these fees by doing one sizeable transaction rather than three smaller transactions.

And the Minister has a note in the margin. Apparently in previous years, the former Government used the local banks through an RFP process to do some of its financing. And these were much smaller tranches, or amounts of loans, senior notes. And they resulted in much higher transactional and also interest rate costs because the Ministry at that point did not access the international markets where the size has a direct bearing on, many times, both the interest rates you achieve and also the transactional costs, as a lot of the legal and other fees that are involved with that tend to be fairly high when you are doing smaller transactions. So overall, the Minister has noted here that the larger transaction allowed the Ministry to access the international markets, and the rate that was achieved was a much lower rate of interest that anything that had been achieved, at least in previous years, as a consequence of the larger size. And he also believes, obviously, that the transaction costs saved were quite significant.

Madam Chairman, the Ministry of Finance has long discussed using the domestic capital market for some of the Government's financing needs, and indicated in 2013 that if rates of interest were competitive,

Government proposed to finance some of its borrowing requirements with the issue of a local bond. This policy choice was intended to spur more economic activity in Bermuda, to stimulate local capital markets and to provide Bermudian investors with an opportunity to feel that they are being part of the development of our country's affairs. The issue supports the local markets, as the Government bonds are listed and traded on the Bermuda Stock Exchange.

Madam Chairman, as previously mentioned, the Minister is pleased with the results of the December 2013 bond offering of \$50 million in the Bermuda dollar market, as it was the first local public bond offering by the Government of Bermuda for many years. He was also particularly delighted with the competitive rate attracted by this issue. This transaction created a new source of funding for the Government and expanded local capital markets. It also provided a new investment product and opportunity locally, which keeps capital here on the Island.

As mentioned in the 2015/16 budget, Government will need to borrow approximately \$125 million, and again, if rates are competitive, Government proposes to finance some of its borrowing requirements with the issue of a local bond.

Madam Chairman, as at March 31st, 2015, gross public debt will stand at \$2.185 billion, and debt, net of the Sinking Fund, will stand at \$2.025 billion. There was no new borrowing in 2014/15. The 2014/15 deficit was financed by drawing funds from the Sinking Fund. As at March 31st, 2015, the Sinking Fund balance is projected to be approximately \$160 million.

As at March 2016, it is estimated that gross public debt will stand at \$2.31 billion, and debt, net of the Sinking Fund, will be \$2.192 billion.

Madam Chairman, in 2013, the Government set up debt related targets, or rules, that were appropriate for an economy the size of Bermuda's. These rules committed the Government to keep public debt at such levels that the net debt/GDP ratio would not exceed 38 per cent. Additionally, Government recognised the desirability of achieving a net debt/revenue ratio that would not exceed 80 per cent and a debt service cost/revenue ratio that would be below 10 per cent. The Minister stated these were targets we would work toward over the medium term. The Government reaffirms these limits, and with determined action, they are achievable.

As of March 31st, 2015, the net debt/GDP ratio will be 36 per cent, the net debt/revenue ratio will be 231 per cent and the debt service cost/revenue ratio will be 18 per cent. There is much work to do to bring our situation into line with our targets.

Madam Chairman, the unit provides advice to various government boards and is closely involved in the administration of numerous customs duty relief regimes, including duty relief provided to hotels, restaurants and retailers. The unit also administers the MOUs [Memoranda of Understanding] the Ministry of

Finance has with the Bermuda Hotels Association and the Restaurant Division of the Chamber of Commerce.

In addition, staff in the unit oversee the public pension funds, along with the Bermuda Public Funds Investment Committee.

Madam Chairman, worldwide demographic effects are having an impact on the sustainability of pension schemes and health care systems. This phenomenon is also having a major effect on public sector plans in Bermuda. To address this issue, the Ministry of Finance established the Pension and Benefits Working Group, under the Public Sector Reform Initiative. The purpose of the Pension and Benefits Working Group (or PBWG) is to review all public sector pension plans, namely, the Public Service Superannuation Fund (PSSF), the Ministers and Members of the Legislature Pension Fund (MMLPF), and the Contributory Pension Fund (CPF) and other Government sponsored benefits, namely, the Government Health Insurance Plan, and to make recommendations to Cabinet in order to ensure the sustainability of these plans and benefits in a manner that is responsible and fair to both the pensioners and members of the plans and Bermuda taxpayers.

To this end, the benefits provided under the PSSF and MMLPF were amended in 2014 with the removal of the automatic cost-of-living adjustment (COLA) as at June 30th, 2014. In dollar terms, the immediate removal of the COLA provision reduced liabilities of the PSSF by \$426 million, while the MMLPF liabilities were reduced by \$8 million. The Ministry of Finance will continue to direct the work of the Pension and Benefits Working Group to ensure the sustainability of the public sector pension plans.

Madam Chairman, the lead-up to the end of 2014 saw a continuation of themes that had developed throughout the final three months of the year. These were a continued rally in US and Asian equities at the expense of Europe, a further decline in core government bond yields, a strengthening US dollar and falling commodity prices. The price of oil fell at a precipitous pace over the second half of the year, as it became apparent that OPEC would not scale back on production. The price of a barrel of Brent Crude declined by 42 per cent over the last quarter of 2014, driven by both an increase in supply and a decline in global demand. Even after a poor start in January and wobbles in October and December, the US equity markets climbed 11.4 per cent and ended the year close to record levels. The solid gain pushed the bull run for stocks into its sixth year, the longest such streak since the 1990s.

The US Federal Reserve ended its bond purchases in October and is inching closer to its first rate increase since 2006. At the same time, other central banks around the world started to introduce more stimulus as growth in their regions slowed. The Bank of Japan stepped up its efforts to revive the country's

economy, as did the European Central Bank. China also lowered a key interest rate.

Madam Chairman, against this backdrop, I can report that as of December 31st, 2014, the Contributory Pension Fund's assets totalled \$1.7 billion, versus \$1.67 billion in 2013, while the Public Service Superannuation Fund's assets totalled \$563.4 million, versus \$544.3 million in 2013.

For 2014, the Contributory and Superannuation Plans posted returns of 3.2 per cent and 3.4 per cent, respectively. Three- through ten-year returns for the funds all outperformed the actuarial required return of 6.0 per cent.

Madam Chairman, during the 2014/15 fiscal year, this unit continued to work on implementing a deposit insurance scheme in collaboration with the BMA.

The introduction of a deposit insurance scheme in Bermuda would complement the existing supervisory regime, thus strengthening the local financial safety net which will help promote financial stability.

For the fiscal year 2014/15, the department has plans to work with the Attorney General's Chambers and the Bermuda Monetary Authority to establish a statutory framework for a special resolution regime for banks licensed in Bermuda.

Madam Chairman, the purpose of the special resolution regime (SRR) for banks is to address the situation where all or part of the business of a bank has encountered, or is likely to encounter, financial difficulties that are not able to be resolved by any other means. The SRR therefore seeks to establish a comprehensive bank insolvency framework that would meet international standards, and it is designed to operate independently from Bermuda's general insolvency law.

The proposed Bill will embed many of the provisions of the UK Banking Act 2009 and will provide the Government and the Bermuda Monetary Authority with the necessary stabilisation powers to transfer part or all of a failing bank's business to a private sector purchaser, assume control of part or all of a failing bank's business through a bridge bank and acquire temporary public ownership of a bank where required. The proposed special resolution regime consists of—

- a) stabilisation options,
- b) bank insolvency procedures,
- c) bank administration procedures and
- d) miscellaneous matters.

Madam Chairman, the development of Bermuda's banking sector has entered a critical stage where new and arising opportunities and challenges co-exist. As for challenges, the banking sector is confronted with a more complicated and competitive environment, with increasingly diversified demands for financial services and heightened difficulties in striking a balance between serving the local economy and preventing risks. Meanwhile, there is still a long way to

go before a successful strategic transformation can be achieved, since systemic problems remain unsolved in the aspects of unemployment, foreclosures and an economy that is in a recession.

Historically, there have always been rules and regulations put in place to protect domestic banks from foreign competition, and there was a saying: *What is good for the local banks is good for Bermuda*. However, that saying no longer holds true. Bermuda banks are now only local in name, as their ownership composition has changed.

With this in mind, the Economic and Intelligence Unit plans to work with various stakeholders on legislation that will facilitate the expansion and diversification of the local banking sector. The Unit's objective will be to amend the Banks and Deposit Companies Act 1999 (BDCA) such that there would be different licences/classes of banks.

Madam Chairman, other notable tasks to be achieved by the Economic and Financial Intelligence Unit in the upcoming fiscal year include:

- reviewing the Government's debt management policy and making any changes deemed appropriate;
- completing the necessary work needed to develop a deposit insurance scheme in collaboration with the BMA;
- continuing to develop its econometric model for not only the forecasting of key economic indicators, but also Government medium term fiscal data;
- working with the Government Employee Health Insurance Committee to assist in redesigning the health plan;
- conducting a review of our pension arrangements to determine whether public and private pensions are set at appropriate levels; and
- continuing the review of all Government pension plans to determine sustainability of the funds in conjunction with the SAGE Commission recommendations.

The salary provision of \$291,603 covers two posts including Assistant Financial Secretary (Economics & Finance) and the Economic Advisor. This amount reflects an increase of \$13,183 due to the expiration of the furlough proposal on March 31st, 2015. The other major item of cost in this unit is a provision for consulting services for special studies and fees for the credit rating agencies, of \$100,000.

I shift now to the Treaty Management & Administration, [cost centre], 20040, which shows on page B-82 a decrease of \$43,000, or 9 per cent. Madam Chairman, the Treaty Management & Administration Unit was added to the policy teams in the Ministry of Finance Headquarters in January 2007. The budget for the unit in—

The Chairman: Member, Member.

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

The Chairman: Just as you are starting the last line on this particular, would you yield to the Premier? So you have only three more—

Dr. the Hon. E. Grant Gibbons: I would be happy to. It is a nice break.

The Chairman: Thank you.
Premier?

Hon. Michael H. Dunkley: Yes. Good afternoon, Madam Chairman.
I move that we adjourn for lunch.

The Chairman: It has been moved that we adjourn for lunch. Thank you.
There is no objection to that motion?
We will adjourn to lunch and resume back in Committee.

Hon. Michael H. Dunkley: At two o'clock.

The Chairman: At two o'clock.

[Gavel]

Proceedings suspended at 12:28 pm

Proceedings resumed at 2:00 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

[Continuation thereof]

The Chairman: Thank you, Members.

We resume in Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for the year 2015/16.

I call on the Minister in charge to proceed.

Minister, if you would just catch us up to where you were before you begin.

Thank you.

MINISTRY OF FINANCE

HEAD 10—MINISTRY OF FINANCE HEADQUARTERS

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

I think as Honourable Members heard this morning I have been pressed into service and I standing in for the Minister of Finance who was not feeling terribly well earlier on due to a shoulder injury.

Madam Chairman, we are on the Ministry of Finance Headquarters, which is Head 10 and page B-82 in the Budget Book.

I was just about to start [cost centre] 20040, Treaty Management. And you will note there that there has been a decrease in their allocation of \$43,000, or about 9 per cent.

Madam Chairman, the Treaty Management and administration unit was added to the policy teams in the Ministry of Finance Headquarters in January 2007.

The budget for the unit in 2015/16 is set at \$446,000, as I said, a \$43,000 drop, or 9 per cent lower than in 2014/15. The primary reason for this decrease is the removal of the funding for one post in the unit which will not be filled this year.

Madam Chairman, the Treaty unit is responsible for negotiating Tax Information Exchange Agreements (or TIEAs, as they are often called), other agreements relating to Tax Information Exchange and associated agreements, with member countries of the EU, G20, Organisation for Economic Cooperation and Development (OECD) and white-listed jurisdictions. The unit is also responsible for relationship management regarding tax matters with the USA, the European Commission and members of the European Union. Additionally, the unit manage and administer requests for information received under the provisions of Bermuda's tax agreements.

Since Bermuda's commitment letter to the OECD in July 2000, there have been many changes and developments with respect to the nature of the OECD's work on tax competition and its resulting impact on the nature of Bermuda's commitment to international cooperation and transparency in relation to tax matters. Honourable Members will be aware that in 2000, Bermuda participated in the OECD's development of a model tax information exchange agreement that was adopted in 2002.

The G20 has increased its targeting of small jurisdictions, and while they are doing so under a so-called "level playing approach" subjecting themselves to the same standard they seek to impose on us, we can be forgiven if sometimes we question that based on some of the things we see from time to time. What this translates into Madam Chairman, is that we cannot afford to let down our guard.

Bermuda's international tax relationship policy is to be and will remain fully compliant with globally supported international standards for cooperation in exchange of information for tax purposes. In keeping with this objective and evolving transparency and exchange of information principles in the international tax cooperation arena, and as part of our efforts to

combat tax evasion, Bermuda has taken the following steps:

1. In 2013, we joined the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Multilateral Convention) which is, in effect, a multilateral TIEA with over 80 countries to exchange information for tax purposes on the by-request basis. Bermuda's participation entered into effect on March 1, 2014.
2. In 2014, we signed the Multilateral Competent Authority Agreement (the CAA) between tax competent authorities of the 80 countries that are participants in the Multilateral Convention whereby the CAA is legally enabled under international law pursuant to Article 6 (Automatic Exchange of Information) of the Multilateral Convention.
3. In 2013, we signed the US FATCA [Foreign Account Tax Compliance Act] IGA [Intergovernmental Agreement] Model 2 with the US Treasury.
4. In 2014, we joined the OECD Global Forum Peer Review Group. A body which assesses every international financial centre's compliance with TIEAs.
5. In 2014, the Treaty unit led Bermuda to achieve a TIEA compliance OECD rating of "Largely Compliant," the same good rating as the UK, the US and some of the other members of the G20/OECD and EU.

Madam Chairman, today Bermuda has tax information exchange agreements with over 80 countries, inclusive of 41 bilateral TIEA agreements with 90 per cent of G20, 76 per cent of OECD and 52 per cent of EU member states.

With respect to the multilateral TIEA, the Multilateral Convention, Bermuda's 80 partner jurisdictions include all G20 countries, all OECD countries except for one and all EU countries except for two, but only because those three countries have not yet signed the Multilateral Convention.

Madam Chairman, despite the good work accomplished by the Treaty unit in 2013/14, there have been unjustified attacks, particularly in Europe, about how much so-called "tax havens" are draining the treasuries of certain G8 nations. Compliance with international cooperation in tax matters is one of the most effective strategies to combat this threat, accompanied by private bilateral activity including at the political level (i.e., ministerial level) with our key partners.

Madam Chairman, the previous and ongoing work of this team in the Ministry of Finance Headquarters has placed Bermuda in a strong position and has made sure that we are globally recognised as complying with the highest international standards on tax transparency and compliance.

There are currently, three posts in the Treaty unit including Assistant Financial Secretary (Treaties), Treaty Adviser, and Research Officer. Although negotiating and signing TIEAs and DTAs will remain an important strategy in Bermuda's bilateral relations, there has been a material change in the primary focus of the Treaty unit from negotiating and signing TIEAs and DTAs to handling exchange of information requests in a timely manner. Due to this change, the Treaty unit is currently going through a period of restructure. The staffing restructure being proposed will result in some cost savings. The salary provision for the Treaty unit in 2015/16 is \$260,500. This amount reflects a reduction of \$90,447 due to the removal of the funding for one post due to the restructure. The post of Treaty Research Officer is currently being filled on a consultant basis. Additionally, the unit receives administrative support from one of the current administrative assistants in the Ministry. The other major recurring item of cost in this unit is for travel for attendance at OECD Global Forums and the legal fees for lawyers who represent the Ministry during any challenges from law firms on exchange of information request.

Madam Chairman, I am now going to get into a line item analysis of Head 10, Headquarters' operational budget.

Madam Chairman, the estimated cost of operating Ministry of Finance Headquarters in 2015/16 is approximately \$4.407 million, 39 per cent of which is accounted for by salaries (\$1.724 million). The salary allocation is \$24,000, or 1 per cent lower than the 2014/15 allocation due to the removal of one funded post in the Treaty unit which is partially offset by the expiry of the furlough proposal. The salary allocation is apportioned between the functional units in Ministry Headquarters as follows:

- Policy Planning & Management—4;
- Fiscal Planning & Control—4;
- Regulatory Unit—2;
- Economic & Financial Intelligence—2;
- Treaty Management—2.

For a total of 14 and there are actually five vacancies at the current time and that adds up to about, as I said, \$1.7 million.

[Mr. Rolfe Commissiong, Chairman]

The Chairman: Excuse me, Member, which page are you on now? For the sake of my benefit.

Dr. the Hon. E. Grant Gibbons: I am on page B-83 under Subjective Analysis. Okay?

The Chairman: Yes. Page B-83.

Dr. the Hon. E. Grant Gibbons: And I am just tackling Salaries, which as you can see is \$1.724 million and I am going to move on to Training—

The Chairman: Thank you.

Dr. the Hon. E. Grant Gibbons: —and there is no change there. I am moving on to Travel, which is budgeted \$129,000 and a decrease of [\$15,000] in the coming budget year, which is about 10 per cent.

The allocation makes provision for the attendance of the Minister of Finance and senior officials at various Commonwealth and other conferences, and representation at international forums including the World Bank Economic Forum and IMF meetings. Let us see, I am going to skip some of the other data on travel.

Communications, Mr. Chairman, there is no change there—budgeted \$41,000.

Advertising & Promotion, which is budgeted at \$5,000 is an increase of \$2,000. And a lot of this is now done by the Business Development unit within the Ministry of Economic Development, so that is a pretty low number.

That brings me up to Professional Services, again on page B-83, which is budgeted as you will see for the coming year at \$1.25 million, a decrease of some \$366,000 from last year's estimate, or some 23 per cent.

Now, the Professional Services vote is allocated across the following programme areas in Ministry of Finance Headquarters: Policy Planning & Management (\$990,000), Regulatory unit (\$40,000), Economic & Financial Intelligence (\$119,500), Treaty unit (\$75,000) and Fiscal Planning (\$25,000). The material decrease is due to funding being removed for the establishment and operation of the Efficiency and Reform Authority. Also the Ministry has to provide the Bermuda Public Accountability Board with funding to cover consulting expenditures associated with the cost for the Canadian Public Accountability Board to undertake inspections of Bermuda based public accountants.

A core sum of \$250,000 is earmarked for maintaining effective relationships in Washington, DC and an additional \$470,000 is allocated to a similar work in the United Kingdom and Europe. With the ever increasing external threats to our economic survival it is crucial that we aggressively engage with the relevant entities. The international environment for Bermuda is currently hostile, through no fault of our own. These consultants help the Government to actively engage in the appropriate places, in the appropriate forums, and in the appropriate manner to get the Bermuda story out there. As an example, our EU consultant played a key role in getting Bermuda off the French blacklist in 2014.

I am going to skip a couple of pages here, there we go. I am going to skip five pages. The Shadow Minister is pleased.

We are now up to a grant which is to the National Pensions Commission. This is [cost centre] 20070, National Pensions Commission. And I am going to actually contract this one a little bit as well. I think as Honourable Members will know the Pension Commission is a corporate body established under the National Pension Scheme (Occupational Pensions) Act 1998 and has a number of functions, which are basically to administer the Act and the regulations and a whole series of other things here which they are responsible for, in fact, for oversight and regulation of the various pension schemes under that Act.

The proposed grant for the Commission for 2015/16 is \$950,000, a 5 per cent decrease from the grant provided in the 20014/15 budget.

In 2014, the Commission completed a major review of the National Pension Scheme (Occupational Pensions) Act 1998 and related regulations, with the assistance of its advisory committee which is made up of various representatives of the pension and related financial services industries. Recommendations will be made in 2015 by the commission on changes to the Act in order to update a number of its provisions, such as the introduction of regulatory fees paid by plan administrators, non-compliance fees and enhanced regulatory powers.

Honourable Members will recall that the National Pension Scheme (Financial Hardship) Regulations 2010 were introduced to help Bermudians with a real need to get access to a portion of private sector pension funds based on prescribed criteria for hardship. The regulations were further amended in 2011 to permit rental arrears as an additional category of financial hardship. In 2012, the commission also became responsible for the administration of financial hardship applications for civil servants under the Public Service Superannuation Act 1981.

And I will just provide a couple of the data points here, there are quite a few of them.

Under the Financial Hardship Application statistics there were essentially 1,636 applications received; 1,426 were approved; and the total amount approved was some \$13 million under that.

Under the types, there were 503 Educational Exemptions; 223 for Loss of Principle Residence; 592 for Eviction from Home for Rental Arrears; and 108 were for Medical Expenses.

I am also pleased to provide the following statistics on the commission:

- The National Pension Scheme contains an estimated 24,140 plan members;
- There are a total of 2,991 employer plans (2,972 defined contribution and 19 defined benefit);
- The total assets under the National Pension Scheme is approximately \$2.8 billion consist-

ing of approximately \$2.3 billion in employer plans and \$500 million in individual approved plans;

- There are 632 approved plans.

I am going to skip some of the data on amendments to plans and that sort of thing.

HEAD 11—ACCOUNTANT GENERAL

Dr. the Hon. E. Grant Gibbons: I am going to shift over now to Head 11, Mr. Chairman, which is the department of the Accountant General, and is on pages B-86 to B-91 of the Budget Book.

Mr. Chairman, the Accountant General's (ACG) Department was established under section 4 of the Public Treasury (Administration and Payments) Act 1969.

Their mission is to support the Ministry of Finance in financial management and control of government activities; To develop and maintain excellence through quality service and financial control for decision making under the Public Treasury (Administration and Payments) Act 1969.

The Core Functions of the ACG are as follows:

1. Accounting and reporting on the following funds:
 - a. Consolidated Fund;
 - b. Contributory Pension Fund;
 - c. Government Employees Health Insurance Fund;
 - d. Public Service Superannuation Fund;
 - e. Ministers and Members of the Legislature Pension Fund;
 - f. Government Borrowing Sinking Fund;
 - g. Confiscated Assets Fund;
 - h. Government Reserves Fund;
 - i. Unemployment Insurance Fund.
2. They are also responsible for cash management and forecasting, administration of investments including monitoring of pension funds under investment which as we said earlier is about \$2 billion;
3. They are responsible for reconciliation of government's bank accounts;
4. Execution of payments for goods and services;
5. Receipting of government revenues including fees and taxes;
6. Administration of the Government Employees Health Insurance plan;
7. Administration of employees' salaries and wages;
8. Administration of employees' benefits and pensions;
9. Risk management and insurance;

10. Management of government's accounting platform;

11. Representing the Minister of Finance on:

- a. The Government Employee Health Insurance Management Committee; and
- b. The Public Funds Investment Committee.

The Current Account Estimates can be found on pages B-86 through B-91. And I am going to skip through a little bit here and just say that, as you can see, the overall amount that was allocated was \$76.54 million and the total revenue was \$1 million. Capital Acquisitions were \$0.15 million and there was no Capital Development at all.

In terms of numbers they are: 68 established posts and I do not believe that has not changed. Actually, it is down . . . I will get to that, it is down slightly from the previous year's estimate.

Mr. Chairman, the functions and responsibilities of the ACG are critically important in the role of governance. The office is a key one in terms of helping to undergird the fiscal controls and processes that are in place with respect to the management of the public purse. To this end, the Accountant General's Department has assisted in placing Financial Comptrollers in each ministry and in key revenue-generating and large-sized departments.

While the Accountant General's Department does not itself carry out or oversee capital works, system enhancements have been implemented to assist ministries and controls continue to be refined. Financial Instructions and applicable legislation are continually reviewed and updated. Legislation enabling the Office of Project Management and Procurement to provide oversight of all capital projects is in place. This is intended to ensure that best practices are adhered to along with enhanced monitoring of controls, by both the ACG and the Internal Audit Department, with a view to continuing to strengthen controls over procurement and capital expenditures in particular.

The department is strategically divided into two programme centres, as follows:

- Consolidated Fund Administration, which is on page B-86, which oversees all the activities of the Consolidated Fund; and
- Fund Administration, which oversees all the activities of the other funds which the department administers, and I went through those earlier on and they include the Public Service Superannuation Fund (PSSF).

[Line item] 1101, the Consolidated Fund Administration, was the first of the two programmes. It shows a \$7.9 million allocation for next year and that is a decrease of some \$777,000, or 9.2 per cent from last year's estimate.

The decrease is primarily due to the following:

- decrease of three full-time equivalent staffing positions;
- a reduction of consultants' budget; and
- a reduction of overtime budget.

I am going to shift now down to the [line item] 1102, Benefits Fund Administration. And as you will see there is an allocation here of some \$68.6 million, which represents a decrease of \$5 million, or 6.8 per cent from last year's estimate.

This decrease primarily reflects the suspension of a portion of government's matching contribution for the Public Service Superannuation scheme. There is also an expected decrease in government's contribution for pensions arising from attrition in the Public Service as well as savings from the current Voluntary Early Retirement Programme.

Now under this Fund Administration [line item] you will note that there is a [cost centre] 21010, Superannuation Fund. And the allocation here was for \$24.6 million, which is a decrease of \$5.2 million, or 17.4 per cent from last year's estimate.

As the employer, the government ordinarily matches its employees' contributions to the Public Service Superannuation Fund (PSSF). The fund invests the contributions for future pension payments to vested retired government personnel. The rates of contribution are 8 per cent of salary for employees and 9.5 per cent for uniformed services personnel. A portion of the government's matching contribution will be suspended for 2015/16, resulting in a projected \$5 million decrease in expenditure versus 2014/15. The suspended matching contributions will remain owing to the PSSF and will be made up in future years.

[Cost centre] 21030, Government Employee Health Insurance Fund. The allocation here is \$34.7 million, which is an increase of \$436,000, or 1.3 per cent.

As the employer, the Government matches its employees' contributions to the Government Employee Health Insurance Fund. This fund utilises the contributions to pay the health claims of government employees and retirees. Employee and employer contributions are scheduled to increase by 19 per cent, effective 1 April 2015. The increase in premiums is necessitated by the rising cost of health care. The current combined employer/employee premium for GEHI [Government Employee Health Insurance Plan] is currently \$553.70 per adult employee per month. The increase combined contribution will be \$658.70 per adult employee per month.

The above increase in cost of contributions is offset by a decrease resulting from certain uniformed services being deducted for their share of contributions in 2015/16. In prior years, the employee portion of their contributions was borne by the Government in addition to the matching amount. Commencing April 1st these services will be on equal footing with

the remainder of the public service, by having the employee portion deducted from their compensation.

The result of these two offsetting actions is that overall Government cost for GEHI is largely unchanged.

[Cost centre] 21020, Contributory Pension Fund. The allocation is \$8.1 million, which is a decrease of \$211,000, or 2.6 per cent.

The Government, as the employer, matches its employees' contributions into the Contributory Pension Fund. This fund invests the contributions for future payment of Social Insurance to all retired persons. The decrease is primarily due to the expected decrease in Government contributions from attrition and a hiring freeze within the Public Service. The current combined employer/employee contribution for the Contributory Pension Fund is \$64.14 per employee per week.

[Cost centre] 21040 which is the Ministers and Members Pension Fund has an allocation of \$1.25 million, a decrease of \$50,000, or 4 per cent.

Again, the Government, as the employer, matches the Ministers' and Members' contributions into the Ministers and Members of the Legislature Pensions Fund. This fund invests the contributions for future payment of pensions to all Ministers and Members. The rate of contribution is 12.5 per cent of salary for Ministers and Members. The 2015/16 estimate is reasonably consistent with 2014/15.

Mr. Chairman, I will now provide a subjective analysis of the various object codes of the department. That is on page B-87.

Salaries. You will note there a decrease of \$1.1 million, or 17 per cent, and that decrease is primarily due to the 2014/15 budget request being overstated by \$950,000. This has been corrected in the 2015/16 estimates.

Wages. A decrease of \$10,000, or effectively 100 per cent, in other words, it is being eliminated. This small decrease is due to the elimination of summer student wages previously funded by the department. For 2015/16, all summer students will be supplied by and budgeted for by Workforce Development.

Employer Overhead. A decrease of \$5.1 million, or 7 per cent. This represents the cost of the Government's share of employee benefits. These benefits include Social Insurance, the Government Employees Health Insurance scheme (GEHI), the Public Service Superannuation pension scheme (PSSF), and the Ministers and Members of the Legislature pension scheme.

The decrease in employer overhead of \$5 million dollars, or 98 per cent, is due to Government's suspension (as I mentioned) of a portion of its matching PSSF contribution for 2015/16. It must be noted that while the above change in PSSF contributions accounts for the bulk of the difference in employer overhead budget, there are also significant changes in the makeup of the GEHI budget.

There is a net increase of \$360,000 in Government's cost for GEHI for 2015/16. The increase is comprised of a couple of elements and those are: Effective 1 April 2015, Government and employee GEHI premiums will increase by 19 per cent, increasing Government's cost by a projected \$6 million. This increase in expenditure has been offset by the cessation of Government's funding of the employer and employee portion for police and prison officers, resulting in a projected \$4 million savings for Government. Also effective 1 April 2015 is a change in fee structure for non-employed spouses, creating an additional \$1 million in projected savings.

Other Personnel Costs. A decrease of \$789,000, or a 49 per cent decrease. This decrease is due primarily to the reclassification of Ministers and Members pensions that were earned before 1988, and those are paid from the Consolidated Fund. This is now budgeted under employer overhead.

It is also important to note that when the pension plan for Members of the Legislature was established in 1975 there was no separate fund established and the plan was unfunded since that time, with all benefits being paid from the Consolidated Fund. It was not until April 1, 1988 that a separate fund was established

Training. Not too much to talk about there.

Professional Services, a decrease of \$186,000, or 17 per cent. This decrease primarily reflects a reduction in the amounts budgeted for outsourced consultancy services. There continues to be a requirement for overseas expert system development assistance, but other potential professional services have been removed from the budget for 2015/16.

Rentals, this represents the cost to lease the department's office premises at Andrews' Place, [Church Street.] The 2015/16 budget amount of \$358,000 represents the annual lease cost, a correction of the prior year budget amount.

Repair and Maintenance. Not too much to mention there.

Materials and Supplies. Cost reductions due to better approximate actual expenditures anticipated expenditures [for 2014/15 and 2015/16].

Other Expenses. A decrease of \$105,000, or 7 per cent, due primarily to the elimination of duplicated budget items requested in the 2014/15 budget year.

Receipts Credited to Programme. A decrease of \$1.9 million or 54 per cent. This line item represents the cost to administer the various funds that the department is responsible for including: the Public Service Superannuation Fund, the Ministers and Members of the Legislature Fund, and the Government Employees Health Insurance Fund. These administration costs are borne by the respective funds through a "recharge" mechanism, which results in receipts cred-

ited, effectively eliminating those costs of administration from the department's bottom line expenditure.

In the 2014/15 budget, Receipts Credited to Programme were significantly overstated due to duplications within the budget. This did not impact the bottom line 2014/15 original net expenditure for the department, but is addressed in the 2015/16 estimate, hence the decrease.

Debt Charges. A decrease of \$235,000 represents interest on overdraft balances. And this is because a decision has been made to fund all interest on debt from [Head 58], which is the Interest on Debt in 2015/16.

Revenue. A decrease of \$4.5 million or 82 per cent. The \$4.5 million decrease in anticipated interest is due primarily to the projected reduced interest earned on the Sinking Fund balance as excess funds continue to be drawn down over the course of the 2015/16 financial year.

I am going to skip the Capital Estimates and the Grants, there is not a whole lot there.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: You want me to do the Capital?

[Inaudible interjection]

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

Capital Estimates is \$100,000 a decrease of \$50,000, or 33 per cent. Enhancements to the functionality of the system will continue during the 2015/16 and subsequent fiscal years.

Let us see . . . Departmental Information, just a brief word on this.

Mr. Chairman, as noted above, Government has a robust system of controls. Government's Financial Instructions (FI) provide the basis of the accounting controls, processes, and procedures by which Government operates. The controls under FI require Permanent Secretaries and Department Heads (Accounting Officers) to ensure payments made in respect of contracts for goods, services and capital projects are provided based on properly authorised analyses, sufficient quotes, and supporting documentation. With the implementation of the JD Edwards E1 system, the department continues to enhance and strengthen the internal control environment to improve financial information and reporting system. As a result, these strengthened controls will now be of a higher quality and provide greater transparency and reduce audit risks.

In addition, the processing of financial transactions and provision of information has become more streamlined as a result of revisions to business processes made possible by the features now available in the current ERP system.

Let me see, I am going to skip a little bit under Business volumes here . . . let us see, this is probably worth mentioning.

The Financial Reporting Section continues to make strides towards bringing the audits of the Public Funds up to date.

Currently, the financial statements for four of the 10 Public Funds under the Accountant General's responsibility have been prepared up to fiscal year end 2013/14 and submitted for audit. These include the Consolidated Fund, Government Borrowing Sinking Fund, Government Reserves Fund, and the Ministers and Members of the Legislature Pension Fund (MMLPF). Financial statements for the Contributory Pension Fund, Public Service Superannuation Fund, Government Employees Health Insurance Fund, Unemployment Insurance Fund, Bermuda Department of Tourism Overseas Pension Plan, and the Confiscated Assets Fund are being prepared, reviewed, and are in the process of being submitted to Audit.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: I will skip over—

[Gavel]

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

I will skip over some of the 2014/15 accomplishments except to say that the audited Consolidated Fund was completed for the year ended March 31, 2014.

There is a section on Bermudians in the accounting profession and I think . . . the department continues to develop management accountant trainees and assist them in obtaining accounting designations.

The Accountant General's Department recently underwent a management consulting MCS review. Those recommendations were to support efficiency and performance.

In 2014/15, the Cabinet approved the department's revised organisational structure and implementation of the revised structure commenced by:

- revision of job descriptions;
- eradication of temporary posts;
- hiring into the new and revised posts using a methodical and gradual approach; and
- only partial implementation has been achieved to date.

Let us see . . . New Budget Measures. I think I will skip the objectives here for 2015/16 and some of the other notes here. So that actually completes Head 11 for the Accountant General.

HEAD 12—CUSTOMS REVENUE

Dr. the Hon. E. Grant Gibbons: I am now going to shift over to the Head 12, and it is half a Head (as strange as that sounds), Mr. Chairman, because I think as we explained earlier the Ministry of National Security is responsible for essentially the expenditure side and the Ministry of Finance is responsible for the revenue side. So if you look on page B-92 you will find the Revenue Summary. The Ministry of National Security Minister has done it already, on Monday, I guess.

So on page B-92 you can see there that the Total Customs revised projected revenue for 2014/15 is \$179,479,000 and the projection for 2015/16 is \$190,938,000.

And the major revenue sections are as follows, and I am going to touch on a couple of them, but particularly Customs duty.

You will see there that line item 8007, or Customs Duty, represents an increase of \$13.3 million, or 7 per cent.

Duty collections for 2015/16 are forecasted to decrease by \$13.3 million when compared to the original estimate for 2014/15. It is expected that Duty collections will increase, however, from the revised 2014/15 forecast, which was \$175.2 million. The increase reflects the adjustments in the duty rate increases on certain key items such as oil imports. It is further anticipated that we will see the beginnings of an economic improvement during 2015/16 which will translate into increased imports of goods and, therefore, an increase in the duty collected.

With regard to Other Revenue Sources listed there on that page, forecasted revenue sources other than Customs Duty, are expected to contribute a total of \$4.3 million which, based on our forecast for 2015/16, would equate to 2.3 per cent of the revenue collected by Customs. There is little information to indicate that receipts in these areas will change significantly from the revenue levels received during the 2014/15 fiscal year to date.

The only exception to this is with respect to the Wharfage revenues. Wharfage revenues are, in fact, a service fee levied to compensate the Government of Bermuda for the agency work carried out by the Customs department on behalf of the Corporations of Hamilton and St. George's in the collection of wharfage. An increase on the revised 2014/15 wharfage estimate is expected, in connection with the expected improvement in economic conditions during 2015/16.

I will just very briefly mention some of the other line items here for those who are listening.

- The Customs Duty from the General Post Office is \$804,000 which is an increase of \$54,000;
- Yacht Arrivals—\$142,000 an increase of \$65,000;
- Services to Ships (Customs)—\$287,000 is budgeted, an increase of \$32,000;

- Wharfage—\$750,000 is budgeted, a decrease of \$150,000;
- Container Fees—\$785,000 is budgeted, a decrease of \$61,000;
- Customs service charges is \$307,000 an increase of \$37,000;
- Courier Package Fees—\$721,000 an increase of \$93,000;
- Light Dues—\$145,000 an increase of \$19,000;
- General Licences—\$240,000 an increase of \$63,000;
- Penalties—\$140,000 a decrease of \$12,000; and
- Sundry Receipts—\$12,000 which is a decrease of \$17,000, or 59 per cent.

HEAD 28—DEPARTMENT OF SOCIAL INSURANCE

Dr. the Hon. E. Grant Gibbons: Moving right along. We are now up to Head 28 which is the Department of Social Insurance [DOSI]. And as you will see, Mr. Chairman, that is on page B-93 of the Budget Book.

Mr. Chairman, the Director of Social Insurance, along with the staff, is responsible for the day-to-day administration of the Bermuda Government's Contributory Pensions Scheme as well as benefits to war veterans of the Second World War.

The mission statement of the department is: Through education, best practices and the use of technology the Department of Social Insurance will partner with every resident to enable them to become financially sustainable at retirement.

The department is committed to develop and maintain excellence through quality service and financial control for internal and external decision-making under the authority of the Public Treasury (Administration and Payments) Act 1969.

The benefits of the Contributory Pension Fund and War Pensions and Gratuities continue to benefit the community as an additional form of financial assistance. The core functions of the department are to:

- I. To administer the Contributory Pensions Act 1970. Under this Act, all employed and self-employed persons over age 18, or age 26 in the instance of full-time students, who work for more than four hours per week are required to pay contributions. There are two major classes of benefits paid out of the scheme:
 - a. Contributory benefits for old age pension and gratuity, widow and widower's allowance and gratuity, and disability pension; and
 - b. Non-contributory benefits for old age pension and disability pension.
- II. The other function is to administer the Pensions and Gratuities (War Service) Act 1947. Under this Act, benefits are payable to Ber-

midian war veterans and their survivors, who served during World War II. Currently there are 210 persons enrolled in the programme.

I think you see there on page B-93 that the amount budgeted for 2015/16 is \$6.016 million, which is a decrease of \$317,000 from the estimate in 2014/15.

The Contributory Pension operations within the department are 100 per cent funded by the Contributory Pension Fund (CPF). Items are paid through the Consolidated Fund (CF) and then recharged to the Contributory Pension Fund in accordance with section 3(3) of the Contributory Pension Act 1970.

The War Pensions and Gratuities are 100 per cent funded by the Consolidated Fund.

The approved budget for financial year 2015/16 reflects some restructuring to the War Pensions Gratuities programme.

Currently, in early 2014/15, the Department of Social Insurance underwent an evaluation of staff resources by the Management Consulting Services (MCS) which revealed the need for additional staff to permit the delivery of core services. These MCS recommendations have been submitted to the Ministry of Finance for further Cabinet approval. All costs will be 100 per cent funded by the CPF.

The Compliance section has been under resourced for many years and is no longer able to effectively carry out both compliance and debt collection functions as required by the existing legislation. The department intends to launch new debt collection initiatives, on a trial basis, in an attempt to stem the growing levels of overdue accounts in relation to employer contribution commitments.

The department is upgrading to a new pension administration system called the PX3000. The existing system currently in place is over 25 years old and is unable to meet the processing demands required for the department to operate efficiently and effectively given the high level of sophistication, customer service and management oversight that is required in this day and age. Full implementation is expected on April 1, 2015.

The department operates under five main cost centres:

- 38000—Senior Management and Administration. I will not read out the things they do, but effectively the Administration section provides overall direction and management of the Department of Social Insurance. This cost centre includes the director, assistant director and the director's administrative assistant along with all administrative expenses. All administrative charges for this cost centre are recharged to the Contributory Pension Fund.
- 38010—War Pensions and Gratuities. The War Pensions section is responsible for the administration of benefits to war veterans un-

der the Pensions and Gratuities (War Service) Act 1947. And, again, all expenses for this cost centre are funded by the Consolidated Fund.

As of 2014/15, the following objectives were accomplished:

- All pharmacy claims were processed electronically;
- All pension payments were processed electronically; and
- All benefit files were stored digitally.

The total budget estimate for the 2015/16 financial year is set at approximately \$6 million. During the 2014/15 financial year, the programme was reviewed with the aim of minimising costs without materially reducing benefits. As a result, the War Veterans Commission implemented the following changes:

- Reduced rest/home care benefit [;
- Assigned FutureCare insurance]. In many respects, there were enhanced benefits for war veteran recipients not currently covered such as:
 - limited psychotherapy sessions;
 - clinical psychologist visits;
 - psychiatrist visits;
 - dental benefits [basic care];
 - vision benefits [exam/eyewear up to \$200];
 - prescription drugs [will continue to be covered 100 per cent above the maximum of the FutureCare ceiling of \$2,000 per annum];
 - [speech therapy sessions];
 - [chiropracist visits];
 - [home medics services].

Mr. Chairman, this is important. This programme has grown from a cost of \$238,000 in 2007 to \$7.1 million in 2014/15. Yes, you heard me correctly—from \$238,000 to \$7.1 million in the space of about seven years. Since fiscal year 2007/08 Government has paid approximately \$52.9 million towards the War Vets Programme. The Government will continue to seek more cost-effective measures to run the programme in 2015/16.

[Cost centre] 38025, the Benefits section, is responsible for the administration of benefits to members of the Contributory Pension Fund (CPF) under the Contributory Pensions Act 1970 and the Contributory Pensions and Workmen's Compensation (Reciprocal Agreement) Act 1970. And as you would have guessed they were responsible for processing applications and a series of other things including paying gratuities, and I will not go through all of those.

All administrative charges for this cost centre are recharged to the Contributory Pension Fund.

In terms of additional information on benefits paid for the Fund; total benefits paid for the 2013/14 period was \$134,126,892 compared to [\$129,337,104] in 2012/13 which is an increase of [\$4,789,788], or 3.7 per cent over the 2012/13 financial year. The department continues to process a steady number of pension applications as people born during the Baby Boomer period, and I think you can relate, Mr. Chairman, are now retiring.

[Cost centre] 38040, the Compliance section, as you would imagine, is responsible for monitoring the compliance of employers and employees to the provisions of the Contributory Pensions Act 1970 and the Health Insurance Act 1970. And they deal with a number of things from receiving and investigating reports and also looking at outstanding receivables and the prosecution of delinquent employers.

All administrative charges for this cost centre are recharged to the Contributory Pension Fund.

A couple of data points here: the number of instalment plans outstanding is 212; the average number of inspections completed were 166 per month; and the number of compliance issue enquiries via walk-ins for the month was about 52. So they are pretty busy.

In the area of Compliance, from July 2013 to July 2014, total debt increased by [\$4,354,043] from [\$46,186,534] in 2013 to [\$50,540,577] in 2014. This represents a 9 per cent increase over the previous year.

The department continues to work with companies to establish practical ways of reducing their outstanding debt.

The Attorney General's Chambers Debt Enforcement Unit (DEU) has been very [useful] for the collection of outstanding contributions for the Department of Social Insurance. In most cases it is the employers that the Department of Social Insurance are unable to contact and who are delinquent over 90 days that are referred to the Debt Enforcement Unit.

In Contribution Year 2014, 34 employers were referred to Debt Enforcement Unit to assist with collecting outstanding contributions totalling [\$1,706,098]. Of those 34 employers, four accounts were paid in full and 13 employers were on active payment plans. The remaining 17 employers fall into one of three categories; basically, initial payment, sporadic payments, or those who have not responded at all. In Contribution Year 2014, the amount of outstanding contributions collected was \$560,582.

[Cost centre] 38045, the Contributions section is responsible for the administration of member records and accounts for employers and employees participating in the Contributory Pension Fund under the Contributory Pensions Act 1970.

All administrative charges for this cost centre are recharged to the Contributory Pension Fund.

Total non-government contributions paid to the Fund for the 2013/14 period was [\$85,878,702].

This represents a 2 per cent decrease from the prior year of 2012/13 which totalled [\$87,630,075].

Switching over to page B-94, under Subjective Analysis, the Salaries and Wages section had a decrease of \$124,000 which is attributed to exclusion of salary of three temporary staff; a decrease of \$15,000 is due to cancellation of employee activity day. (That sounds upsetting.)

Training . . . not much to say there.

Travel. A decrease of \$26,000 is due to the reduced budget for CARICOM conferences.

Professional Services. A decrease of \$51,000 is due to lower forecasted medical expenses for war vets.

Repair and Maintenance. Not a lot to say in there.

Materials and Supplies. A decrease of \$23,000 is due to discontinued printing of some benefits forms as well as birthday cards for people turning 65.

Receipts credited to Programme. This amount represents the cost to operate the Contributory Pension Fund (CPF) initially paid through the Consolidated Fund. A recharge to the CPF is made in accordance with the Contributory Pension Act 1970, section 3(3).

In terms of highlights for 2014/15 . . . let's see, I have got quite a few here. What I will mention is just the first one: That an actuarial review of the CPF is underway as required every three years under section 35 of the Contributory Pension Act 1970. The review aims to indicate the financial condition and long-term sustainability of the Fund and to investigate the potential financial implications of future contribution and benefit increases for the Fund.

There are a series of Objectives for 2015/16 and those are (and I will just pick out a couple of them here):

- Begin Phase 3 of the pension system development which includes various electronic interfaces;
- Implement the War Pensions Commissioners' decision to apply monthly pension benefit to rest home or nursing home fees paid by the Government starting April 1, 2015;
- Refine the DOSI digital records management system;
- To improve the department's website; and
- Work with the post office to make use of kiosks located in post offices to enable the public to check their social insurance contributions. And actually that is quite important to make sure that employers are up to date there.

In terms of staffing changes, and that is on page B-94, with the increasing volume of inquiries and pension applications, two temporary additional personnel have been retained to help the department

meet the needs of the public. One benefits processor post remains frozen due to early retirement taken by the employee in 2013. This post is scheduled to be released this year. The unfreezing of this post is necessary to achieve the department's mission to make sure the [internal] and external customer is adequately addressed..

In terms of significant process changes or new initiatives:

- There is an issue to create a debt recovery unit to specifically target the collection of outstanding contributions owed to the CPF.
- There is going to be a cross-ministry initiative to develop supportive strategies to close existing gaps in legislation that allow persons to avoid payment of obligations to the government.
- They will continue to establish satellite offices once a month to reach out to the community in the West and East End of the Island, thus providing a convenient form of service delivery.
- We talked about the Post Office kiosks.

And so I guess I will finish up, Mr. Chairman, on this. The department will complete the implementation of the new pension administration system within the department in conjunction with initiatives carried out with the Accountant General's Department's pension system. This will maximise economies of scale and provide for more accurate and efficient processing for employees of the civil service.

The department will make further enhancement to the Department of Social Insurance website with the aim of providing a platform for whistle-blowers to report violations in a seamless and anonymous manner.

The department will also focus on a print and radio media campaign to engage the general public and raise awareness of rights and responsibilities.

And finally, a key objective of the department will be the ongoing staff training on both current compliance monitoring and enforcement techniques.

The Performance Measures are on page B-95 and I will not go through those, Mr. Chairman.

HEAD 38—OFFICE OF THE TAX COMMISSIONER

Dr. the Hon. E. Grant Gibbons: That brings us up to Head 38 which is the Office of the Tax Commissioner.

A couple of points: The Office of the Tax Commissioner (OTC) is the Government's largest revenue generating department and is estimated to generate \$517 million, or 56 per cent, of government's total revenue in 2015/16.

There are a whole series of tax legislation here, which I will not go through, but they include things like payroll tax, corporate services tax, betting duty, land tax, stamp duties, foreign currency pur-

chase tax, hotel occupancy tax, cruise ship departure tax, airport departure tax, passenger cabin tax, there are a slew of them here and I am not going to go through all of those.

But going on with key points, the department generated \$152.00 of revenue for every current account dollar spent in 2014/15 and it is expected to generate approximately \$165.00 of revenue for every current account dollar spent in 2015/16.

I think, as most Honourable Members will know, payroll tax is the single largest revenue earner for the Government generating \$336 million in fiscal 2014/15. The 2015/16 budget includes a nominal increase for most payroll tax rates with the exception of small businesses, farmers, fishermen, taxi drivers and not for profit societies and associations. The existing payroll tax concessions will also be modified in 2015/16 to introduce a reduced payroll tax rate for the retail, restaurant and hotel industries of 5.5 per cent. These changes will result in estimated payroll tax revenue for 2015/16 of \$353 million.

The mission statement of the OTC is “to promote the highest levels of taxpayer compliance with the Taxes Legislation by providing quality and efficient service, effective taxpayer education and responsible enforcement and in so doing, contribute to the economic and social well-being of all Bermudians.”

There are a number of core departmental objectives here which are in the book and I am not going to read through them, but they include the collection of taxes in accordance with the legislation and responsible and effective enforcement activities, education of taxpayers, and to ensure that revenue is available to fund government programmes through the collection of taxes.

Let me now move to the various programme centres, again, page B-96 and the department is divided into four cost centres as follows:

- The Administration team (48000) provides the overall direction and management of the office, which includes strategic planning, staff development, training, as well as general office support.
- The Stamp Duties team (48050) is responsible for the administration and collection of stamp duties under the Stamp Duties Act 1976. This includes the adjudication and processing of a variety of legal instruments including, but not limited to, conveyances, transfers, leases and mortgages, as well as administering the Primary Family Homestead Exemption programme.
- The Audit and Compliance team (48070) is responsible for ensuring that taxpayers are compliant with the Taxes Acts throughout the life of the taxpayer, starting with their initial registration. The team conducts audits and inspections of taxpayer books and records, and

is responsible for knowledge management and taxpayer education.

- The Operations team (48080) oversees the major activity of collecting and reporting on payroll tax, land tax, passenger taxes, hotel occupancy tax, betting duty, timesharing taxes, corporate services tax and foreign currency purchase tax.

The Operational Budget, on page B-96, basically the budget for the year, as you will see there in total is \$3.126 million, which is a decrease of \$114,000 from the previous budget year.

Savings for 2015/16 were achieved by freezing two vacant posts: knowledge manager and stamp duty assistant.

There was a decrease on page C-11 of the Capital Account of \$356,000. The Taxes Information Management System (TIMS) project continues to make steady but watchful progress. Originally projected timelines have been adjusted resulting in funding adjustments as a few milestones have not been achieved as originally anticipated. Delays have resulted primarily from data clean-up challenges as there is a general lack of internal resources [and excess capacity to work on specific project tasks].

In terms of the overall Subjective Analysis on page B-97, the Office of the Tax Commissioner's departmental operating expenditure budget has been reduced by 4 per cent for 2015/16 after adding back the savings previously achieved from the furlough days in 2014/15. The reduction was achieved mainly by freezing and not funding two vacant posts as well as slashing other operational expenses such as advertising, travel, training, professional services, materials and supplies.

Explanations for significant differences are as follows:

- Salaries were increased by \$104,000 or 5 per cent due primarily to the elimination of the mandatory furlough days. A new post (administrative support clerk) was approved in 2014/15 however it is unlikely to be filled due to the recently implemented hiring freeze. Thus an additional \$49,000 in savings may be achieved in 2015/16.
- Training. I do not think I need to talk about training.
- Travel decreased by \$5,000.
- Advertising and Promotion is decreased by \$45,000. This was simply reduced to try and reduce the budget.
- Professional Services, worth commenting on, this was decreased by \$114,000, or 45 per cent. The OTC will engage in creative ways to minimise the need for consultant services in 2015/16. The OTC engages the services of an overseas stamp duty consultant to provide expert advice on complex stamp duty matters.

The OTC will minimise the need for these external services in 2015/16 by referring to internal resources which may be available in the Attorney General's Chambers. Local consultant services needed for the maintenance of our existing tax information system cannot be eliminated however, but there will be efforts to minimise these costs.

In terms of the Revenues analysis, I think it is worth touching on a few of these, and they are on page B-98.

- Payroll Tax Revenue is anticipated to increase by 6 per cent or \$21.3 million. The standard rate of payroll tax will be increased by 0.5 per cent to 14.5 per cent in 2015/16. Most other tax rate categories will also experience a similar increase of 0.5 per cent. Additionally, the payroll tax concessions or relief programmes currently in place for the hotel, restaurant and retail sectors will be partially rolled back in 2015/16 with taxpayers in these sectors paying a rate of 5.5 per cent.
- Corporate Services Tax is expected to increase by \$967,000, or 21 per cent, as a result of the rate increase from 6 per cent to 7 per cent in 2015/16.
- Betting Tax is projected to decrease by \$525,000, or 32 per cent. The projected decrease is a reflection of the actual receipts experienced to date in 2014/15 and this has indicated that individuals have less disposable income available to engage in betting activities.
- Land Tax is expected to increase by \$4.2 million, or 7 per cent, as a result of the increased rate for commercial properties from 4.4 per cent to 5.5 per cent in 2015/16.
- Hotel Occupancy Tax is expected to increase modestly by \$950,000, or 9 per cent.
- Airport Departure Tax we raised from \$35.00 to \$50.00 per passenger in 2015/16 and will result in increased revenues of \$5.5 million, or 38 per cent.
- Stamp Duty Revenue is expected to increase by \$1 million primarily as a result of an anticipated increase in the real estate market during 2015/16.
- Other Miscellaneous Taxes, and there are quite a few of them, the outlook is relatively stable.

Switching briefly to the employee numbers on page B-98, there are currently 29 full-time positions, with two posts frozen and not funded until March 2016 in order to achieve the required expenditure reduction for 2015/16.

The office is comprised of 24 Bermudians, one non-Bermudian and has two vacancies, and

those are a tax inspector and an administrative support clerk.

A Stamp Duty Consultant is retained on a periodic basis to assist with the modernisation of the Stamp Duties Act 1976 and to provide specialist advice on complex matters for adjudication.

The new Tax Information Management System (TIMS) project continues to progress. The Stamp Duty Module has gone live, with the Land Tax Workflow System and Improvements to E-Tax still in progress. The remaining phases of the project are expected to continue through to 2016/17.

Just very briefly on the Tax Information Management System (TIMS), the project was tendered in 2009 (that gives you a sense of how old it is) and a successful developer was engaged. However, due to the unexpected vacancy of the then-tax commissioner, the project was halted for approximately two years.

There are a number of major components of the new system, but they are really there to replace legacy and manual systems.

The reasons for this are:

- That this will provide a Tax Management Information System based on technology capable of fully supporting integration with other systems throughout Government. Obviously that is important.
- This measure will provide for the development of additional channels for tax payers to both file and pay their taxes.
- It will also provide reporting and case management tools capable of assisting in collection of outstanding receivables and collaborating across departments to aid in the collection process.
- And probably most importantly, this measure will allow the office to move away from a paper-based document and manual processing system to a more efficient and secure electronic document and record management system.

So we have talked about the phasing there. Let's see. I am going to skip over some of these issues here, and a couple of social programmes . . . we have got a section on approved training schemes.

The Designation of Primary Family Homestead. This continues to be a popular social initiative which provides relief from estate duties, and the office has worked diligently to address what is apparently a significant backlog here because of internal resources.

Stamp Duty relief for first time homebuyers. To encourage first time home ownership by Bermudians, this relief is given on purchases of properties with a maximum value of \$750,000, under the required conditions.

I am going to stop there on the Tax Commissioner's Office, Mr. Chairman, because I would like to

be able to give the Honourable Member some time. I did advise him at lunchtime that had he not given three hours but four hours he would have had more time at the end. And I am sure the Minister of Tourism would have been pleased to give up one of his hours if he would like to negotiate a trade here.

[Laughter]

HEAD 58—INTEREST ON DEBT

Dr. the Hon. E. Grant Gibbons: I am moving now to Head 58, the Interest on Debt, and that is found on page B-100 of the Budget Book.

And as you will see there, Mr. Chairman, the Interest on Debt allocation for 2015/16 is \$117.6 million. The estimate of \$117.6 million represents the ongoing debt service cost for the following debt instruments. And there are actually a lot of them here and I am not sure I am going to read all of them, but it is sort of interesting, because as we were saying earlier a lot of these are fairly small tranches or fairly small debt instruments. And as we were saying earlier, when you do a small instrument oftentimes it costs a lot more money because of the transaction fees and legal fees and things of that sort. But anyway here they are:

- US\$140 million, Government of Bermuda Unsecured Senior Notes, due in 2022 with an interest rate of 5.73 per cent, annual interest of \$8.0 million;
- US\$30,000,000, Unsecured Senior Notes, issued on May 21, 2009 and maturing on May 21, 2016 with an interest rate of 6.98 per cent (fairly pricey), annual interest of \$2.1 million;
- US\$100,000,000, Unsecured Senior Notes, issued on May 21, 2009 and maturing on May 21, 2019 with an interest rate of 7.38 per cent, annual interest of \$7.4 million;
- US\$60,000,000, Unsecured Senior Notes, issued on November 10, 2009 and maturing on November 10, 2016 with an interest rate of 5.27 per cent, annual interest of \$3.6 million;
- US\$80,000,000, Unsecured Senior Notes, issued on November 10, 2009 and maturing on November 10, 2019 with an interest rate of 5.93 per cent, annual interest of \$4.7 million;
- US\$500,000,000, Unsecured Senior Notes, issued on July 20, 2010 and maturing on July 20, 2020 with an interest rate of 5.603 per cent, annual interest of \$28 million;
- US\$475,000,000, Unsecured Senior Notes, issued on July 3, 2012 and maturing on January 3, 2023 with an interest rate of 4.138 per cent (the yield on 10-year treasuries I think had declined quite a bit at that point), annual interest of \$19.6 million;
- US\$750,000,000, Unsecured Senior Notes, issued on August 6, 2013 and maturing on February 6, 2024 with an interest rate of 4.854 per cent, an annual interest of \$36.4 million. I think, as the Finance Minister said, this was the lowest spread ever by Bermuda over US 10-year treasuries and he was very pleased with that placement and that was done in the institutional market;
- BDA\$50,000,000, (which was associated with the \$750,000,000 but a Bermuda dollar tranche) and that was Unsecured Senior Notes issued on December 16, 2013 and maturing on December 16, 2023 with an interest rate of 4.75 per cent, and that has an annual interest of \$2.4 million.

The remaining expenses for 2015/16 relate to the estimated interest cost that will be incurred on Government's long-term borrowing requirements for this budget year which is estimated at \$5–\$6 million, and ongoing expenses of and incidental to the various securities, such as trustee and exchange fees.

The weighted average cost of borrowing currently stands at 5.1 per cent.

Members are advised that the annual interest expense of \$117.6 million for fiscal year 2015/16 is anticipated to be about 12.6 per cent of government revenues. What this means is that for every \$1.00 collected 12.6 cents is paid on interest expense. The interest expense to revenue ratio for developing countries related similar to Bermuda is 4 per cent and the same ratio for advanced industrial countries is about 5.2 per cent. It is noted that Bermuda's ratio is far worse than the countries compared and has grown by over 500 per cent since 2009 when this ratio was 1.9 per cent.

Let me repeat that—it is noted that Bermuda's ratio is far worse than the countries compared and has grown by over 500 per cent since 2009 when this ratio was 1.9 per cent.

Mr. Chairman, this is one of the consequences of running high deficits which lead to higher debt levels and higher interest expenditures. The increase in our current interest expense ratio over the last few years raises serious concerns over sustainability. Interest payments now exceed spending in all other Ministers except for Education, Health and the Environment, and National Security.

This large and rising interest cost crowds out spending in critically important areas such as education, social services and national security. Paying debt service has to be the top priority of any borrower because if you default on your debt service, you are by definition insolvent, regardless of whether you have other assets. So, all other types of spending have a lower priority than debt service.

The Government's target debt service/revenue ratio is set at 10 per cent. It is important

to note that debt service includes the annual Sinking Fund Contribution. Therefore, when including the annual Sinking Fund Contribution the debt service/revenue ratio will stand at 18 per cent for the upcoming fiscal year. We will work toward reducing this ratio to the 10 per cent target level over the medium term. This will be accomplished by growing the economy coupled with continuous cost containment on the part of government.

Mr. Chairman, when raising funds in the capital markets, the most important objective is to provide the government with stable financing at minimal cost under the prevailing market conditions.

With the successful issuance of our last two offerings in the public bond market, the Government currently has various potential debt financing options.

These offerings put Bermuda in an excellent position to return to the international debt capital market if needed. The success of the offering provided excellent visibility for Bermuda. These efforts not only enhance the country's presence and profile in the international debt capital markets, they also open a new and diverse global investor base to the Government of Bermuda and other Bermuda-based assets and borrowers.

The market backdrop remains extremely supportive and favourable for Bermuda and we still have ongoing access to debt financing at extremely attractive rates.

Given the above, the Government anticipates that we could currently raise funds at an all-in yield below 5 per cent.

The Government will carefully consider all options in the local and international debt capital markets in order to source funding at minimal cost under the current market conditions.

In July 2013 the Government borrowed \$750 million in the international bond markets, and in December 2013 borrowed \$50 million in the Bermuda dollar market. This was done to take advantage of favourable low interest rates and was part of the ministry's multi-year borrowing strategy.

Mr. Chairman, it is important to emphasise that the Minister of Finance and the OBA Government recognise the importance of proper medium term financial planning and we are unequivocally committed to the elimination of Government deficits. Steps toward that objective are still a work in progress. However, in the meantime it is forecast that the Government will likely run operational deficits in the next three years.

Mr. Chairman, this multi-year borrowing strategy is in sync with the Ministry of Finance's introduction of multi-year budgeting.

Mr. Chairman, the Government remains committed to prudent and sensible borrowing. This borrowing strategy allowed the Government to lock in historically low rates and to take advantage of strong current global demand for investment grade assets.

Thank you, Mr. Chairman. That concludes the presentation for the Ministry of Finance and the Honourable Member has about 25 minutes, I think.

ANNOUNCEMENT BY CHAIRMAN

HOUSE VISITOR

The Chairman: Thank you, Honourable Minister.

I first want to acknowledge the presence of Senator Vic Ball, who is in the Gallery.

Secondly, I am sure that the substantive Minister was glued to his radio at home and we hope that he gets well soon.

The Chair now recognises the Shadow Minister for Finance the Honourable, Mr. David Burt, of constituency 18.

You have the floor sir.

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

Mr. E. David Burt: Yes, thank you very much, Mr. Chairman.

Mr. Chairman, as the Honourable Minister noted I have only 25 minutes (probably 23 now), and if I am going to give time for someone to answer questions then I need to speak very quickly, which Members should know that I do not necessarily have a problem doing.

Let us go ahead and start, I guess on one of the first issues, because I think it is very interesting that the Minister of Finance always talks and the OBA Government always talks about their two-track strategy of . . . you know, reducing public expenditure and growing the economy. But that two-track strategy is seemingly a one-track strategy because we are just continuing to see economic contraction. So there might be a point in time when this two-track strategy comes into place.

But what I found also interesting was the Minister's introductory remarks where he said that the responsibility of the Ministry of Finance is not to manage the economy. Wow! That is new. Because I remember that before, when the One Bermuda Alliance and the United Bermuda Party were in Opposition, it was always like, you know, the Minister of Finance has to—

POINT OF ORDER

[Misleading]

Dr. the Hon. E. Grant Gibbons: Point of order, point of order.

The Honourable Member may be unintentionally misleading the House, but what I said the overall purpose of the Ministry of Finance was is to supervise the economy of Bermuda generally and to provide an

overall framework for the financial management and control of Government activities.

The Chairman: Thank you, Honourable Minister. Shadow Minister, you have the floor again.

Mr. E. David Burt: Thank you very much, Mr. Chairman. And I apologise. The Honourable Member did not share his brief with me so I had to take very quick notes as it is. So I have got a lot and I am going to keep going, but the thing is I also found it interesting that he mentioned in his introductory remarks about how the Ministry of Finance is giving support to small business. But I did not hear anything about support to small business, so I hope that he will clarify what exact support he is giving to small businesses.

Now, we also heard about making sure that funding resources are available for programmes and these, I am assuming, are priorities. But we saw in this last budget that the Ministry of Finance—or, more specifically, the Minister of Finance—has not been able to find money for the priority programmes which have been identified by the Government. And you know, no one needs to look any further than the amount of reversals that we have seen in the last 24 to 48 hours to realise that the Government is having a problem prioritising its spending and its actual budget priorities.

So what I would say is . . . it is interesting also because when we talk about prioritising spending we see that there is a reduction in the amount of money for the Public Bodies Reform Act or the Efficiency Review Team (as it was called), yet policy drafting is still continuing on the Public Bodies Reform Act. I thought that was very interesting. So the work is still continuing, yet the money was taken away. So I am hoping we can get some clarity on that.

What I find also troubling is that one of the things mentioned inside of the pre-budget report of 2012, and something that I spoke about at length, Mr. Chairman, in my Budget Reply, is that it is most important for the Government to focus on efficiency. So even if the Government has decided that it is not going to privatise items, it might want to at least continue on the important work of identifying efficiencies within individual budgets. Because, surely, the Ministry of Finance—especially the One Bermuda Alliance—should realise after their string of policy reversals over the last 72 hours that you cannot cut across-the-board and expect it to work when you are attempting to find these . . . when you are attempting to find the savings.

What you find is you will shut down the recycling centre on Wednesday, but you will open back up on Thursday. You will say you are shutting down middle schools one day, and then the next day you say you are not, so . . . you cannot do these across-the-board cuts. It does not work. The Government of Bermuda (at that time the PLP Government) was given the advice that it does not work, and I hope that the

Ministry of Finance will continue in looking at focusing on the efficiencies, examining the various government departments and taking the advice and lessons [which say] that across-the-board cuts do not work.

Just a quick question then. The quick question is on the Work Permit Exemption Fee, [line item] 8288. We saw this increase . . . there was expected [to be] a lot more money this year than there was last year, or the revised figure went up. So the question I would have for the Honourable Minister is, Can he tell me, on page B-83, [line item] 8288, Work Permit Exemption Fee, the original revenue figure was supposed to be \$350,000 and the revised revenue figure is up to \$660,000, which would seem like you issued quite a few more exemptions than you probably anticipated issuing—either that or you raised the price of something. But I would like the Minister to tell us how many Work Permit Exemptions have been issued.

I would also hope that the Minister could give me a breakdown of Professional Services Vote on page B-83, specifically, what is spent on consultants. There was \$250,000 to the US, \$470,000 to the UK—so there are lots of Professional Services there. Who exactly are these consulting contracts going to? I think that [would be] very helpful.

I am not necessarily going to go back into one of the things, because I think we have litigated enough—the question about the 400 new jobs. But the 400 new jobs that the Minister mentioned under Head 10, I would hope that he would be able to give updated statistics (and I see the Tax Commissioner is here). I was hoping that he could give updated statistics because we have been hearing about these 400 jobs it seems for the last year. Have there not been any new jobs? How many people are now taking advantage of the programme currently? Before, every three months, at the end of the quarter, the Minister would come here and he would tell us. But those updates stopped a long time ago. So it would be nice if we could get updated figures because I know that when there was a claim of 400 last year there had to be a revision down to 200 because it ended up that a lot of people were not actually eligible for that programme.

We are 3:45 right, Mr. Chairman? That is when we end—3:45?

[Inaudible interjection]

Mr. E. David Burt: Okay. Moving on if I can to the Accountant General on page B-87, there was a question about Service Fees, and that is [line item] 8191.

The original was \$750,000 and the revised figure was zero. Now the Minister of Economic Development may not be aware, but the Minister of Finance and I have a decent working relationship where I send questions in advance. And some of the responses were provided, so I know the Minister has these. But it said that these items were moved.

The question that I have is that there was a projection of \$750,000 to be received by Service Fees, how much Service Fees were actually received, or what was the revised amount for the Service Fees? Because I understand that it might have been moved to a different head, but the question is . . . how were these Service Fees and where were they received? What were these Service Fees originally intended for—the [line item] 8191, Service Fees?

I do believe and think and understand that it was supposed to be for credit card processing fees because the Government was given authorisation to add money on top of credit card processing fees. I think that is what it was, so I am just trying to find out how much money was actually earned in Service Fees if it was recorded somewhere else just so we can have an understanding on that.

Moving on to further questions, there just seems to be a discrepancy, and I am hoping that the Minister can possibly explain where this discrepancy comes from, because in the Budget Statement, when it was talking about the increase in fuel, the increase in fuel was not attributed to raise additional revenue of \$9.7 million. So I am just . . . I just want to be clear. What is the division between the increase in fuel on the total amount of \$10.5 million increase in Customs Duty? How much of that is attributed to fuel and how much of that is for the regular part of the economy, because the Budget Statement said \$6 million something and now this is saying \$9 million something. So I am trying to figure out what the actual difference is under the fuel stuff.

Under Social Insurance, I guess the question would be that we have not seen a Social Insurance increase since 2011. So that is now . . . we are looking at four years since there has been any increase to seniors who are on fixed income out of the Contributory Pension Fund. And as we know for seniors that are on FutureCare or for seniors that may be on HIP, for seniors that may be on other products, we know that that money is automatically taken out of their pension funds. We know those amounts are going to go up.

The question is if the Minister had any thoughts on when seniors or members who receive money can expect an increase to their pension fund? I understand that there is an Actuarial Review currently going on, but would the Ministry of Finance give any idea on any credence or any thought to the plans as proposed by the Opposition which could possibly see increased money go into the Contributory Pension Fund by setting the Contributory Pension Fund at a percentage of revenue, as most other countries have, as opposed to a fixed fee? So I would hope the Minister could answer that.

I did get a response regarding the breakdown of the Payroll Tax Concessions. I certainly do have a question on it. But I am not going to question the technical officers as deeply as I could because I am sure they have the figures best, but I was just hoping

that the Minister could provide for our consideration what the breakdown between the Payroll Tax Concession rollbacks are and the actual amount of yield that will come from an increase to the Payroll Tax. We are looking at getting an increase of . . . in taxes of about \$20-something million. How much of that is from the Payroll Tax Concession rollback and how much of that is from the actual increase?

The other question is, Has the Ministry of Finance done any analysis as to what the negative impacts of this rollback would be? In other words, I know that the hotels were constantly lobbying, but are they considering that this is going to have any negative impact upon their operations? And is there any view that it might actually weaken any of the companies and possibly cause any additional job losses?

And those are my questions right now, Mr. Chairman. Just to go briefly back to Head 11 because I think that it is important that we talk about the overall direction of the Ministry of Finance and what is being done inside the Ministry of Finance. I think that it is very important that we have to consider that if our goal is to make sure that we reduce budgets in the long term, if our goal is to understand that in the long term we need to become more efficient, I would once again challenge the Minister of Finance (I know he is not here, but . . .) the Minister of Economic Development to look back at the experiences that happened with the Progressive Labour Party Government and look back at the experience that happened in other governments.

Mr. Chairman, I can promise you that the Minister of Finance is not the first Minister of Finance to inherit an economy that is in recession that has a deficit. He does not have to attempt to reinvent the wheel because the fact of the matter is that this stuff has been done before. There is a way that you can make sure that you increase your budget targets, but that is not by cutting domestic demand inside the economy by cutting budgets and making cuts across the board, which we find out from experience, do not work.

We have spoken about what happened last year with the budget cuts, and now we see this year again the Government is doubling down on the strategy which they had last year, which caused more weakness in the economy. We saw businesses close, we saw 790 jobs lost—we saw that continue. So we do not believe that that is the correct strategy to go with.

One thing I would also ask, Is the Minister of Economic Development now prepared to state how much the Ministry of Finance's bet on long-term spending, where they bet that interest rates would go up and they have not gone up, is there any idea of how much that has actually cost the Treasury? When the Minister made the announcement he said it would save the Treasury \$20 million to \$40 million. Given that the interest rates did not go in the direction in which he wanted, is he prepared to say how much the

Treasury may not have spent if we would have gone a different direction? And I think that is all I have.

Thank you, Mr. Chairman.

The Chairman: Thank you, Shadow Minister.

Is there anyone else who cares to speak to these heads?

[Pause]

The Chairman: We are allowing the Minister to get his notes from his technical officers.

The Chair now recognises the Minister from constituency 22.

You have the floor, Minister.

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

Mr. Chairman, let me see if I can work my way through some of the questions that the Member who speaks for Finance on the other side proposed.

First of all, he asked what the Ministry of Finance was doing for small business. And I think I went through that under the Office of the Tax Commissioner. And basically there, as I think we are all aware, an increase of 0.5 per cent, but that was for most Payroll Tax rates, but that was with the exception of small businesses—farmers, fisherman, taxi drivers, and not-for-profit societies and associations. So I think small businesses get a natural tax break and that has been maintained.

With respect to the Public Bodies Reform Act, I think what the Minister of Finance is saying in the brief is that, while drafting is still in place, the actual body or organisation which was going to review that is not being set up yet, and, as a consequence, there are no costs associated with that. But I think there is some ongoing background work done on the actual drafting.

The Honourable Member took a few minutes to talk about his proposition that across the board cuts do not work. I think it would be wrong to suggest that there have been across the board cuts. I think every ministry was asked to go back and look to see where they could essentially effect savings. There are a number of areas which, as we know, have actually increased slightly, there are other areas which have been decreased quite a bit, but the overall issue here is that until we can eliminate this deficit we are never going to be able to pay down the debt, but worse, we are going to continue to increase the debt. So there is no—

Mr. E. David Burt: Point of order, Mr. Chairman.

Dr. the Hon. E. Grant Gibbons: —provision here for across the board cuts.

Mr. E. David Burt: Point of order, Mr. Chairman.

The Chairman: The Member has yielded for the point of order.

What is the point of order?

POINT OF ORDER

[Misleading]

Mr. E. David Burt: The point of order is that the Honourable Minister of Economic Development may be misleading the House, because the Minister of Finance made it very clear in his public statements that when he went to Cabinet, and no individual Cabinet Minister offered up any savings out of their budget, he cut them all. That is an across-the-board cut.

The Chairman: You may resume, Minister.

Dr. the Hon. E. Grant Gibbons: I think we are going to have to sort of agree to disagree.

I think clearly the Minister of Finance went to Cabinet and said, *Look, we have to reduce our deficit. We have to . . . every ministry has to basically play its part there.* But in essence the guideline was 5 per cent, but as the Honourable Member will know, having looked through the budget, not every ministry and not every department actually made 5 per cent, and there are reasons for that. Clearly, we were all hoping for some help with an extension of the furlough day, but as we know the Government cannot impose that, that was a negotiated agreement between the BTU and the Government beforehand.

So I think to simply cast across-the-board cuts, suggests that somehow there was an amount lopped off everywhere and that is simply not the case. I would like to say that people, while under pressure to reduce spending due to reducing the overall cost of government, clearly tried to use more of a scalpel than a meat axe. So I think it is fair to say that I do not agree with the Honourable Member's proposition that it was quite that way.

In terms of the Work Permit Exemptions, how many? I have a number here of 33 exemptions, \$660,000 was the total, \$20,000 each, and I believe that came out of the Ministry of Home Affairs. So hopefully that answers that question.

On the Professional Services, I may have to get back to the Honourable Member on that. I know for a fact that one of those was the annual retainer (which has been there for many years) for lobbying by Ken Levine who has been . . . sorry. Yes, okay. I do have . . . I am obliged to the honourable Financial Secretary here for a list. I was starting to say that at least one of those services at the Washington office was the retainer to our lobbyist up there, Ken Levine, who has been employed for I think pretty close to 30 years now by both the former United Bermuda Party Government and also by the former PLP Government.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: No, he actually was not hired by me, but I worked with him a lot when we were doing the base transition stuff and trying to get fees and reimbursement for some of the environmental damages. But anyway the list of things here:

- the special project work in the economic report from the regulatory unit was \$22,000;
- there is under the policy planning and management section, EU strategy consultant by the name of Alastair Sutton, \$320,000;
- under the UK strategy, again, with respect to defending Bermuda's position against the onslaught by larger countries (including the UK) some \$180,000 to Cubitt;
- there is a special projects allocation of \$100,000;
- economic diplomacy, Ken Levine, and there is a retainer, and then costs, and that is \$250,000—

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: Yes, the retainer. Every year in order to be able to keep him on board there is a minimum retainer. I think it is about \$100,000. But in addition to that, when you effectively work with him or use him as the Premier did recently, in terms of meeting people and setting up meetings and essentially engaging staff, you are paying him sort of a . . . I will say "cost and charges" in addition to the retainer.

Let us see, with respect to the Economic and Financial Intelligence area, rating services, there is an allocation of \$166,000 and I think that is for fees paid to probably Moody's (if I had to guess) and Standard & Poor's, and Fitch as well. They charge you to rate you. I think—

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: —they charge you to downgrade you, I think is probably an accurate way of looking at it. And hopefully it will start to go the other way at some point, but certainly we have got a couple of years to get that in place.

And then, finally, under the Treaty Management and Administration section there is a legal consultancy treaty management allocation of some \$100,000 as well.

Okay, let us see . . . the Honourable Member was asking a question about page B-87, Services Fees, under [line item] 8191, asking whether that was a credit card fee or not. I am told that the credit card fees were never implemented and as a consequence that is probably why there is zero allocation there. Okay?

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: I do not know the answer [to] why not? I am sorry, it is not my Ministry and I am an itinerant Minister right now, but we can find out for you though.

With respect to the increase in fuel, the Honourable Member was asking whether the \$9 million increase was reflected in the Customs Duty figure. And the answer to that was, \$9.6 million was actually there as a consequence of fuel, and the rest of it was budgeted in for increased economic growth.

With respect to the issue of Social Insurance and the increase, I think the Honourable Minister of Finance is going to have to answer that question. That is above my pay grade so I am going to leave that for him.

With respect Payroll Tax Concessions, how much was from the actual rollbacks with respect to some of the hospitality areas and retail, and how much was due to increases in taxes? And I am not sure if we have a number for that or not.

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITOR

The Chairman: Members, while the Minister is getting his information from his technical officers, I just wish to acknowledge the presence of the former MP and Cabinet Minister, Mr. Arthur Hodgson, who is in the Gallery.

[Desk thumping]

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

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

The Payroll Tax revenue from increased rates is estimated to be \$339.1 million. The revenue from retail at 5.5 per cent is estimated to be \$8.6 million; from the hotels at 5.5 per cent, \$5.1 million; and from restaurants \$438,000. So the overall increase is \$21.36 million.

Mr. E. David Burt: Mr. Chairman, just as a point of information, could the Minister just repeat those figures again, just one more time, just like that?

Dr. the Hon. E. Grant Gibbons: What I can do is actually give you the sheet here so you can have those as long, as you promise not to retrieve them later.

[Laughter]

Mr. E. David Burt: You know that is going to happen.

Dr. the Hon. E. Grant Gibbons: And I think the final question was (I was scratching it down) something to do with impact on job losses. I think you were referring to asking about whether . . . No, I remember now.

I think we had a little bit of a sermon from the Honourable Member who speaks for Finance on that side about doubling down on cuts. I think, Mr. Chairman, there is an implication that somehow (and we have seen this quite a bit) the decrease in spending by government is having an impact on the economy. I suspect it does to some degree, but I think what we have said pretty repeatedly over the last week or two is that when you have an economy in freefall, which is one that we have inherited from the former Government, it takes a while to turn that around.

And when you look at things like job losses, those were as much as almost 2,000 a year back in 2010/11, [then it] dropped to a little over 1,000, and now to something like 790. So sometimes, particularly when you have an economy which is heading dramatically in the wrong direction, simply reversing all of that in a year is simply not possible. So I think that to somehow suggest, as the Honourable Member is doing, that that is all due to the budget I think is simply a bridge too far. That is an extrapolation which the Honourable Member is certainly . . . should not be necessarily making, although he clearly is.

I think the bottom line here, Mr. Chairman, is we have a two-track strategy. The Minister of Finance has clearly outlined both a revenue side, an increase in revenue side, and also a reduction of government spending, which is essential to be able to reduce that deficit because while we continue to run deficits the debt continues to go up, and we are going to be in even more difficult shape. So it is imperative to reduce that deficit spending.

Mr. Chairman, how much more time is there?

The Chairman: Member, that is it. We have come to the end of the consideration of the Ministry of Finance.

Member, are you prepared to move the relevant heads?

Dr. the Hon. E. Grant Gibbons: I assure you, Mr. Chairman, I would be delighted.

The Chairman: You may proceed.

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

I would like to move Heads 10, 11, 12, 38, 58, and 28.

The Chairman: Members, please note that the Acting Minister has asked that Heads 10, 11, 12, 38, 58, and 28 be approved.

Are there any objections?
Those in favour, say Aye.

AYES.

The Chairman: Those opposed?

NOES.

The Chairman: The Ayes have it.
The Heads are approved.

[Gavel]

[Motion carried: The Ministry of Finance, Heads 10, 11, 12, 38, 58, and 28 were approved and stand part of the Estimates of Revenue and Expenditure for the year 2015/16.]

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITOR

The Chairman: Members, at this time I would also like to acknowledge the presence of former Senator Neville Tyrrell who is in the Gallery.

[Desk thumping]

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

The Chairman: At this time we will be proceeding to the consideration of the Ministry of Tourism Development and Transport with the focus on Tourism at this point.

And the Chair will now acknowledge the substantive Minister Mr. Shawn Crockwell, the Honourable and Learned Member from constituency 31.

Honourable and Learned Minister, you have the floor.

MINISTRY OF TOURISM

Hon. Shawn G. Crockwell: Yes, thank you, Mr. Chairman and good afternoon.

Mr. Chairman, we are about to debate Head 33, Tourism, and specifically the grant provided to the Bermuda Tourism Authority. Head 33 can be found on page B-157 and the Grant, Mr. Chairman, can be found on page C-18.

Mr. Chairman, before I commence with the actual brief I would like to first of all acknowledge in the Gallery this afternoon my Permanent Secretary for the Ministry, Mr. Francis Richardson. I would like to acknowledge Dr. David Dodwell who is here, who is the Chairman of the Board, former Member of this Honourable House, former Minister of Tourism. And I also know in the building and probably making his way to this side of the Chamber is Mr. Andy Burrows, who is the Chief Investment Officer.

POINT OF ORDER

Hon. Zane J. S. De Silva: Point of order, Mr. Chairman.

Just let me help out the Minister. Mr. Andy Burrows is in the Gallery.

The Chairman: Thank you, Shadow Minister.

[Crosstalk]

Hon. Shawn G. Crockwell: I would like to invite Mr. Burrows to come around, thank you.

I also would like to recognise Ms. Erin Smith, the Director of Research and Business Intelligence. I hear already . . . I am not even five minutes in and I have had a point of order, Mr. Chairman, and I have had interpolations already.

Mr. Hanbury is in Charleston on business at this moment and he was unable to be here.

HEAD 33—TOURISM

Hon. Shawn G. Crockwell: Mr. Chairman, I would like to start off by reminding this Honourable House the justification for establishing and creating the Bermuda Tourism Authority.

Mr. Chairman, you would always know that—well, you would know in particular—that the One Bermuda Alliance took a position that we felt that the problem and the challenges with tourism in Bermuda were not that we did not have passionate Ministers and we did not have passionate staff at the Department of Tourism, and people who were committed to reviving tourism. We fundamentally believed that our challenges were based on the structure of how we managed tourism and managing what essentially is a business through government. And we know that government, when it comes to businesses, is not always the most efficient entity. And so we thought that the best approach was to address the structural problem, and we wanted to create an authority that would be independent from politics, Mr. Chairman.

When I became the Minister I was the fourth Minister in five years. And I am no tourism expert, Mr. Chairman. I was the Shadow Tourism Minister so that gave me opportunity and gave me time to get familiarised with the industry and do research and the like, Mr. Chairman. My predecessor was not a tourism expert, although he was involved in some tourism business because of his restaurants, and he is still involved with having an *Airbnb*. And we know that he sang very well at tourism events. “Very well” may be debated, Mr. Chairman, but we certainly know he sang at these events.

[Laughter]

Hon. Shawn G. Crockwell: And we have had a medical doctor. We have had an individual from finance. So at the end of the day if you look at the structure—that is just the leadership—and every year when you had a new Minister you may have a new direction, a new focus, we saw changes of tag lines, we saw changes in marketing strategy.

What happens sometimes . . . for example, we can reflect on events that may just be a particular idea of a minister. We know that the former Minister had an idea for an event and you would want to support it. And then we can all recall the Beyoncé concert, Mr. Chairman. These are things that happened at the caprice, if you will, of different Ministers. And so we just did not think that that was good for leadership. If you cannot have consistent leadership, then you know that you are going to have challenges with that particular industry.

Mr. Chairman, also when you have politics involved then you are going to have acrimony. It is just the nature of politics to object. And I will raise my hand, Mr. Chairman. I was guilty of it. And I thought I did a pretty good job in the Opposition. And now as the Minister of Tourism I can say, and I know that the Honourable Member who was my predecessor said to me when I first became the Minister—I do not believe he has held to that promise, but he said to me—*I’m not going to criticise on the numbers because I’ve been there and know that sometimes the numbers do not always tell the right story.*

[Inaudible interjection]

Hon. Shawn G. Crockwell: Well, he did not; but he handed it off to his colleague from constituency 29, Mr. Chairman.

But politics by its nature creates an acrimonious discourse. And, you know, when the Chairman made the comment which was referenced and was actually in the Reply of the Shadow Tourism Minister when he said that dissention is the enemy of success, and he has been criticised for that, he was not saying that he does not want or he does not invite constructive criticism. He was saying that by the nature of politics, if we are looking for a reason to criticise . . . and we know what it is like, we have been in the Opposition.

I know what it is like to get a directive from my Leader [saying], *Look at this Bill and see what is wrong with it.* That is what Opposition is all about. But politics should not be in tourism. We should not be looking for ways to criticise tourism. At the end of the day, we are all a part of the revival of tourism. And so this is one of those industries . . . and I think it is going to take time, we hoped that once we made that transition to the Tourism Authority that, because it was separate and distinct from government, that hopefully there was immediately going to be a toning down of the temperature as it related to the discourse on tour-

ism. It has not happened yet, but I believe that it will happen. I think it will take time as we go forward.

Now, Mr. Chairman, we welcome constructive criticism. Certainly, the BTA welcomes it. I know the CEO welcomes it, the chairman, it helps us to grow, it helps us to stay on the right track, but I would just encourage that we try to avoid criticism for criticism's sake.

Now, Mr. Chairman, as I just stated, we identified the primary challenge being structural. I believe that before we were going to see the types of results that we wanted to see that we had to address and fix the structure. I believe that we have done that. And the Shadow Finance Minister has endorsed, in my opinion, the fact that we have fixed the structure. If not using such a strong term as "fixed," I certainly believe that the Shadow Finance Minister concurs that we are certainly on the right track.

With your indulgence, Mr. Chairman, I would like to refer to the Reply to the Budget on page 14. And I hope that this will form the tenor, Mr. Chairman, of this debate today, because I am referring to the PLP's Reply to the Budget. And on page 14 the Shadow Finance Minister said, "[I] have had the chance to meet and interact with the leadership and staff of the Bermuda Tourism Authority. They are an excellent team who approach their mission with professionalism and they are doing good work. Though we questioned the need for its creation, the team at the BTA have our full support"—

[Inaudible interjection]

Hon. Shawn G. Crockwell: I am quoting, I do not know why the Honourable Member . . . he said . . . I am just reading, "We are confident that the BTA will succeed in their mission to execute the National Tourism Plan and increase visitor arrivals, but only if they are given the required level of investment."

And Mr. Chairman, the Honourable Member said we did not; but the Honourable Member is not privy to all of the strategies and the plans going forward. But I appreciate that what I consider to be a statement of endorsement of the work that is being carried out right now by the Tourism Authority. They are a professional body. They are doing good work, Mr. Chairman. In that office, 90 per cent are Bermudian, and we all should be proud—

Hon. Wayne L. Furbert: Point of order, Mr. Chairman.

I know what the Honourable Member is—

The Chairman: Hold it, Member.

The Chair recognises the Member from constituency 6.

You have a point of order?

POINT OF ORDER

Hon. Wayne L. Furbert: The Honourable Member is . . . the point of order is that [the Opposition] has never criticised the . . . the team at the Tourism Department. There are certain policies that they put forward that we may not look at, but we do not criticise the staff at all. We have professional staff under every ministry.

The Chairman: Thank you.

Hon. Wayne L. Furbert: They were not professionals either.

The Chairman: Thank you, Shadow Minister.

Hon. Shawn G. Crockwell: Mr. Chairman, the Honourable Member will have an opportunity to speak. It is very irregular to be doing points of order when I am making my budget presentation. I have not seen it so far during this budget, and I did not say anything wrong. And for the Honourable Member to say that the Opposition has not criticised the BTA is laughable . . . it is laughable! I mean, Really? The Opposition has not criticised the BTA?

Mr. Chairman, I am concurring . . . I am concurring with what I believe is a very accurate endorsement by the Shadow Finance Minister about the work that is going on at the BTA and we all should . . . this is Bermuda's organisation, Mr. Chairman—staffed by Bermudians who are passionate about tourism, who work long hours. The Honourable Members in this Chamber know, go to Cup Match one year and see how they are there all day in the heat, servicing our tourists while they are there and representing us on the hotel association for the entire time, there providing service to our guests. These are committed and dedicated people giving up our most popular holiday to serve.

[Inaudible interjection]

Hon. Shawn G. Crockwell: And they did it before. And quite a few of the members are transitioned to the Tourism Authority. And I am saying that I am inviting everyone to embrace the Tourism Authority. This is our organisation that we have tasked—whether you supported the creation or not. They are there now and they are doing good work.

We should embrace them, Mr. Chairman, because they are the ones responsible for the revival of tourism, but they are not going to do it alone. And we intend, Mr. Chairman, that they have adequate financing.

I would like to start off, Mr. Chairman, by an introduction to the Bermuda Tourism Authority. Mr. Chairman, on the way to restoring growth in the local tourism economy the 11 month-old Bermuda Tourism

Authority (BTA) must first restore confidence among those already invested in the tourism industry.

As a Destination Marketing Organisation, known as a DMO, the Bermuda Tourism Authority is focused on much more than marketing to potential visitors.

According to Destination Marketing Association International, destination marketing is a serious engine to drive job creation and economic growth through travel and tourism. The importance of destination promotion to the visitor economy is well documented, but destination promotion also acts as a catalyst of economic development in a broader sense.

It has been well documented that destination promotion fuels development across the entire economic spectrum. In addition to generating jobs and tax revenues by attracting visitors, the activities of DMOs (like the Bermuda Tourism Authority) drive broader economic growth by sustaining air service, creating familiarity, attracting decision-makers, and improving the quality of life for residents.

The results of a study done by Oxford Economics continues to demonstrate that those markets which coordinate destination marketing and economic development are better positioned to compete for new investments and corporate relocations, as well as build a more talented workforce.

About six weeks ago, Mr. Chairman, I, along with 320 others from the local tourism sector, attended a first-of-its-kind Bermuda Tourism Summit. The goal was to outline the BTA's vision for 2015—its sales and marketing strategy, its business intelligence strategy, and the overall ethos for rebuilding tourism in this country.

Mr. Chairman, I want to outline for you some of the responses received from tourism industry stakeholders who attended the one-day summit: A tourism entrepreneur wrote: "Feeling inspired and re-focused to kick off 2015. Thanks for laying down a solid foundation."

A hotelier said: "The BTA, for the first time in my [15-year] history, has been able to get more people enthusiastic about tourism than ever before . . . The summit was well thought out and provided a great opportunity for all to come together and get really excited about the future."

An event planner said: "Thank you for your perseverance and creative initiatives which now allows us to believe again and encourages us to work harder to put Bermuda back on top."

And lastly, Mr. Chairman, the comment was made, "overall I would say that the seminar was great, allowing the BTA to talk to stakeholders."

That last comment, Mr. Chairman, was from an Honourable Member of this House who sits among my Opposition colleagues.

Mr. Chairman, I use all of these comments as an exhibit. It is an exhibit that proves, among tourism industry stakeholders—the men and women with skin

in the game—that there is confidence in the BTA, and that confidence is strong, and I believe it is getting stronger.

We have not heard people speak with this level of confidence and optimism in tourism in a very long time. This is what progress sounds like. I was encouraged to hear the Honourable Shadow Finance Minister say one week ago that he too has confidence in the team at the BTA.

Regardless of political affiliation, confidence in the BTA is being earned. Confidence in the Bermuda Tourism product is starting to return.

Mr. Chairman, once tourism stakeholders believe, then the general public will follow. And investors will also believe. And our visitors and vacationers will believe.

A year ago, on what was a smaller tourism budget than the previous year, I stood in this Honourable House and outlined seven ambitious Year 1 objectives for the Bermuda Tourism Authority. I am pleased to report today that all seven are either accomplished or firmly in hand.

Mr. Chairman, I think it is appropriate to update Members on that progress.

A year ago I said the BTA would fully operationalise the organisation. It has done so. Using the National Tourism Plan as a guide, it has assembled 37 full-time staff who are highly qualified, highly motivated and results-oriented and, as I said earlier, 90 per cent of which are Bermudian. And if you were to go there, Mr. Chairman, you would find that the staff there, they are a reflection of Bermuda. They work hard and deserve our full support.

A year ago I said the BTA would implement a new sales and marketing strategy. So said, so done, Mr. Chairman. The new strategy was implemented late last year and although it takes about eight or nine months to fully measure marketing results in the tourism industry—eight or nine months—the early indicators look positive. The Bermuda marketing strategy has also been the talk of the trade press including the *New York Times* and *Adweek*—not insignificant publications.

A year ago I said the BTA would focus efforts to improve quality throughout the tourism value chain. That is firmly in hand. The National Service Standards Programme is underway building hundreds of tourism ambassadors across the country so that our service to visitors is a step beyond our competitors. When service quality is high, customers perceive higher value, which is imperative for our high-cost product.

To set tone for new sources of funding as part of the BTA's future sustainability. This was laid out as a 2014 goal, Mr. Chairman. This is an area in which much work is still required but, the tone has been set. For example, after much preparatory work in 2014, the BTA will establish new revenue generation in the next budget year.

To develop and enhance existing product and experiences while also creating and supporting new initiatives in both areas was another 2014 goal. This has been achieved. The BTA educated the public on its strategy, then invited entrepreneurs to submit their own home-grown ideas that would help the country deliver on its tourism strategy. The end result was more than \$813,000 invested in local entrepreneurs. In all there were 41 successful applicants, 17 of them are brand-new ideas.

To build a new strategy for investment in Bermuda tourism was also a 2014 objective. Mr. Chairman, the BTA has secured a Chief Investment Officer (Mr. Burrows who is here) and he is building a concierge service that will make it easier for investors to understand our market and therefore feel more confident about investing in our product. As you know, there are already several exciting development projects in the pipeline. And I can say, Mr. Chairman, from my experience with the St. George's project, Mr. Burrows has been invaluable—the experience he brings from the private sector, his experience as a former banker—at times proved to be critical as we discussed the very salient and important aspects of a hotel development.

At the last budget debate I told this Honourable House the BTA would work to maximise the spending power of the cruise ship passenger to generate a greater economic impact for the country. This mission is in hand, Mr. Chairman. In 2014, cruise ship passenger spending has indeed increased on a per passenger basis and overall. The total spend went up 29 per cent to \$54 million in 2014. Meantime, for every dollar a cruise ship passenger spends, an air visitor spends \$8.00. Last year, for every dollar a cruise ship passenger spent, an air visitor spent \$9.00.

This move represents a 23 per cent improvement. This is a positive development, Mr. Chairman. But make no mistake: ultimately, we would like to see both visitor spending numbers go up in 2015. Increasing air visitor arrivals and air visitor spending remain the top priorities of the BTA.

Mr. Chairman, these seven points are evidence that we have a results-oriented team in the Bermuda Tourism Authority and it is creating the progress we need to set conditions for growth in the local tourism industry. And they are generating these results while spending less taxpayer dollars—the fewest in 34 years. And I think that is critical. I take a point by the Shadow Finance Minister that if we want to see tourism grow we have to invest in it, and certainly I can do all I can, but the Government is fettered as it relates to our budget. But we have to understand and put this in the context of what the Tourism Authority has achieved with their finances. I have heard people say, *Well, the Government is giving millions of dollars to the Tourism Authority.* We have historically spent millions of dollars, Mr. Chairman, on tourism. In fact I was told that, I believe, over the last 20 years or the

last 30 years, we have spent a billion dollars—a billion dollars we have spent—*one billion* on tourism. And we have experienced on that one billion spend 20 years of decline.

Hon. Zane J. S. De Silva: Point of order, Mr. Chairman.

The Chairman: The Chair recognises the Member from constituency 29.

POINT OF ORDER

[Misleading]

Hon. Zane J. S. De Silva: The Honourable Member is misleading the House, Mr. Chairman. The Honourable Member just said that we have experienced 20 years of decline. Not true. In 2007, under Dr. Ewart Brown, we had a record amount of tourists that visited Bermuda.

The Chairman: Thank you, Member.
Minister, you may resume.

Hon. Shawn G. Crockwell: I believe the Honourable Member is . . . when he says “record number” he may be talking total—combining cruise and air—but he is certainly not talking air.

[Inaudible interjection]

Hon. Shawn G. Crockwell: No he is not. I have it right here, 2007 was not the highest year. Okay? So—

[Inaudible interjections]

Hon. Shawn G. Crockwell: If you go back—

[Inaudible interjections]

Hon. Shawn G. Crockwell: Okay, well I am just saying your colleagues are saying yes, but total—

[Inaudible interjection]

Hon. Shawn G. Crockwell: Okay, I do not know if we are going to have a debate as to whether or not tourism has been declining for over 20 years, but if we are, we are the only people debating it. Because everybody else in Bermuda realises that for the last 20 years tourism has been on the decline. And over 20 years you had three administrations—

[Inaudible interjection]

Hon. Shawn G. Crockwell: More than 20 years. Now we have a Member saying more than 20 years. So I do not know why there was a point of order. We have experienced decades of decline in tourism in this

country, and we have spent a billion dollars on tourism!

Mr. Chairman—

Mr. Zane J. S. De Silva: Got the man man right next to you.

Hon. Shawn G. Crockwell: And the man man is helping to turn it around.

And what the BTA is doing with far less funding is admirable. And I recognise that it would be ideal to have more to spend, but sometimes it is not the amount you are spending, it is how you spend it. And sometimes it is not . . . you know, it is the efficiency of management, sometimes, that gets results, Mr. Chairman. I was only highlighting the fact that, as was highlighted by the Shadow Finance Minister, that this year and last year the tourism investment has been the lowest that we have seen in decades. And so what they have accomplished to date—setting up the Authority, getting it going, being that professional body that is doing good work—that was aptly articulated by the Shadow Finance Minister—they deserve credit for that with the budget that they have received.

Mr. Chairman, the BTA mission statement—

Mr. Glenn A. Blakeney: Mr. Chairman, could I just . . . if the Member does not mind yielding, I am sorry to—

The Chairman: The Chair recognises the Member from constituency 13, the Honourable Glenn Blakeney.

POINT OF INFORMATION

Mr. Glenn A. Blakeney: Yes, just a point of information or clarification, if he does not mind (he might not have this statistic). We have heard you quantify over 30 years what has been spent. Do you have any numbers regarding the return on that investment? In other words, what has been the gross or net revenue over 30 years?

The Chairman: You may resume, Minister.

Hon. Shawn G. Crockwell: Actually, I am glad . . . I do not have those figures with me, but I am glad the Honourable Member raised [the question of] revenues because we need to start looking at tourism differently. Not only . . . I mean, we have always and we have historically looked at it straight on air arrivals and numbers, but sometimes it is good to see whether or not the revenue from tourism is going up, because you could have fewer people but more revenue.

Now, I do not have those numbers, but the comparison was in relation [to how] we have historically measured tourism based on arrivals. And we know what the imbalance is, Mr. Chairman. The im-

balance is that we have gotten far more cruise ship passengers over the last 15 years, but they do not spend as much. So the revenues have certainly gone down, the contribution to GDP has gone down substantially, Mr. Chairman, but I think that the Tourism Authority is also looking at how to augment the revenue we generate from our tourism as well.

Mr. Chairman, the BTA mission statement has not changed as the organisation goes into its second year of operation.

The mission of the Bermuda Tourism Authority shall be to increase income earned by the Island through tourism and ensure the industry is economically, socially and environmentally sustainable.

In addition, the BTA's vision is unwavering:

- The BTA will be an independent, modern, and leading tourism enterprise which will be dynamic, entrepreneurial, and vibrant.
- The BTA will be the singular voice that continually evolves Bermuda as a world-class tourism destination. And we cannot say that they have not been vocal about what they have been doing—they have their own website, they have very frequent op-eds in the newspaper, they have been out there articulating to the community what they are doing.
- The BTA will partner with the Government of Bermuda to grow tourism and create jobs.
- The BTA will develop creative and innovative ways to make Bermuda a highly desirable destination for visitors and tourism investment.
- The BTA will be results-oriented, accountable, and transparent to its stakeholders.
- The BTA will allocate its resources strategically, take select risks and move quickly to capture the opportunities afforded by growing global tourism demand.
- The BTA will pursue strategic initiatives and actions that add value to Bermuda tourism.
- The BTA will empower its people to be customer focused, proactive, solution-oriented, and make decisions that are in the best interest of Bermuda as a tourism destination.
- The BTA will have a fun and positive workplace culture that generates pride in Bermuda.
- The BTA will be impassioned in its communication to the world that Bermuda is open for business.

Mr. Chairman, Bermuda's tourism sector has seen near zero compound annual growth in total visitation over the past three decades, with total growth of 7 per cent over 30 years. Over the same time period, global tourism experienced total growth of approximately 270 per cent, a 200 per cent differential—I am sorry, a 263 per cent differential. Bermuda has also experienced a significant shift from air arrivals to cruise arrivals. Given today's lower economic benefits

for the local tourism industry associated with cruise visitors compared to air arrivals with an air to cruise dollar spend ratio of \$8.00 to \$1.00 (for example, lower lodging and food and beverage spend per person), this transition has led to a material decline in tourism industry benefits for Bermuda such as contribution to GDP, employment, hotel supply and demand, and availability of airlift.

Recognising the consistent decline in tourism performance, the Government of Bermuda commissioned the development of the National Tourism Plan (NTP) in 2012. Mr. Chairman, I will emphasise I was in the Opposition at the time, the Honourable and Learned *[sic]* Member from constituency 6 was the Minister—

[Inaudible interjections and laughter]

Hon. Shawn G. Crockwell: Sorry, the Honourable Member was the Minister of Tourism at the time.

I attended the presentation at the Berkeley Institute. It was a very thorough presentation, and during that debate we voted unanimously—it was a unanimous vote. The Honourable Member on that day thought he was “learned” because he called for names thinking that that was going to be the checkmate, but he got the entire support of this House. And as a result, the National Tourism Plan has been placed in the Tourism Authority Act. And the Tourism Authority is statutorily required, Mr. Chairman, to follow and implement the National Tourism Plan. And to date I have not heard any concern or criticism about that at all, they are going about the business of trying to implement the Plan. I will refer to the National Tourism Plan as the NTP.

The NTP defined key goals anticipated to enhance Bermuda’s competitiveness as a tourism destination and attract investment to Bermuda’s tourism industry.

The goals of the 2012 Bermuda NTP are still relevant for 2015 and include:

- building a unique and competitive position for Bermuda;
- reducing seasonality;
- rebalancing air versus cruise arrivals;
- increasing visitor expenditure;
- improving quality throughout the tourism value chain;
- creating jobs and building pride;
- business development and attracting new investment;
- building economic, social and environmental sustainability.

The key objectives for tourism in Bermuda for 2015 are increasing total visitor arrivals, which is very key. Most importantly we want to increase air visitor arrivals, we know that we generate more revenue from the visitors who stay in our hotels, eat in our restau-

rants, and the like; and increasing room nights in hotels and vacation rentals.

For each department of the BTA there are also specific departmental goals. They include:

1. Executive Office and Business Intelligence:
 - a. higher management efficiency of BTA board and committees;
 - b. fully integrate “performance objective” management culture throughout BTA;
 - c. improve communication with on-Island stakeholders and general community; and
 - d. expanded use of business intelligence across the BTA management matrix.
2. Operations:
 - a. initiate rollout of National Service Standards for hospitality industry;
 - b. achieve Destination Management Organization certification through DMAI;
 - c. full PATI compliance;
 - d. unqualified 2015 audit; and
 - e. end fiscal year within budget parameters.
3. Sales and Marketing:
 - a. build year-round demand within targeted geo/demographic markets;
 - b. execute integrated marketing and sales strategy;
 - c. execute strategy to layer group and leisure demand;
 - d. build capacity to better leverage external partners; and
 - e. create new visual/inspirational marketing assets.
4. Product and Experience:
 - a. develop signature experiences for shoulder seasons;
 - b. secure new future calls by cruise ships to St. George’s;
 - c. emphasis on the St. George’s product/experience;
 - d. assure product/experience investments align with Sales & Marketing objectives; and
 - e. Improve visitor information services on-Island.
5. Investment:
 - a. rewrite concession legislation to spur investors to consider Bermuda;
 - b. improve and expedite the investment process;
 - c. establish relationship with major and niche hotel brands; and
 - d. strengthen support for existing on-Island hotels and hospitality businesses.

I want to say here that the Economic Development Committee of the Cabinet works closely with

the BTA as it relates to hotel investments. It works closely with the BTA in terms of how we can improve our concession structure. We have received multiple presentations from the BTA, and it is our goal to create new legislation, Mr. Chairman, that will make Bermuda more attractive and competitive for investments going forward.

Critical Success Factors for BTA: Mr. Chairman, in 2014, air arrivals accounted for 39 per cent of visitors while cruise arrivals were 61 per cent. Bermuda has experienced a significant shift from air arrivals to cruise arrivals over the years. In 1980, air arrivals accounted for 81 per cent of total arrivals and cruise arrivals made up only 19 per cent. Over the past two decades air arrivals have decreased 54 per cent from 491,000 in 1980 to 224,000 in 2014. Given the lesser economic benefit for the local tourism industry associated with cruise visitors compared to air arrivals (with an air to cruise dollar spend ratio of \$8.00 to \$1.00), this transition has led to a material decline in tourism industry benefits for Bermuda such as contribution to GDP, employment, hotel supply and demand, and availability of airlift.

Additional factors which contributed to the decline include seasonality, expanded competition from other markets, and barriers to investment which have further hindered Bermuda's growth.

According to the World Tourism Organisation (UNWTO), International Tourism arrivals grew by 4.7 per cent in 2014 compared to the previous year. With many countries still recovering from the global recession of 2008, this is a testament to the resilience of tourism growth. The UNWTO forecasts international tourist arrivals will grow between 3 [per cent] and 4 per cent again in 2015.

Bermuda's tourism industry is highly reliant on travellers from North America, with 84 per cent of all air visitors in 2014 originating from the United States (71 per cent) or Canada (13 per cent). That number I believe has gone up over the last couple of years. The demand for international vacations from North American residents is a key factor in the health of the local tourism industry.

Mr. Chairman, the Bermuda Tourism Authority was created in 2014 as the new governing body for tourism tasked with executing the NTP. The NTP and the BTA plan objectives are aligned in their pursuit of tourism growth. As Bermuda's Destination Marketing Organisation, the BTA was designed to build a unique and competitive positioning for Bermuda as measured by new investment into tourism products and experiences, increased tourism arrivals and reduced seasonality, increased visitor expenditure, job creation, and overall tourism experience quality improvement. The NTP and BTA plans were created with economic, social and environmental sustainability in mind.

The following critical success factors are vital to Bermuda's tourism governance model:

- The BTA is the lead entity for all travel and tourism business in Bermuda, set up as a non-departmental public entity (similar to other corporate bodies and quangos in Bermuda) with oversight from the Minister of Tourism Development and Transport on behalf of the Government.
- The BTA is a key collaborator specific to the tourism industry with stakeholders such as the Economic Development Committee of the Cabinet, Labour, BDA, Chamber of Commerce, Bermuda First, the Hotel Association, the evolving Gaming Commission, Department of Parks, and Department of Public Works.
- The powers of the Minister over the BTA are clearly defined and made publicly available to provide stakeholders with transparency of governance.
- The board of the BTA has an advisory function and policy development mandate that includes members representing key areas in tourism across public and private sectors (for example, the Chamber of Commerce, Bermuda Hotel Association, and International Business); consideration was given to diversity when electing board members; board member terms are staggered to avoid any abrupt, material loss of intellectual property.
- The CEO of the BTA is a non-political executive and corporate employee of the BTA (he is hired and fired by the board of directors) who is responsible for the execution of the tourism strategy as determined by the board; the CEO has no financial interest in a tourism business or entity in Bermuda to avoid conflicts of interest.
- To avoid disruption from politics, the BTA considers forming partnerships with private entities that will assist in carrying out initiatives created by the BTA regardless of what political party is in power.
- In order to further avoid conflicts of interest by BTA executives, regulatory powers remain within government and were not transferred to the BTA.
- The BTA's public reporting and communication protocol are being adhered to and include:
 - a) an annual report of its activities, financial statements, and performance measured by key tourism metrics;
 - b) tourism research reports that provide market transparency;
 - c) periodic surveys among tourism stakeholders for feedback to highlight measures needed to improve the tourism industry in Bermuda; and

d) any other reports or communication beneficial for the coordination of tourism activities and investments in Bermuda. The BTA will be PATI compliant.

- The BTA will be making a concerted effort to establish independence from the government's funding. This will allow the BTA to execute the strategic tourism plan and its own initiatives without the restraints of a traditional government related budgeting process.
- The BTA is considering alternative funding sources including: taxes, fees and other earnings; considering support from the private sector; and as I said, maybe in the last sitting, that the BTA has already started that process. In fact, they started that process some time ago. They formed a committee that is specifically empanelled to look at ways that they can raise additional revenue.

You may recall when we debated the Act it had a wide ambit that gave BTA opportunities to generate or raise revenue. I know that I have met with the Chairman and the CEO as well as Mr. Burrows on a few occasions to discuss how we can figure out a way to generate more funding for the BTA. And I can recall on many occasions the Opposition Leader saying very passionately, and he has been critical of the fact that Government is providing this grant to the BTA, because he believes that it should be the private sector who has the skin in the game because it is ultimately [the tourism industry], once it is on a revival that will ultimately benefit, [including] the private sector—hotels and restaurants.

I mean, tourism under-girds international business. So everyone, Mr. Chairman, has a stake in seeing the revival of tourism in this country. And so we believe that we have to come up with innovative ways to get as many people involved. For far too long we have relied on funding from Government only, and it is not just the Government that benefits from a successful tourism industry.

Measuring the impact and success of the BTA was established as a key organisational priority over the past year. The BTA continually monitors overall tourism performance, economic impact, and market trends. The BTA is committed to assessing and reporting on the effectiveness of the new sales and marketing strategy as well as its operational efficiency as measured by timely and on-budget execution of activities, reporting accuracy, hours of training received, employee retention, and various other key performance indicators (KPIs).

Mr. Chairman, I would like to acknowledge the presence of Mr. Glenn Jones in the Gallery, he is the Director of Public and Stakeholder Relations. And I think that we all agree that he is doing a fantastic job. I think that was an excellent acquisition by the BTA,

and I am glad to see that he has stayed beyond his initial terms of reference.

Organisational structure and responsibilities: Mr. Chairman, the BTA is meeting its objectives by providing core functions through the operation of the following divisions:

- Sales and Marketing. Sets and executes the sales and marketing strategy to build unique and competitive positioning, resulting in an increase of demand and awareness for Bermuda.
- Product and Experience Development. Manages tourism product enhancement identification and develops tourism product delivery strategy to maximise performance of existing tourism products and add new tourism products on the island of Bermuda.
- Research and Business Intelligence. Conducts research on customer behaviour, trends, and satisfaction and on-island expenditures. The division also measures brand and advertising performance in key markets on an ongoing basis and is responsible for measuring and forecasting the performance and economic impact of tourism in Bermuda.
- Operations. Responsible for operation and administration of the BTA. The division provides an environment of business excellence and efficiency by performing the administrative functions for the entire organisation. It ensures that the organisation works to best practise standards, that its employees are well motivated, and that the business support elements are fully functional and effective. In addition, this division is responsible for training standards and local Bermuda stakeholder and resident engagement in the industry along with raising tourism appreciation. The division also is responsible for the funding and support of the Bermuda Hospitality Institute (BHI) which is located in the BTA's new offices.
- Investment. Responsible for the strategy that seeks investment, and also facilitates and manages the tourism investment process.

Mr. Chairman, each of these divisions has clearly defined objectives as well as an approach and action plan to reach both near and long-term goals of the BTA. The divisions are collaborating to achieve the broader goals of the BTA. The core values of the organisation emphasise a collaborative, entrepreneurial, dynamic and efficient environment.

Hotel licensing continues to be a function of the Ministry of Tourism Development and Transport.

The Product and Experience Development division of the BTA liaises regularly with the Ministry of Tourism Development and Transport for updates on the licensing status of the local hotel inventory.

Mr. Chairman, the BTA consists of 37 full-time employees with two additional full-time positions planned in 2015 to fully accommodate the responsibilities of the BTA. As a point of information, the original staffing plan for the BTA recommended 48 full-time employees.

Bermuda Tourism Authority number of employees by division:

- Sales & Marketing Division. There are 17 employees with the plans to add two new employees in 2015, making a total of 19 employees.
- Product & Experience Development Division. There are six employees.
- Research & Business Intelligence Division. There are two employees.
- Investment Division. [There are] two employees.
- Operations Division. Includes the CEO and the Executive Assistant and has 10 employees.

Mr. Chairman, looking now at sources and uses of funds. The year 2 annual budget will follow the Government of Bermuda fiscal year of April 1, 2015 through March 31, 2016. The BTA is adhering to a calendar year fiscal period.

The BTA receives funding from two sources: a government grant and tourism authority fee collections.

The BTA's funding is granted every April, at the start of the government's fiscal year. For 2015, the BTA will receive a government grant of \$21,700,000 to fund tourism activities on the Island of Bermuda, a 6 per cent decrease over the government allocation to the BTA in the prior year 2014/15.

Collected on a monthly basis, the tourism authority fee is currently 2.5 per cent of room revenues. Hotel guests are charged 2.5 per cent of the hotel room revenues which hotel proprietors are responsible for charging and collecting from hotel guests and paying to the Tourism Authority. It is estimated that the Tourism Authority fee collections will generate \$3,600,000, or 14 per cent, of total funding.

And Mr. Chairman, if I can just recognise the work of the Chairman, specifically, before we made the full transition, when I became the Minister, there were substantial arrears as it related to the collection of this 2.5 per cent fee. The Chairman and I discussed it [and] we made it a priority that hotels have to be paying their fees. We know that there are concessions out there to assist the hotels, but he took it on and within a relatively short time he collected almost full compliance from the hotel sector. So that was significant work by him. And there were parliamentary ques-

tions actually recently that gave specific details on those figures.

The BTA has prepared initial allocations for its proposed grant of \$21.7 million. This information was compiled over the past two weeks and is as follows:

- The Investment Division will be allocated \$1,172,633, representing 4.6 per cent of the total expenses.
- The Product and Experience Development Division will be allocated \$2,968,026 representing, 11.7 per cent of the total expenses.
- The Sales and Marketing Division will be allocated \$15,874,558, representing 62.7 per cent of the total expenses.
- The Research and Business Intelligence—

Hon. Wayne L. Furbert: Point of order, Mr. Chairman.

The Chairman: Have a seat now Member. What is your point of order?

Hon. Wayne L. Furbert: I am just asking whether the Minister—

The Chairman: Member, is there a point of order?

Hon. Wayne L. Furbert: Yes, it is.

The Chairman: What is your point of order?

Hon. Wayne L. Furbert: The point of order is I am just asking the Minister for—

The Chairman: That is not a point of order. Have a seat.

Hon. Wayne L. Furbert: Well . . .

Hon. Shawn G. Crockwell: Thank you, Mr. Chairman, and the Honourable Member can ask me questions later.

Hon. Wayne L. Furbert: Point of information then, Mr. Chairman.

The Chairman: Member. What is your point of information?

POINT OF INFORMATION

Hon. Wayne L. Furbert: I am just asking because normally we have numbers in front of us when we are debating . . . tourist figures. We do not have these numbers in front of us and I am just wondering whether the Minister will give us these numbers because he is talking fast and we could not hear it.

The Chairman: Okay. So you have a point of information now?

Hon. Wayne L. Furbert: Yes.

The Chairman: Okay.
Thank you. All right.

Hon. Shawn G. Crockwell: I would have no problem providing the specific numbers to the Honourable Member after the debate. If the Honourable Member . . . I heard the Honourable Member—my Shadow—saying I am talking too fast. If he would like me to slow down I can be like my colleague and slow down . . . if—

Hon. Zane J. S. De Silva: Minister, just on that particular point, if you could repeat that, that would be great.

The Chairman: Member?

Hon. Shawn G. Crockwell: I will repeat it, Mr. Chairman. Again: The Investment Division will be allocated \$1,172,633—

[Inaudible interjection]

Hon. Shawn G. Crockwell: I will endeavour to get a copy to the Honourable Members in short order.

- [Again:]The Product and Experience Development Division will be allocated \$2,968,026, representing 11.7 per cent of the total expenses.
- The Sales and Marketing Division will be allocated \$15,874,558, representing 62.7 per cent of the total expenses.
- The Research and Business Intelligence Division will be allocated \$818,057, representing 3.2 per cent of the total expenses.
- The Operations Division will be allocated \$4,466,727, representing 17.7 per cent of the total expenses.

Now an overview of the divisions, (and someone is making a copy now Honourable Members). Mr. Chairman, the following is an overview of the BTA divisions:

Sales and Marketing Division

Hon. Shawn G. Crockwell: 2014 Accomplishments: Shortly after their April 1st beginnings, the BTA participated in the Bermuda Day Event in Washington, DC, which welcomed members of the US Congress, diplomats, representatives from leading non-governmental organisations [NGOs], US business

leaders as well as various leaders of Bermuda's government and business community.

In June of 2014, Victoria Isley joined the BTA team as the new Chief Sales and Marketing Officer and immediately began to re-align the marketing strategy for Bermuda Tourism.

A new public relations and social media firm, Turner PR, began working for Bermuda Tourism on June 2, 2014. Throughout the year, 31 US journalists were hosted on-Island generating a \$4 million value in positive press coverage for Bermuda. Facebook followers in 2014 increased to 143,894 by the end of the year (an increase of 49 per cent). Twitter followers increased to 13,546 by the end of the year (an increase of 47 per cent).

Also in June, an event hosting 50 travel agent clients was held in Newport, on the *Spirit of Bermuda*, prior to the Newport to Bermuda Race.

New Partner Marketing guidelines were implemented, where the BTA negotiates a match from the partner (which could include airline, tour operator and media partners). The match can be a combination of cash or "in-kind" services such as:

- access to their customer database;
- advertising directly to their consumers;
- assistance with flight costs;
- point-of-purchase displays and distribution opportunities;
- creative/graphic design services from the partner;

This strategy aims to:

- maximise demand for travel to Bermuda, creating incremental business for BTA's partners and the Island;
- increase air arrivals and bookings to Bermuda;
- maximise revenue for Bermuda and its partners by selling experience and service first, supported by incentives as needed;
- generate inquiries and opt-ins for Bermuda's database for future communication;
- move consumers through a continuum from dreaming about a vacation, to research/planning, booking, experiencing and sharing;
- drive bookings via Bermuda website, OTAs, travel agents, et cetera;
- leverage all available media channels with each selected partner to increase reach and frequency;
- ensure amplification via social sharing and integration;
- ensure reach to key geographies, including New York and Boston DMAs;
- create custom content that BTA will own at the end of the promotion (for example, images, video, et cetera);

In July, the BTA worked with Canadian airline partners Air Canada and WestJet on a co-op campaign to drive visitation from that market (there were two separate campaigns).

A travel trade eNewsletter was launched in July, to keep travel partners updated on all new developments and to ensure Bermuda is top-of-mind.

In August, the X Factor competition, UK competition, was filmed on-Island.

In partnership with British Airways and Fairmont Southampton, the BTA hosted the X Factor judges houses with Louis Walsh . . . and the groups category in August 2014.

Also in August of 2014, Monaco, Switzerland, UK and Ireland DMOs hosted their final Torchbearers event at Fairmont Southampton with more than 100 delegates. The event included senior employees from some of North America's most qualified incentive and meeting planning companies, as well as select corporate end users that have the ability to influence site selection with corporate clients.

BTA sponsored destination experiences and activities, including an evening function at the Royal Naval Dockyard. BTA's partners demonstrated how flexible the destination can be when faced with challenges. A full sit-down formal dinner was deconstructed into a fun interactive food experience at Commissioners House when power was lost at the original venue the night before.

In September, Mr. Chairman, Bermuda hosted ASTA [American Society of Travel Agents].

The BTA presented to 200-plus travel agents and partners during ASTA general session aboard a Norwegian cruise line.

Thirty-plus attendees participated in hotel site tours to Elbow, Cambridge, Rosewood Tucker's Point, Grotto Bay, Southampton Fairmont, Hamilton Princess, Rosedon, the Reefs and Newstead, Royal Palms, Edgehill Manor, Rosemont, Oxford House and ClearView.

The BTA also produced a "Taste of Bermuda" event held in the Victualing Yard showcasing 40-plus Island partners including attractions, hotels, retail, and experiences

[There were] 40-plus vendors throughout the Island who offered reductions in their attractions; for example, 50 per cent off Crystal Caves and Free BUEI.

Transport companies offered on average 20 per cent or more off their rates during that time.

The BTA also organised golf and tennis tournaments at Port Royal and Elbow Beach.

In September the BTA led a week-long sales mission in Toronto, joined by hotel partners, which included meetings with travel journalists, tour operators, travel agents and consumers:

- There were 12 media representatives in one day.

- [There were] 100-plus travel trade representatives over three events.
- [There were] 300-plus consumers at events with Maritime Travel.

The X Factor show aired in October 2014, it:

- achieved 60 minutes of primetime editorial TV coverage;
- generated 440 social media mentions of Bermuda and X Factor during the show's airing time;
- pre and post coverage was achieved across print and online media in titles such as *London Evening Standard*, *OK!*, *Daily Mirror*, *Mailonline*, *Hello!* and *Metro*;
- Bermuda show achieved an advertising equivalency of nearly \$13.5 million;
- British Airways reported a 20 per cent increase in enquiries immediately following the show and a 32 per cent year-on-year increase in room nights booked in October 2014.

The BTA sponsored and participated in the North American Tour Operator Summit, hosted by the Bermuda Hotel Association, in October. This event was attended by 22 tour operator partners where meetings were held with local hotels and BTA representatives.

Also in October, the BTA organised a UK Sales Mission with local hotels, and in attendance was IMEX America, the leading exhibition for incentive travel, meetings and events. Meetings were held with 60-plus current or potential partners.

During November, the BTA lent its marketing support to the hotels' Endless Summer promotion and helped to influence \$4.1 million in visitor spending during the winter months.

Also in November, BTA established a partnership with Associated Luxury Hotels International [ALHI] to bolster the sales efforts for group business to Bermuda.

In December, Bermuda was announced as the host for the 35th America's Cup in 2017.

The BTA played a pivotal role by providing hotel room block coordination, marketing, technical and production support throughout the bid process.

Towards the end of 2014, the BTA used the brutal winter in the northeast to Bermuda's advantage with a customised digital feature that showed the live temperature readings in the consumer city alongside the temperature in Bermuda. For example, if the weather was 60 degrees or above in Bermuda and 32 degrees or below in New York or Boston the online ad showed the real time weather in both locations and a "Book Now" call to action.

In summary, the BTA has launched a new marketing strategy. The new strategy focuses on experiential travel—telling rich, authentic stories about Bermuda across multiple platforms and mediums. The

BTA is leveraging partnerships with media outlets, industry partners, on/off island market influencers to develop high-quality content across video, photo, print, social and digital channels. The strategy is truly inspired by Bermuda. Bermuda is incredibly rich with stunning settings, authentic experiences and great storytellers.

New marketing efforts rely more heavily on visual channels, and traditional advertising is being supplemented by influencer programming, using both on- and off-Island individuals to reach targeted audiences. Initiatives include a mix of digital and print channels and targeting consumers at every stage of their decision-making journey—from dreaming, planning, booking, visiting and sharing their experiences. The BTA worked with partners such as Travel + Leisure and AFAR, YouTube channels Sensation, Tastemade, and Garden & Gun. All of this content, in turn, is used by the Bermuda Tourism digital channels to tell the same authentic story and extend the reach.

Mr. Chairman, we are now looking at the 2015 goals and objectives.

- to build year-round demand within targeted geo/demographic markets;
- execute integrated marketing and sales strategy;
- execute strategy to layer group and leisure demand;
- build capacity to better leverage external partners;
- create new visual/inspirational marketing assets.

Mr. Chairman, the Sales and Marketing team will achieve its year 2 objectives and set the stage for long-term success by continuing to identify the most effective routes to target consumers, and by innovating and redeveloping the sales and marketing approach. The sales and marketing approach focuses on creating sustainable tourism growth in line with the NTP, living by the “Why,” “How” and “What” for the destination, and assisting in the identification and development of the appropriate products, experiences and talent to support growth. The Sales and Marketing team is curating a cohesive and all-encompassing brand promise that goes to Bermuda’s authentic experiences.

The Sales and Marketing division is closely liaising with the Product and Experience Development division to effectively communicate the product and experience offerings of Bermuda and ensure the congruency of sales and marketing campaigns. The Research and Business Intelligence division is providing consumer insights and tracking needed to provide strategic direction to various sales and marketing campaigns and projects.

Mr. Chairman, the current roles within the Sales and Marketing Division are as follows:

- Chief Sales and Marketing Officer;

- Executive Assistant / Office Manager;
- Director of Sales Development;
- Director of Marketing;
- Director of Public Relations (vacant);
- Front Line Ambassador;
- Customer Service Representative;
- Partnership and Promotions Manager;
- Marketing Coordinator;
- Creative Services Manager;
- Digital Manager;
- Production Manager (vacant);
- PR Project Manager;
- Tradeshow and Events Manager;
- Graphic Designer; and
- Four Business Development Managers.

Mr. Chairman, the responsibilities of this division include:

- Marketing:
 - Create and execute a marketing plan that promotes the strategic vision of BTA.
 - Identify aspirations of the defined market segments and communicate said aspirations to the other divisions of the BTA.
 - Focus BTA sales and marketing on market segments with most ROI potential.
 - Seek out and maintain synergistic relations and partnerships that enhance the reputation of Bermuda, improve awareness, refine image, and increase demand.
 - Oversee trade shows and events, ensuring marketing information is on message.
 - Review website development as well as social, and provide feedback on a regular basis.
 - Assist in the day-to-day management of third party agencies or representation companies.
 - Manage the database marketing strategy.
 - Work with hotels to build innovative packages and tactical promotions for current business lines as well as to create new opportunities.
 - Monitor ROI on all aspects of sales and marketing plan, set measurable performance metrics and measure success against those metrics.
- Sales:
 - Identify sales territories, target groups and market segments and delegate responsibilities to division leaders.

- Set strategy, and execute on action plans and key performance indicators.
- Provide feedback on key sales trends and competitor activity.
- Sell marketable experiences and activities packages in line with target audience demand, meeting their price point and expectations.
- Set qualitative and quantitative sales and strategy objectives.
- Monitor and report sales activity and results on a regular basis to ensure our return on investment.

Mr. Chairman, the 2015 budget for the Sales and Marketing Division allocates \$15,874,558, representing 62.7 per cent of the fund.

These funds will be used to raise awareness of Bermuda and create demand for the island as a tourist destination. Sales and Marketing will go through a review of strategy and activities, which may impact funding with the reassigning of specific allocations over the course of the financial year.

The main areas of expenditure of the division are as follows:

- Vendor expenses (including PR, Advertising and Social Media) will account for \$7.4 million, or 46.5 per cent of the division's budget.
- Sales will account for \$1.65 million, or 10.4 per cent of the division's budget.
- Partnership Marketing and Promotions (including Airlines and America's Cup) will account for \$3.8 million, or 23.9 per cent of the division's budget.

Achievements in 2014 for the Product and Experience Development Division.

This division established and executed product development investment programmes.

By the end of 2014, two rounds of experience investment applications were conducted. In total, almost \$2 million of BTA support was provided to 74 approved submissions: \$930,000 in BTA funding was approved in the first round; \$813,000 was confirmed in round two, which took place through September and October.

The majority of supported experiences target the shoulder/winter months, now re-positioned as the peak season for arts, culture and sport, and 16 of the second round experiences supported are totally new. This outcome is in line with the strategic objective of helping reduce seasonality in visitor arrivals. It also presents target visitors with new experiences that are market-driven. Another key objective, for example, focused on visitors' desire to enjoy local culture and food, interactive activities and interaction with local residents.

Experiential travel, Mr. Chairman. Round one, for implementation from April 2014:

- The total number of experience investment applications was 135.
- Total approved for support was 33 (and these are broken down as follows):
 - Sports—21;
 - Arts and Culture—11;
 - Natural Resources—1.
- There were nine applications approved for marketing support.

Round two, for implementation from January to December 2015:

- The total number of experience investment applications was 73.
- Total approved for support was 41 (broken down as follows):
 - Sports—10;
 - Arts and Culture—14;
 - New Experiences—17.
- There were seven applications approved for marketing support; and
- There were four applications approved for capital support.

An important new step in round two was providing capital funding support for some applications. This facilitated implementation for new experiences that are highly aligned with BTA's goals, which otherwise may not have been made available to visitors.

Survey results of applicants from round two show that the process refinements that were applied (based on round one feedback) have been effective. The streamlined web-based submission tool for applicants increased efficiencies for applicants and the BTA, without compromising detail of submissions. The BTA introduced phased processing and applicant interviews for deeper evaluation of shortlisted submissions. The BTA also conducted further outreach and education with potential applicants to ensure a clearer understanding of the National Tourism Plan [NTP] objectives and BTA goals. This resulted in a higher quality of applications in round two, showing much greater alignment with BTA's objectives.

Completed process to identify and deliver product enhancement opportunities. The new product development strategic framework was fully established. The framework sets the objectives, strategy and process to identify opportunities for new or enhanced products and experiences. Process and evaluation is based on overall alignment with NTP objectives, and the learning and refinements from the 2014 experience investment applications process. Other inputs to help identify and confirm new/enhanced products are:

- product inventory and gap analysis results;
- new and existing consumer research, to gain better insight into visitor expectations;

- market positioning assessment, in consultation with the Sales & Marketing team;
- stakeholder engagement (public and private sector);
- measurement and quality improvement—ongoing measurement and analysis of return on investment [ROI] and return on experience; establishing baseline for division's KPI [Key Performance Indicator] metrics.

Additional product and experience enhancements identified and confirmed for development work for pilot and/or launch by quarter two in 2015:

- Bermuda Water Trails (this is a new product)—create themed water trails that will provide visitors with an authentic, educational and quality experiences while leveraging and repurposing Hub 5 (Offshore Bermuda) as a new business opportunity.
- Bermuda Arts Month (another new product)—with the extensive art and cultural experiences available on Island, the BTA will work with local partners to highlight and promote new and existing local art experiences. Titled as “Bermuda Art Month,” the series of unique experiences available during this month will kick off the 2015/16 Arts and Culture Season calendar in an exciting new way.
- School Sports Training (a new product)—this will be a signature joint partnership with the National Sports Centre and designated sports focused tour operators with proven track records of delivery to market Bermuda's wide array of sports assets to teams looking to travel to a destination for training. Initially targeting collegiate/prep school teams for spring training in Bermuda with new accommodation/transport/activities packages and to grow this on a year-round basis. Sports will include lacrosse, field hockey, rugby, soccer and swimming and will be expanded as other partnerships materialise (for example, sailing, rowing, and golf).
- Forts Tour (this is also new)—in partnership with the Corporation of St. George's, the BTA has a new twice weekly Forts tour scheduled until the end of quarter one in 2015. This guided and interactive tour describes some of Bermuda's rich fortification history which features storytelling at Gates Fort, Alexandra Battery and Fort St. Catherine.
- Railway Trail experience updates—to implement physical and infrastructure upgrades, as well as excursion and service opportunities, along the Railway Trail; a working group established to address specific actions required, with representatives from relevant government departments. Four sub-groups have been established to focus on sustainability,

signage and maintenance, experiences, and repurposing of the trails. Each subgroup has created a timeline of specific projects to work towards with a rollout date of new railway experiences set for March 2015.

Mr. Chairman, I do not know how often you get out to the Bailey's Bay area, but you need to come visit, and especially visit the new railway trail (I am trying to remember the exact name of that trail where they just built that bridge going across)—

[Inaudible interjection]

Hon. Shawn G. Crockwell: Friends of Hope, I have been told is the name of it.

Mr. Chairman, I have been told that since it has been opened it has had over 100,000 people traverse that trail. And I can tell you that whenever I drive by (because I live very close to that trail on Fractious Street) I can see people lined up. It is extraordinary every weekend.

I went and took a walk on that trail and I can say it is probably one of the most picturesque trails in the world. It was stunning—stunning views, Mr. Chairman. And when visitors walk on that rail it is breathtaking. And so I invite all of those who have not experienced the trail . . . and you know what I have found, Mr. Chairman, that as Bermudians we do not experience our products enough. We cannot then be proper ambassadors to our tourists because we do not know what the experience is. There are many people who have never been snorkelling at Church Bay, and I can tell you it is extraordinary to go there and have that experience.

For a long time we have had this belief that tourism excursions are for tourists. But I would urge Bermudians to get involved, do it, become a scuba diver, get scuba diving certification, go out there and enjoy Bermuda's wrecks, go down to the caves and enjoy what Bermuda has to offer, and when you do so, then you will be able to better articulate and market Bermuda to our guests both here and abroad.

Inventory of experiences. The Product and Experience Division also completed compiling the existing range of products and experiences in each hub identified in the NTP. The results have been used to complete a gap analysis, overlaying the product inventory with BTA consumer research to help identify product or experience gaps relevant to Bermuda's target visitor. This also contributes to product development strategy and liaison with Sales and Marketing regarding marketing potential. The process involves using existing and new tools, as well as commissioned research (as required), including:

- Updated visitor exit surveys;
- Specific on-site satisfaction surveys of visitors at BTA-supported events and experiences;

- *Review Pro*, to measure customer satisfaction and aggregated/individual ratings of a sample of Bermuda hotels which continue to score well on overall service, but lower on value.

During quarter four, the Product and Experience Division worked with Research and Business Intelligence to develop and commission online visitor expectations survey; for example, regarding beach experience and entertainment.

Cruise Ship Strategy. Meetings were conducted with key decision-makers and counterparts at cruise lines in the US, UK, and Europe. This included Royal Caribbean together with representatives from Celebrity and Azamara cruises; Norwegian Cruise Lines; Fred Olsen Line (UK); and AIDA Cruise Line (Germany). The primary objective was to identify partners for regular small ship service to St. George's, and also possibly Hamilton. Opportunities for themed sailings for the America's Cup during regular Bermuda itineraries were also discussed, as well as providing charters to facilitate additional visitor accommodation for the races. Presenting BTA as a new on-Island partner was well received and good interest in the initial proposals regarding small ship service and America's Cup opportunities. Dialogue will continue through quarter one of 2015, and will also cover facilitating America's Cup-specific visitor experiences.

St. George's (Hub 1). The BTA has facilitated new product and strategic planning with town stakeholders, to support BTA cultural tourism strategy development. The first segment of strategic planning process to facilitate collaboration and new ideas among Hub 1 stakeholders engaged 27 representatives from the various stakeholder groups. Consensus around vision for Hub 1 was achieved and the three-year plan provides direction, timelines and detailed action steps for ongoing stakeholder collaboration, product/experience enhancement, cultural asset management and marketing.

The broad range of cultural organisations within the Hub has embraced the plan. Public meetings to share it with the wider Hub 1 community have been held. A steering committee was set to ensure plan implementation. BTA will be represented on that team.

Visitor Information Centre (VIC) upgrades. Infrastructure improvement was undertaken for the St. George's VIC with new layout/design and facilities to increase quality of service and standards for visitors. The BTA completed a full review of the VICs on the Island, which are Dockyard, Hamilton, and St. George's (a VIC is a Visitor Information Centre), in line with current best practice for visitor information services and evolving traveller needs. Key underlying goals are to ensure a high standard of customer service and greater efficiencies are consistently maintained, as well as to potentially generate revenue for the BTA.

Mr. Chairman, let me state that it is the objective of the BTA to take over all of the VICs that we have by the end of 2016. We have fully assumed control of the VIC in Dockyard, and that is because right now it is the primary hub of our tourism, specifically during the cruise ship season there are . . . a large volume of tourists which come through that area. We wanted to ensure that we could create better efficiencies for our tourists, certainly to generate revenue for the BTA, and we are looking forward to making sure that we have that area as operational as possible for the America's Cup, which is going to see very large volumes of individuals in that area.

Cultural Ambassador Programme. Established strategy, achieved St. George's/WEDCO buy-in, and a preliminary framework was developed.

In 2014 we saw a number of high profile sports tourism events take place on-Island. Some highlights are as follows:

- Argo Group Gold Cup;
- Newport to Bermuda Race;
- PGA Grand Slam of Golf. As you know, Mr. Chairman, that will not be coming back.

We enjoyed eight years of hosting the PGA Grand Slam of Golf and I think we did an extraordinary job. We got quite extensive exposure as a result of those events. I believe that Hawaii hosted it for eight years as well, Mr. Chairman. We still maintain a good relationship with the PGA of America and hope that one day they may consider us again. I do know that the BTA is looking at other golf events to bring to Bermuda. I think that golf is an extraordinarily important product for Bermuda. I think we have some fantastic golf courses, and I understand that you are a very good golfer, Mr. Chairman.

[Laughter]

The Chairman: Honourable Member you would be 100 per cent incorrect. I do not enjoy it at all.

Hon. Shawn G. Crockwell: Oh, okay. But it is a great sport, Mr. Chairman, I should take you out sometime.

We have wonderful views at Port Royal and of course if you want to go to Tucker's Point, Mr. Chairman, and as you know the first Grand Slam was at the Mid-Ocean Golf Course. And we have some fabulous golf courses at Turtle Hill; they host the Bacardi International there. And we have been told by some great golfers that it is one of the most challenging and picturesque golf courses that they have played on.

So golf is an important product for Bermuda. And I know that the Authority is looking at how to expand that and make golf a primary product during the winter months. I know that we had a Golf Summit, Mr. Chairman, which was well attended. There were the industry leaders in golf—both locally and there were some overseas experts—that were down looking at it

and trying to help us to better structure and market our golf product.

- Canadian Accredited Independent Schools Boys Youth [Soccer] Tournament.
- Round the Sound Swim.

Mr. Chairman, I do not know if Members have been to the Round the Sound Swim. I went because my daughter participated in that competition. She has participated twice. She is 12 now but she swam in it when she was 10 and 11. And when she was 10, her first time, she actually decided off-the-cuff to do it . . . like a few weeks before, and she came second in her age group, the first time she went. She is competitive (she gets that from her father). The next year she came in first, Mr. Chairman.

But it is a fabulous event which brings . . . I was amazed at how many former Olympian swimmers that actually come to Bermuda. And it is during a time that could be . . . in fact, the three times that I have attended there is always a little rain. (You know, it is during that time of the year.) But they come here, they love it, and it is a very challenging event. And I think that there is opportunity to grow that event because the individuals that come thoroughly enjoy it.

[Continuing on with some 2014 sports tourism events:]

- International Association of Golf administrators Conference;
- Queen of Bermuda Triathlon;
- Women in Golf tournament;
- World Rugby Classic (which is an annual favourite);
- Bermuda Squash Challenge;
- Gosling's Invitational Golf Tournament;
- Announcement of Bermuda as the America's Cup 2017 host venue; arrival and presentation of the Cup to the people of Bermuda; team visits and initial planning for relocation. And for all those who were involved on that historic day it was a fantastic day to be in Bermuda, to be a Bermudian, to see the thousands of people that came out in celebration of Bermuda hosting the 35th America's Cup.
- Bermuda Marathon Weekend. Confirmed first multi-year agreement will be for two years for investment, based on proven delivery of return on investment and economic impact; 1,000 visitors and approximately \$1 million economic impact. This now provides the model for such agreements moving forward under the new investment process.
- The Bermuda Triple Crown fishing tournaments, another popular event with 450 visitors and in excess of \$4 million economic impact; began exploring possible expansion of partnership with this experience provider.

Mr. Chairman, the America's Cup (AC). Quarter four of 2014 was the culmination of 10 months of work by the ACBDA bid team, which included two representatives from the BTA, that resulted in Bermuda being chosen as the host venue of the 2017 America's Cup. As a result, Bermuda will also host an America's Cup World Series event in October of this year. Meetings and input covered: infrastructure, site plans, logistics, budgeting, marketing, carrying capacity, transport plans, legislative changes, super yacht policy, race course analysis, on-Island hospitality, marketing activation, public relations, entertainment options, commercial leads, and economic benefit analysis. (I feel like I need to repeat that.) Those were the terms of reference, Mr. Chairman, those were all of the areas that needed to be addressed, that needed to be presented to the America's Cup Event Authority and we had to persuade them that Bermuda was the preferred destination.

The process also included multiple site visits and meetings with the America's Cup Event Authority Team and negotiations to finalise the Host Venue Agreement. Mr. Chairman, I do not like to . . . sort of highlight and isolate individuals because you end up not acknowledging everyone, but I think it would be remiss of me not to acknowledge the hard work of the Minister of Economic Development, the Honourable Dr. Grant Gibbons, who was the Minister responsible for this bid. We have it now and so it has become common parlance, we all talk about hosting the America's Cup, but it was an extraordinary achievement for such a small jurisdiction like Bermuda. And he probably will be remembered for generations for being able to achieve this.

I would like to recognise Ms. Victoria Isley. I have been told by multiple individuals involved (she is head of our New York Office and in charge of sales and marketing), that her presentations as it related to hospitality, as it related to what we are able to provide—capacity and the like—was invaluable. And as well, I would like to mention again Ms. Jasmin Smith who did such a good job, Mr. Chairman, that I am paying the price for that because she has now been seconded to the ACBDA which will be a loss to the Transport Control Department. But Mr. Chairman, I do not know if it is common knowledge (so I am not going to say it) but you and I know that there will be a very suitable replacement in short order.

Mr. Chairman, to enhance the culinary experience for visitors, a plan was put in place to give Restaurant Weeks an update. Restaurant Weeks added new features aimed at promoting Bermuda's food culture and increase awareness overseas and locally via social media. [There were] 30 out of the 44 participating restaurants—the highest number of total participants to date—which provided Bermuda-inspired menus and fusions of local ingredients incorporated into meals.

The new People's Choice feature encouraged participants to vote for their favourite Bermuda-inspired menu and share their experience through a voting process online. Through the extended online exposure/engagement diners and chefs received prizes via the People's Choice Award. And I think they have just finished the process for the dining.

But, Mr. Chairman, I actually took advantage of Restaurant Week and I do not know how many Honourable Members did so, but I would encourage . . . and you know what? Most restaurants when I went there were filled. They were busy so I think it is a good arrangement for restaurants and it is a good deal for diners. And I was going to—and you cannot go to all of them obviously in a week—but I tried to go to a few and I was rating them myself. I actually did not realise about the online voting because I would have voted.

I have to say that (and I am probably going to get myself in trouble) you know, when you are the Tourism Minister and you go out to dinner, at times you are treated very well. But every restaurant I went to was a great experience. But I have to say, because they were restrained to having a Bermudian menu and using Bermudian ingredients and the like (it was a Bermudian theme), it was not like when you go to a restaurant you have the full ambit of the menu.

I went to Harry's and had a second-to-none experience, Mr. Chairman. It was absolutely five star during Restaurant Week. And if I had a chance to vote I would have voted that they were . . . it was absolutely stunning! And I think that we take for granted the quality of our culinary experiences in Bermuda. We have some excellent restaurants, Mr. Chairman, I think they need to be recognised for that. We have been spoiled, Mr. Chairman, I think that we do provide an excellent service when it comes to our dining experience.

The 2015 Goals and Objectives:

- develop signature experiences for shoulder seasons;
- secure new calls by cruise ships to St. George's;
- emphasis on the St. George's product and experience;
- assure product/experience investments align with sales and marketing objectives;
- improve visitor information services on-Island.

Mr. Chairman, the Product and Experience Development Division of the BTA will achieve its Year 2 and long-term goals by continuing to identify and implement opportunities for enhancement of existing tourism product and/or experiences (including tourism events, attractions, activities, sights, monuments, beaches, infrastructure, services, et cetera), or development of new tourism products and experiences anticipated to grow tourism demand throughout all seasons for Bermuda.

Opportunities are being identified through either external partners and entrepreneurs (co-sponsorship program) or the internal initiatives of the BTA. Approved projects receive co-funding from the division's proprietary Product and Experience Development Fund. Investment decisions reflect the BTA's entrepreneurial culture and focus on measurable returns on investment.

The Product and Experience Development Division principally impacts tourism development in the following ways:

- **Funding:** The Product and Experience Development Division coordinates an application process for tourism stakeholders to receive funding from its proprietary Product and Experience Development Fund for qualifying products and experiences, including real estate and operations, sports and sports experiences, and culture and leisure experiences. The application process occurs on an annual basis in the third quarter of a calendar year.
- **Serving the private sector:** Through its internal resources, the Product and Experience Development Division assists the private sector in regard to coordination, strategy, training and services related to privately developed products and experiences.
- **Coordination with the public sector:** This division works closely with government departments such as Parks, Immigration and HM Customs (to name a few) in order to deliver the best experience to Bermuda's visitors.

Mr. Chairman, the Product and Experience Development Division closely liaises with the Sales and Marketing Division to identify market needs and aspirations as well as identify consumer preferences and word of mouth via focus groups and social media (like Twitter, Instagram, Facebook). The Product and Experience Development Division also liaises with the Investment Division to coordinate foreign capital investments into tourism products on Bermuda. Ongoing product and experience development projects are coordinated with the Sales and Marketing Division to ensure proper market positioning of new experiences and products. The Research and Business Intelligence Division provides consumer insights needed to provide strategic direction to various product and experience development areas and segments.

In close collaboration with the Investment Division, the Product and Experience Development Division works with the Government to update hotel concession legislation as needed to support the division's objective of bringing new hotel product to Bermuda for the benefit of the local economy. Concessions to be targeted may include full, partial or temporary relief or deferral of customs duty, land tax, hotel occupancy tax, payroll tax, licensing fees, or immigration related fees.

Mr. Chairman, the current roles within the Product and Experience Development Division are as follows:

- Chief Product and Experience Development Officer;
- Sports and Events Development Manager;
- Culture and Leisure Events Manager;
- Assistant Product Development Manager (2);
- External Coordination Manager.

Mr. Chairman, the responsibilities of this division include the following:

- Translate customer expectations into strategic requirements for on-Island experiences.
- Build trusted relationships with key partners and stakeholders, to build trust and align on strategic initiatives.
- Build and maintain a strong knowledge and inventory of Bermuda's existing tourism products and experiences.
- Analyse Bermuda's existing tourism products and experiences relative to market and competitor tourism product trends and offerings; develop strengths, weaknesses, opportunities, and threats.
- Develop and cultivate relationships with key industry stakeholders specifically inter-government relationships to source and/or support product and experience development opportunities.
- Identify, manage and develop all tourism events and product development strategies in Bermuda through coordination with the individual product managers.
- Strategically explore product and experience development for new demand niches.

The Product and Experience Development Division will be allocated \$2,968,026, representing 11.7 per cent of the allocation.

The main areas of expenditure of the division are as follows: Product and Experience funding will account for \$1.6 million, or 52.4 per cent of the division's budget. Vendor expenses will account for \$0.25 million, or 8.6 per cent of the division's budget.

The Research and Business Intelligence Division [line item] 2014 Accomplishments. New metrics and key performance indicators [were] developed for monthly measurement for Bermuda Tourism including quantity of visitors, source and revenue performance of the Island's hotels. Metrics are now available monthly on BTA's website. More in-depth metrics are available quarterly and include visitor expenditure and satisfaction.

Processing of air visitor landing card data was fully transitioned to the BTA which allows the BTA to have arrival data available more quickly to monitor trends in arrival origin, purpose of trip and de-

mographics of travellers. This also enables the Sales and Marketing team to get more frequent uploads of e-mail addresses for timely contact with visitors.

Implemented two new data tools that assist the organization in the areas of Sales and Marketing and Product and Experience Development

- *nSight*. Allows tracking of hotel demand (searches) and conversion (bookings) by demographic region as well as customer profile.
- *ReviewPro*. Aggregates all online travel reviews about Bermuda and can be used for training and standards, product improvements, and identifying strengths for use in marketing.

Quarterly local opinion polls were conducted in 2014. In-depth results of the poll were shared with the staff and are used by the Communications team to formulate their strategy for communication with the public and key stakeholders.

Exit surveys for cruise and air were transitioned to tablets, saving time and money on data collection/entry. This also allowed the BTA to make instant adjustments to the questionnaire as business needs arose.

It rolled out an on-site event and attraction survey programme. All events and attractions receiving funding from the BTA where at least 30 surveys were able to be collected, included a consumer element in the post event report including: satisfaction, likelihood to recommend, type of visitor, length of stay, demographics, et cetera.

It completed a hospitality and tourism forecast for 2014–2024 based on analysis of Bermuda's current position, overall market trends and known future hotel developments.

It collaborated with the America's Cup committee to assess the economic benefit for tourism in hosting the America's Cup in 2017.

It assisted the Investment Division by approximating the losses associated with the decline in tourism over the last 23 years, specifically: visitor spending, taxes, hotel inventory and employment.

It assisted all BTA divisions looking to gain feedback from visitors, stakeholders and industry partners by programming and managing online surveys.

Competitive Destination Analysis completed and revised competitive set implemented based on destinations with similar hotel products, prices, climate, geographic source markets and personas (demographics of people) travelling there.

It conducted research for discussion paper on vacation rental market in Bermuda.

It launched Online Visitor Panel—screening to date almost 10,000 former and current visitors to Bermuda in order to utilise their opinions and feedback as needed on an ongoing basis.

Transportation research was conducted amongst recent visitors covering topics of public transit as well as taxi service.

2015 Goals and Objectives:

- Expanded use of business intelligence across the BTA;
- Identify, manage and execute research and business intelligence projects;
- Tourism statistics collection and maintenance, identifying and implementing efficiencies;
- Update tourism forecast for 2015–2025;
- Communicate research and business intelligence within the BTA and to stakeholders in order to develop strategies;
- Implement mechanisms for measurement of arrivals related to America's Cup events and activities;
- Integrate Business Intelligence and CRM (Customer Relationship Management) systems;
- Conducting on-Island research to gauge perception of BTA and Bermuda's tourism industry among its residents.

Mr. Chairman, this division constantly works with other divisions, not just reactively but proactively in monitoring trends. Business intelligence and research work as tools to help shape strategic decisions, tactical choices, and achieve business objectives. A consistent research strategy and coordinated approach to information sharing is essential among stakeholders. It provides a platform to share information about current trends, new market opportunities, and changing traveller profiles. It should provide up-to-date awareness of market trends, competitive developments and relevant specific market issues.

The Research and Business Intelligence Division collaborates with other divisions within the BTA to guide strategic decisions. The BTA takes advantage of opportunities to share research findings, optimise existing research, and establish new relationships to gain additional market intelligence.

Mr. Chairman, there are currently two positions for this division: Director of Research and Business Intelligence; Research Assistant Manager.

The current responsibilities of this division include:

- Plan and direct research and business intelligence projects to support Bermuda's tourism product development, marketing and investment strategies;
- Evaluate results of research and prepares recommendations to marketing, investment and product/experience development;
- Report on key market trends and changing market conditions, highlight opportunities and threats in order to facilitate informed decision-making by the business;

- Establish an efficient framework for obtaining and disseminating valuable intelligence, and creating high quality, accessible, and timely research for the benefit of all industry stakeholders;
- Maintain and enhance database of all tourism research and statistics;
- Monitor performance in context of competitive landscape.

The Research and Business Intelligence Division budget. Mr. Chairman, the Research and Business Intelligence Division will be allocated \$818,057, representing 3.2 per cent of the fund.

Current consumer and market research will account for \$0.4 million or 48.2 per cent of the division's budget.

Information Technology software and support will account for \$0.1 million, or 10 per cent of the division's budget.

Mr. Chairman, can you advise me on what time this debate started?

The Chairman: At 3:46 pm. I was actually just going to ask you, Honourable Minister, if you are actually intending that we have a debate. You have been speaking for two hours, so—

Hon. Shawn G. Crockwell: Yes, it is a five-hour debate.

The Chairman: It is a five hour debate, yes. Just getting clarification.

Hon. Shawn G. Crockwell: So what time is the debate concluding, Mr. Chairman?

The Chairman: In three hours, at 8:46 pm.

Hon. Shawn G. Crockwell: Okay. So there are three hours left?

The Chairman: Yes.

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

The Operations Division. 2014 Achievements. During 2014, the Operations Division focused on infrastructure establishing controls and procedures around all key financial processes and the "standing-up" of the BTA organisation as well as Destination Marketing Organisation [DMO] accreditation, industry awareness, stakeholder relations, completing documentation and solidifying standards and procedures in preparation for a number of 2015 initiatives, including our first year-end audit, PATI compliance, and the introduction of the National Service Standard Programme.

Human Resources:

- Employees were transitioned and/or recruited and successfully on-boarded;
- A performance measurement process was finalised and BTA employee scorecards completed for all divisions;
- A BTA employee portal was implemented to track all HR activity.

Information Technology. The BTA Information Technology plan, which included BTA current and future technology goals, was completed.

This covered the voice, data and video migration for both Bermuda and New York BTA office locations. The New York office IT equipment was refreshed, completing the IT transition process initiated when the BTA commenced operations in April of 2014.

Training and Standards. The BTA's National Service Standard Programme (NSSP) was presented to stakeholders for input and feedback throughout quarter four and is currently being implemented. The programme has received industry-wide support from all sectors. Administered through the Bermuda Hospitality Institute, the NSSP includes a customised certification program leading to the obtainment of a Bermuda Tourism Ambassador designation for individuals who complete the necessary requirements. Designed to be employer driven in the first year, it is also included as a requirement for recipients of BTA funding through Product and Experiences. To date, nearly 400 employees from nearly 30 companies and organisations have registered for the program and are on track to be certified by April 1st.

On-Island Communication and Stakeholder Relations. As part of the organisation's commitment to transparency, the BTA formalised its schedule for the release of performance data to our stakeholders and the public, and included the introduction of a quarterly conference call with local media to share and facilitate a wider distribution of this information.

Stakeholder Communications. The BTA reaffirmed their commitment to, and devised a written plan for, bipartisan communications with political and civic stakeholders.

Each step in the plan is based on topic relevancy and timing and will ensure the BTA is engaged in continued dialogue with industry stakeholders, as well as representatives from both sides of the political divide, to share information and listen to ideas and feedback about the direction of the industry. And Mr. Chairman, as you would know, the BTA invited representatives from the loyal Opposition to attend their offices and I believe that they attended a staff meeting.

I also attended a similar staff meeting and if they had the same experience that I had, it was most impressive to have the New York office beamed in through the television there [via] the technology, and everyone was well prepared and organised and I was

very impressed with the level of professionalism and dedication there. And I was quite pleased that the Opposition went because sometimes you can create, when you do not see and feel something, you can create the image in your mind and quite often that image could be distorted.

It is good to get in there and see the operations first-hand. And I also know that the BTA was invited to the PLP caucus as they were invited to the OBA caucus and gave fulsome presentation on their marketing strategy going forward. And I believe they did the same thing to your caucus as well, Mr. Chairman. And so this just demonstrates their willingness to involve all stakeholders, because the Government as well as the Opposition—we are all stakeholders in this process.

Recognising the shortage of publicly available credible statistical information on the Bermuda tourism economy, performance and other statistical data has been compiled and posted on BTA's corporate website.

The posting of such information aligns with DMO best practices.

The BTA's On-Island Tourism Appreciation Campaign introduced multiple "#lovemybermuda" videos during 2014. The campaign features both locals and visitors expressing what they love and are able to enjoy in Bermuda. The Instagram handle #lovemybermuda forms the basis for easy recognition and is the foundation of a community outreach campaign developed to engage, encourage and call to action through social media channels and public events. The series can be viewed on the BTA's YouTube channel.

Destination Marketing Accreditation Programme. The BTA completed the submission process to gain DMO (Destination Marketing Organisation) Accreditation. DMOs include Convention and Visitor Bureaus (CVBs), Authorities, Tourism Boards & DM's. Of the more than 2000 estimated DMOs operating worldwide, less than 300 are accredited.

DMAP:

- Independent international accreditation programme;
- Established industry accreditation standards;
- Evaluates compliance with the standards;
- Recognises programmes which demonstrate compliance.

To receive accreditation, BTA has to meet 57 mandatory standards across 16 domains including: Governance, Finance, Human Resources, Destination Development, Innovation, Sales, Marketing, Brand Management and Stakeholder Relationships. There are 27 additional voluntary standards throughout the same domains which, while not mandatory, provide significant support to an organisation's application.

The BTA is on track to receive this distinguished accreditation in the second quarter of this year. So they are working towards this, Mr. Chairman.

The Bermuda Tourism Authority Crisis Management Plan was updated in advance of two hurricanes in the fourth quarter and used extensively to prepare our operations, stakeholders and partners sitting on the Emergency Measures Organisation. The plan served the organisation extremely well and was further tweaked following the storms.

Stakeholders were impressed with the level of communication they and the media received from the BTA in advance of, during and after the storm—particularly as it relates to conveying the message that Bermuda was quickly back open for business following the storm. And Mr. Chairman, on the two hurricanes that we had this year in early October, you know, we have heard comments about the fact that the air arrivals were low in comparison to our other years. But I think that it is only fair, Mr. Chairman, to look at it within all of the proper factors and that is:

1. We were transitioning to a Tourism Authority during that year and clearly during a transition there is going to be less attention than what you would normally have. And so it was not the normal type of marketing that you would have at that time. In fact, I believe I said previously that Ms. Victoria Isley did not come on board until June of 2014.
2. And then to have two major hurricanes—a Category 1, which was Hurricane Fay; and then a Category 3, Hurricane Gonzalo—hit us within two weeks is very extraordinary . . . and direct hits at that, Mr. Chairman. And so the impact is not just when the storm hits and thereafter, these types of storms are predicted weeks in advance. People are tracking them weeks in advance and so we saw a precipitous drop of bookings in September, which was still the third quarter and it had a major impact after the storms hit.

I just know if we are going to have an honest debate on this particular year, I think it is important that we look at all of the major factors—these were major events that happened last year. And the anecdotal evidence that I received from quite a few hotel proprietors, Mr. Chairman, is that they lost quite a bit of business as a result.

2015 Goals and Objectives:

- Embed National Service Standard for hospitality industry;
- achieve DMO certification through DMAI (which I just mentioned, that is the Destination Marketing Association International);
- full PATI compliance;
- unqualified 2015 audit;
- end the fiscal year within budget parameters;
- effectively and efficiently managing the organisation from a financial, technical, human relations and administrative perspective so that

the BTA can fulfil its mission and manage the BTA budget.

Mr. Chairman, the Operations Division will achieve its Year 2 objectives through budget tracking and funding development, efficient management of internal operations of the BTA across the Bermuda and New York offices, and development of key reports including the annual report, audit, and maintaining a positive, performance-driven employee culture. It is maintaining a first-class working environment while always identifying operational development opportunities and executing strategies to improve operations which will be crucial in maintaining and enhancing operational efficiencies.

The division liaises with the Product and Experience Development, Sales and Marketing, Research and Business Intelligence and Investment Divisions, monitoring the overall BTA budget and operations, and ensuring effective interoffice communication. The Operations Division is implementing a tourism training programme based on best practices. It is fostering pride in tourism through initiatives and campaigns. In addition, the division is responsible for providing operational funding to the BHI which continues to operate with its own independent board. The BHI is co-located with the BTA in order to better align the programme with the BTA mission and objectives.

The Operations Division is also leading the BTA's effort to become a certified DMO. This would put Bermuda in very elite company among other members of DMAI. Just for your background, Mr. Chairman, DMOs are non-political marketing enterprises designed to generate positive economic impact for a given destination by growing the numbers of leisure and business travellers and increasing the amount they spend when they travel.

The current roles within the Operations Division include:

- Chief Operations Officer;
- Front Line Ambassador;
- Director of Finance;
- Director of Public & Stakeholder Relations;
- HR Manager;
- General Accountant (BDA);
- Accounting Assistant (US);
- IT/On-site support (US).

The responsibilities of this division include:

- Human Resources:
 - Ensure the culture and vision of the BTA are manifested throughout the organisation, particularly in the way employees are retained and managed.
 - Instil a human capital development and "coaching" culture through training, development, compensation and

benefits, employee relations, performance evaluation and recruiting.

- Finance:
 - Maintain and adhere to statutory requirements including all applicable acts, taxes and laws impacting financial reporting or integrity.
 - Ensure effective internal controls environment.
 - Create regular finance updates to leadership and other ad hoc reporting needs.
- Information Technology:
 - Provide technical and network support to all divisions.
 - Provides on-site technical support and maintain hardware and software inventory.
- Administration:
 - Ensure the physical environment of the BTA is fully supportive of the efficiency and culture of the organisation.
 - Manage administrative and operation functions of the US office with the direction and policies established by the CEO and the Board.
- Tourism Training and Standards:
 - Implementation of the National Service Standard Programme which will deliver 400 trained front line industry employees by start of quarter two of 2015.
- Stakeholder Communications and Tourism Appreciation:
 - Manage public perception of BTA and the tourism industry in Bermuda.
 - Advocacy and stakeholder communications.

Mr. Chairman, the Operations Division will be allocated \$4,466,727, representing 17.7 per cent of the total allocation. The main areas of expenditure of the division are as follows:

- Real Estate will account for \$0.7 million, or 15 per cent of the division's budget.
- Training Standards and Communications programmes will account for \$0.6 million, or 14.6 per cent of the division's budget.
- IT services, payroll, benefits are also allocated within the division's budget.

The Investment Division [line item] 2014. Accomplishments. Mr. Chairman, I heard an interpolation just now, but what we have got going on Mr. Chairman—

The Chairman: Member, do not be distracted.

Hon. Shawn G. Crockwell: —is far more effective than we have seen in many, many years, Mr. Chairman.

[Inaudible interjection]

Hon. Shawn G. Crockwell: Oh, it is certainly not the Platinum Period, Mr. Chairman.

The investment division formally came into being on 17 June 2014 with the hiring of a chief investment officer. [The year] 2014 focused on completing and finalising key legislative framework for submission to the Ministry of Tourism Development and Transport for review and adoption. The outreach to both local and international investors and operators were a core activity and focus. Activities included:

- Attendance at investment and development conferences.
- On-Island meetings were held with the five principal hotels to understand key challenges and opportunities.
- Proposed incentives for new and existing developments were presented to the Bermuda Economic Development Committee.
- Drafted a Cabinet Decision Paper for the new incentives act.

2015 Objectives:

- Rewrite legislation to spur investors to consider Bermuda.
- Improve and expedite the investment process.
- Establish relationship with major and niche hotel brands.
- Strengthen support for existing on-Island hotels and hospitality businesses.

Mr. Chairman, the Investment arm of the organisation is achieving its goals by bringing the new vision of Bermuda to the global investment community including international investors, private equity joint ventures, hospitality funds, and high net worth individuals. Proactive identification, analysis and marketing of feasible tourism investment opportunities is generating momentum in attracting capital for new product, service and real estate concepts. Attendance at investment forums as well as the organisation of events with targeted potential investors is providing networking benefits to communicate investment opportunities in Bermuda.

To further lower the in-bound investment hurdles into Bermuda, the Investment division is assisting foreign investors as an "investment concierge" to navigate local rules and regulations, bureaucracy, market data and research, and investment opportunity identification, effectively reducing their due diligence costs and broadening their market reach.

Finally, the Investment division of the BTA has begun setting up a capital fund programme to make

its proprietary capital available for the debt or equity funding of strategic tourism projects in Bermuda.

Roles and Responsibilities. The current roles involve the Chief Investment Officer and Special Projects Intern.

The Responsibilities of the Investment Division:

- Develop and implement overall investment strategy to increase the attractiveness of Bermuda from an investment perspective.
- Coordinate with relevant government entities to develop investment opportunities (for example, Ministry of Economic Development, the BDA, and the BLDC).
- Coordinate with government and industry leaders to increase access to investment opportunities and create a stronger investment climate for tourism in Bermuda (for example, hotel concessions act revision, new tax incentives and exemptions).
- Develop and cultivate relationships with current and potential future investors, including leading local and international investors in public and private sectors.
- Market investment opportunities to parties internal to Bermuda (for example, BTA Board of Directors, Ministry of Economic Development) and external parties.
- Develop and monitor the “red carpet” and “one-stop shop approach” to attracting global hospitality and leisure investors and developers to Bermuda, as well as assisting investors and developers move a project through government channels and approvals.
- Oversee the successful and timely execution of investment transactions including lender selection, due diligence and process management, legal documentation and negotiation.
- Provide strategy financial and legal oversight for value enhancement activities including renovations and asset repositioning projects (for example, hotel room capital expenditures).
- Set up and manage BTA’s budding capital investment fund to invest in qualifying tourism investment opportunities in Bermuda.

Mr. Chairman, The Investment Division will be allocated \$1,172,633, representing 4.6 per cent of the total expenses. The main areas of expenditure for the Division will be the Capital Fund, which will account for \$0.5 million, or 43 per cent of the Division’s budget.

The Board of Directors (and we are approaching the end, Mr. Chairman). Governance: The BTA governance resides within the Board of Directors. The board is the highest level of approval, responsible for oversight and approval of all major, financial, strate-

gic, legal and risk management decisions. The board is comprised of eight individual members, six who reside on the Island of Bermuda and two members residing in the United States.

Board members have three-year terms and may serve two successive terms. The board is served by an external corporate secretary. The CEO reports directly to the Board of Directors, specifically to the Chairman of the Board. The Chairman has a direct reporting responsibility to the Minister of Tourism Development and Transport. The board is responsible to the Minister for the overall performance of the BTA. The board’s responsibilities include:

- Ensuring good corporate governance, including effective risk management, legal compliance, strategic direction and appropriate structure of the BTA.
- Setting the BTA’s strategic direction, including approving strategies and targets and establishing policies.
- Accountability for monitoring BTA’s business operations.
- Communicating with the Minister of Tourism and other Ministers as deemed appropriate.
- Complying with general government policy as directed by the Minister and according to the BTA’s statutory obligations.
- Ensuring that the performance of the BTA’s functions, and the exercise of the BTA’s powers, are consistent with and designed to give effect to the current Business Plan, the current Annual Operational Plan, and the National Tourism Plan.
- Selecting and monitoring the performance of the CEO.
- Reviewing the performance of CEO.
- Fulfilling the BTA’s long-term vision of becoming self-funding by identifying alternative funding sources.

The following committees have been chartered by the Board of Directors: Revenue Generation Committee (I mentioned this earlier, Mr. Chairman). One of the BTA’s stated goals is to achieve fiscal independence from the Bermuda Government and this Committee has primary responsibility for achieving this goal. The committee will:

- 1) develop and periodically review and assess a set of guidelines to govern activities of the BTA aimed at generating revenue and achieving fiscal independence;
- 2) draft a plan to achieve fiscal independence from the Bermuda Government over a stated timeframe and have that plan approved by the board annually;
- 3) work with BTA staff as needed to implement the committee’s plan;

- 4) establish key performance indicators to measure progress toward the plan's goals and to adjust the plan as needed; and
- 5) report to the board at least annually on the progress of the committee's work set against its stated plan.

Audit and Risk Committee. The purpose of the committee is to establish formal and transparent arrangements to ensure accurate corporate reporting and risk management and internal control practices. The committee will:

- 1) develop and periodically review and assess a set of guidelines to govern activities of the BTA;
- 2) make necessary recommendations for improved controls and mitigation measures;
- 3) work with BTA staff as needed to implement the Committee's controls and measures;
- 4) report to the board at least quarterly on the activities of the Committee in relation to the release of BTA financials to the board; and
- 5) approve and review the annual report and financial statements prior to approval by the board and subsequent release of this information to any key stakeholders external to the BTA.

Compensation Committee. This committee will review best practices within destination marketing organisations (DMOs) to assure that BTA's compensation and benefit packages are competitive with other similar DMOs. Additionally, the committee will periodically conduct compensation surveys to align employee compensation with other DMOs who have budget parameters similar to the BTA.

Mr. Chairman, the composition of the board members includes the following Bermudian members:

- David Dodwell (Chairman);
- Jessica Mello (Deputy Chairperson);
- Mr. Phil Barnett;
- Mr. Peter Everson;
- Mr. Paul Telford;
- Ms. Allison Towilson.

Board members include the following non-Bermudian members:

- Earl Graves Jr., President and CEO of Black Enterprises (which is a media company);
- Allison Reid, Senior Vice President of Real Estate, Starwood Hotels & Resorts Worldwide Inc.

Mr. Chairman, the chairperson appointed by the Minister must have travel and tourism background [and will serve] a term of three years. He may be re-appointed for a further term.

The terms of the board members (including deputy chairperson, there are seven):

- initially appointed by the Minister in collaboration with chairperson and then to be appointed by existing board members;
- represent key areas in tourism and public and private sectors;
- consideration is given to diversity;
- limit of two terms at a maximum of four years each;
- staggered term structure with two members appointed for two years; three members appointed for three years; and two members appointed for four years. This will prevent a material loss of intellectual property from the board at any time.

Committee members are governance focused in nature. The number of members [is] determined by board members as seen fit, [and are] appointed by members of the board; and term is determined by Board.

Mr. Chairman, the outlook for tourism in Bermuda for 2015 is promising and with the hard work of the team at the BTA an increase in arrivals and a positive impact on the tourism and wider economy will be achieved.

We are fortunate, Mr. Chairman. The chairman of the Tourism Authority formerly sat on the Tourism Board appointed by the previous Minister. He has been in tourism for many years. His property has received numerous awards, Mr. Chairman. But beyond that I can say that I have never met someone who works so hard, is so committed, Mr. Chairman. I get e-mails at all times of the day from the chairman . . . early in the morning . . . I hope I have his energy when I get to his stage as well, Mr. Chairman, because he loves Bermuda, is passionate about tourism, and we are lucky.

I say to him all the time that certainly one of the best things I did after becoming the Minister was appoint him as the chairman. And we are also very fortunate, Mr. Chairman, to have all of the staff that we have at the BTA. But we have an outstanding CEO. This man has an amazing résumé. He turned tourism around in Washington, D.C., after the 9/11 attacks, Mr. Chairman—a tremendous task.

And whomever I bump into internationally when I mention his name, particularly in the United States, they know who he is. And so we are fortunate to have him, we are fortunate to have Ms. Isley as well, someone else who came with impeccable credentials, Mr. Chairman. All of the executives that I mentioned earlier, are dedicated, hard-working staff at the BTA. The BTA is our organisation. Tourism is the future of Bermuda. And I encourage all of Bermuda to rally behind the revival.

Thanks you, Mr. Chairman.

The Chairman: Thank you, Honourable Minister, for that very thorough presentation.

The Chair will now recognise the Honourable Member from constituency 29, and the Shadow Minister for Tourism, Mr. Zane De Silva.

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

Mr. Chairman, I would like to finish where the Honourable Minister . . . I would like to start where the Honourable Minister finished off.

[Inaudible interjection]

Hon. Zane J. S. De Silva: No, I am not going to do that.

Okay, all right. I certainly agree with the Minister that the team at the BTA is a good team. In fact, they are an excellent team. As he said I had the honour and privilege of meeting with them on several occasions. So there is certainly no disagreement there, Mr. Chairman.

And let me state for the record that we on this side support the Bermuda Tourism Authority in everything—

[Desk thumping]

Hon. Zane J. S. De Silva: —in everything that they have done and continue to do. So let us not be confused.

The challenge we have, Mr. Chairman, is with the structure. That is all we have. We have a challenge with the structure. If the Bermuda Tourism Authority raised all their money, Mr. Chairman—all of it on their own—that would be okay, that would be fine. But they do not. They receive funds from the taxpayer. And the taxpayers of this country deserve to know where their money is going. That is all we say, Mr. Chairman.

Mr. Chairman, if you look in the Estimates of Revenue and Expenditure for this year you will see nothing in terms of a breakdown as to where the money is going from the Government to the Bermuda Tourism Authority. Now the Minister gave a nice detailed breakdown. It would be nice if he would put those in . . . summary . . . he gave a summary. But it would be nice to see it in the [Budget] Book, Mr. Chairman, so that not only us in this House but the taxpayer—the Bermudian people—can see how their tax dollars are being spent.

Hon. Shawn G. Crockwell: Point of clarification, Mr. Chairman.

The Chairman: Member, you will yield?
Honourable Minister.

POINT OF INFORMATION

Hon. Shawn G. Crockwell: I just want to make the point that this is a grant. And grants are not new in government budgeting. We provide multiple grants—

[Inaudible interjection]

Hon. Shawn G. Crockwell: I said point of information.

The Chairman: Or clarification.

Hon. Shawn G. Crockwell: We provide multiple grants and we do not provide those types of details for any grant, as the Honourable Member would know. So I hear what he is saying, but it is a grant and you do not have that type of detail with grants.

The Chairman: Thank you, Honourable Minister.

The Chair recognises the Honourable Shadow Minister.

Hon. Zane J. S. De Silva: I hear the Minister, Mr. Chairman, but this is a Government that sticks [out] and beats their chest every week about transparency, transparency. Where is the money going?

I mean, Mr. Chairman, the Minister quite clearly stated that the BTA gave out \$813,000 to tourism-related businesses earlier last year. Now, you see, that is fine. But when we ask the question, where did that money go? How much went to each entity? Nope, it is not forthcoming. And some of the people in this country would like to know. They would like to know.

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

The Chairman: The Chair recognises the Honourable Minister.

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member is misleading the House. Mr. Chairman, information is provided on the website of the BTA in terms of how much money is dispersed.

Mr. Chairman, I have been asked numerous questions in this Honourable House for specifics. Just this morning I was asked in relation to specific programmes the amounts and the principals, and that information was provided.

The Chairman: Thank you, Minister.

The Chair recognises the Shadow Minister.

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

The drip-feed process is what we are getting, Mr. Chairman. Drip-feed . . . drip-feed. We asked back in this Honourable House . . . Mr. Chairman, I could bring out my Hansard when the Minister brought that information to this House with regard to the \$813,000. He gave an amount and he said a “range” of where it

was going. We asked the question then and since . . . and he did give this morning some specifics. But let us . . . If you are going to post it on the website, post everything—every amount for every entity that receives funding.

Hon. Shawn G. Crockwell: Point of information, Mr. Chairman.

I have been advised—

The Chairman: You may want to . . . yes.
The Chair recognises the Minister.

POINT OF INFORMATION

Hon. Shawn G. Crockwell: Thank you. I have been advised that the BTA has been providing detailed financial reports on a quarterly basis on the BTA website.

The Chairman: Thank you, Honourable Minister.
The Chair recognises the Honourable Shadow Minister.

Hon. Zane J. S. De Silva: Well, Mr. Chairman, I tell you what, if that is the case I will gladly apologise and pull that. But I tell you what, Mr. Chairman, I am yet to find—

Hon. Wayne L. Furbert: Point of order, Mr. Chairman.

The Chairman: Honourable Member, your point of order is?

POINT OF ORDER

[Misleading]

Hon. Wayne L. Furbert: The Honourable Member is misleading this House.

The Chairman: Which Honourable Member?

Hon. Wayne L. Furbert: The Honourable Minister.

The Chairman: Yes?

Hon. Wayne L. Furbert: Detailed information is not provided on the website—detailed information.

The Chairman: Thank you, Honourable Member.
The Chair recognises the Honourable Shadow Minister.

Hon. Zane J. S. De Silva: And we did not get a point of order to that, which is exactly what I said five minutes ago.

You see, Mr. Chairman, the Minister should go on the site from time to time and have a look for

himself, rather than rely on information that may not be absolutely correct.

Mr. Chairman, I thank the Honourable Minister, he did give me a printout, and I thank him for supplying that information with regard to the breakdown of some of the money. And it is the Investment Division, the Product and Experience Development Division, Sales and Marketing, Research, Operations.

Mr. Chairman, one of the questions . . . and see this is . . . when I talk about we should have a breakdown in the Budget Book, it says for Sales and Marketing Division will be allocated \$15.8 million, representing 62 per cent of the total expenses. See, the challenge we have over on this side, Mr. Chairman, is . . . I got you, \$15.8 million for sales and marketing. But how much of that \$15.8—and this is a question I will put to the Minister. How much of that \$15.8 [million] is actual marketing money? I am not talking about wages. I am not talking about admin costs—marketing dollars. Is it one million? Four million? Five . . . 10, 15? How much of it is actual marketing dollars? That is an important figure. It is an important number, Mr. Chairman.

Mr. Chairman, these divisions that the Minister very nicely handed out to us total about \$25 million. And out of that \$25 million, Mr. Chairman, we have five staff that make a quarter of that amount—five staff—which is about 20 per cent—about 10 per cent. If you add in all the extras it is about 20 per cent.

So, Mr. Chairman, that of course is not including . . . for the sake of the Minister I have not included bonuses in that. It is about \$1.3 million. The top five executives make about \$1.3 million, okay? And if you put in the bonuses and you put in the taxes and things you are probably looking like it is about . . . you know, 10 per cent of the budget.

So, Mr. Chairman—

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

The Chairman: The Chair recognises the Honourable Minister.

POINT OF ORDER

Hon. Shawn G. Crockwell: And, Mr. Chairman, I will confess, one of the reasons why I did law was because I did not like math.

The Chairman: That cannot be your point of order.

Hon. Shawn G. Crockwell: No, no, but, Mr. Chairman, \$1.3 million is not 20 per cent of \$24 million.

Hon. Zane J. S. De Silva: No, no, I said 10 per cent.

The Chairman: The Chair recognises the Honourable Shadow Minister.

Hon. Zane J. S. De Silva: Yeah, yeah, yeah, that is why he is a lawyer.

What I did say . . . what the Minister did not hear me say—

Hon. Shawn G. Crockwell: Mr. Chairman, did he say he had a point of order?

Hon. Zane J. S. De Silva: —that was—

Hon. Shawn G. Crockwell: It is the 10 per cent, Mr. Chairman.

The Chairman: Gentlemen. Will you both take your seats?

Hon. Shawn G. Crockwell: Okay.

The Chairman: So I am going to recognise the Honourable Minister.

Hon. Shawn G. Crockwell: I just think we need to be careful because I understand the Honourable Member, his point that he is trying to make. But it is not 10 per cent.

Hon. Zane J. S. De Silva: How much is it?

Hon. Shawn G. Crockwell: It is less than 5 per cent, Mr. Chairman.

The Chairman: Thank you, Honourable Minister.

Hon. Wayne L. Furbert: Point of order, Mr.—

The Chairman: Wait a minute. No, have a seat, Honourable Member.

We are going back and forth.
Member, you may proceed.

Hon. Wayne L. Furbert: Point of order, Mr. Chairman, I have a right for a point of order.

The Chairman: You do.

Hon. Wayne L. Furbert: Absolutely right!

The Chairman: What is your point of order?

POINT OF ORDER

[Misleading]

Hon. Wayne L. Furbert: The Honourable Member is misleading this House.

The Chairman: Yes, how so?

Hon. Wayne L. Furbert: That he excludes the information for all the other benefits that go with this, the \$1.3 [million] is for . . . he excludes health insurance, all those type of things.

The Chairman: Thank you, Honourable Member.

[Inaudible interjections]

The Chairman: Shadow Minister, would you like to proceed?

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

What the Honourable Minister missed when I was giving a breakdown . . . he was talking so he was not listening. So I will repeat for his edification.

What I said was that the top five executives make \$1.3 million, and if you throw in the bonuses and if you throw in their taxes and these things they could get up to 10 per cent—

[Inaudible interjection]

Hon. Zane J. S. De Silva: I did. But you were not listening. You were talking, I watched you. And then you got up and gave a point of order.

Listen, Minister. I listened to you for three hours. So you have got to listen . . .

Well, I went to the little boys' room once or twice, but I sat here and listened to you. So if you are going to do a point of order, if you are going to sit there, you must listen.

So the only reason I bring that up, Mr. Chairman, is because that has been a focal point for some time . . . the amount of money that is spent on certain things in the Tourism Authority office. And, Mr. Chairman, I just want to bring out one stat when it comes to . . . because, again, we have to do our own guesstimates as best we can in terms of doing comparisons.

I looked in the Budget Book for 2012/13 and there were 49 staff at the Department of Tourism and the salaries were \$4 million a year—approximately \$81,000 per person. That is what it worked out to be. The BTA staff at present are at about \$160,000. Now, I stand to be corrected, because we do not have the exact number, but just doing a little mathematical educated guess, I would say.

So, Mr. Chairman, when we are expecting our people—our civil servants—to take furlough days and we are expecting everyone (as the OBA likes to say, *shared sacrifice*) to share sacrifice, that is what I would like to see. That is what we would like to see on this side, some shared sacrifice when it comes to how money is spent in that regard, Mr. Chairman.

One thing I did take note of, Mr. Chairman, was when the Minister said that he has many challenges—the BTA has challenges, he has challenges. That is the Minister, and I understand that. But one

thing that he said that I have to make note of—and I cannot wait to get Hansard because, you know, I love Hansard. I look at it . . . and every time we get it, I go through it with a fine tooth comb. I love Hansard. It is one of my hobbies. But the Minister said that many countries are still struggling from the world recession.

Now, Mr. Chairman, you heard since this debate started how the world recession has long been over. Bermuda is the only one in recession. We heard that loud and clear. So I thought it was very interesting that during this debate and because of the challenges that we face in tourism the Minister says that there are many countries still struggling because of the world recession. So a good note for not only us to make, but for the public who listen to our debates on a regular steady basis.

Mr. Chairman, I would like to move on (just give me a second to flip through my notes). I hope the Minister made note on the actual marketing figure because that is important, very important going forward, Mr. Chairman. And I am going to keep that question on the side because I know . . . I am hoping that he has time. We certainly have a bit of time. I am hoping he has time at the end of the day to answer a few questions that might be raised.

Now one thing, unless I missed it, Minister, but I did not hear you talk about the Diaspora and the fact that we used to . . . we used to participate in the ADHT [African Diaspora Heritage Trail] programme very heavily in the past. And if the Minister can, [will he] let us know what is happening with the Diaspora and what the plans are? Does the BTA have any plans for us to participate? Have we pulled out of it? Has it stopped? Do we not participate in that anymore? Because I will inform you, Mr. Chairman, and the Minister and the BTA, that St. Lucia . . . just this last week St. Lucia announced that they are looking at the Diaspora market to pump up their tourism numbers. And it is for good reason.

If you know the history of it (I am sure you do, Mr. Chairman) that does have potential to draw tourists to Bermuda. So I do not know if the funding has been cut, if it has been wiped off the agenda, if it has gone down the priority list . . . I do not know. I did not hear the Minister mention it in his brief and I thought that it was very important.

Now not only do I think the Diaspora is important, Mr. Chairman, but so does the Minister because in a ministerial brief during the budget of 2012/13, and again in 2013/14, the Minister himself said in his brief (and I have a copy of it here) . . . he said, with your indulgence, Mr. Chairman, “You may recall that Bermuda is the home of the ADHT Foundation, an organisation that is vital to the continuance of development of the Diaspora Trail, as well as on the local level, teaching and preserving a part of our country’s history.” That is from the Minister himself.

Now, Mr. Chairman, for a statement like that to be made by the Minister and then for this founda-

tion to be . . . and again, I stand to be corrected. I did not hear anything in his speech with regard to the ADHT or the Diaspora, so maybe . . . again, I will put this over with my questions to be answered and hopefully we can get an answer on that, Mr. Chairman.

Mr. Chairman, one other thing I wanted to mention was the Minister talked about the staff and them working over Cup Match. Now, I did not hear the Minister say that they worked gratis. I did not hear him say that they worked for free. And Mr. Chairman, I know some of this former staff at the Department of Tourism. I did quite a bit of work. I acted for the former Tourism Minister, Premier Brown, many times, so I am familiar with a lot of the staff. And I agree. We have a lot of hard-working staff, not only in Tourism. I am sure the BTA staff, they fall in that category too. They are working hard, we know that. And so do . . . in the Department of Health, I know that those girls worked one night when I was there as Minister at 6:30–7:00 at night they were still working—on Valentines’ Day (not that they did not have any dates, you know). They were dedicated to their work.

So I just wanted to say that, you know, the Minister seemed to really dwell on that point that they working up at Cup Match whilst everybody else was having a good time. And we appreciate—

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

The Chairman: The Chair recognises the Honourable Minister.

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: Mr. Chairman, I do not know if the Honourable Member misunderstood me, but I was not just talking about the employees of the BTA, I was making the comment—

The Chairman: What is your point of order?

Hon. Shawn G. Crockwell: —that the Honourable Member is misleading the House.

I think he misunderstood me. Employees, historically in Tourism . . . talking about how passionate we are. In the Department of Tourism, we have been doing this for years. And it has been continued on with the BTA. So I was not just singling out employees of the BTA.

The Chairman: Thank you, Honourable Minister.

The Chair recognises the Honourable Shadow Minister.

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

But it certainly seemed like he was not just talking about them, but he did not mention anybody

else. He talked about them; so I am talking about them. And whilst we appreciate what they do, they get paid for it, Mr. Chairman, as do many other Bermudians who work holidays day in and day out.

I worked over Cup Match, Mr. Chairman, for about 15 or 20 years in the cycle rental business with my stepfather. Every Sunday, every public holiday I was working. The only difference was I did not get paid. But you know, that is how it goes.

But, Mr. Chairman, I would like to continue on if I can, on marketing. And I just want to bring out a few things. The Honourable Minister talked about Cup Match. And I know last year there was a challenge with Cup Match. I think the organisers of Cup Match had requested a sum of money, and whether it was the Minister or whether it was the OBA Cabinet, I know that the offer they made was some . . . I think it was 75 per cent *less* than what they requested. Let us throw the number out there: I think it was 75 per cent, Mr. Chairman. And I think the offer came from the OBA to give them 25 per cent.

I hope that the Minister and the Bermuda Tourism Authority, especially since they like to hand out money to entrepreneurs, people in the tourism-related business . . . a tent gets blown away and we give them \$180,000 to fix it—\$180,000 to fix a tent! And, Mr. Chairman, we cannot give \$75,000 to Somerset Cricket Club or St. George's for Cup Match, which is another heavy-related tourist festival atmosphere.

So, Mr. Chairman, I would implore the Minister and the Tourism Authority to give that some serious consideration this year. Everyone in this House has been to Cup Match, Mr. Chairman. Everyone. For them to not get the support that they felt they required. And I think they turned it down at the end of the day, Mr. Chairman, if I remember correctly, because I think they were insulted, quite frankly.

Mr. Chairman, I certainly know that . . . the Minister did not go into detail, but he talked about golf and how important that is to Bermuda. And he will know that I am an avid golfer. I cannot play as well as I used to, Mr. Chairman, but I can still knock it about. But we have ambassadors and world-class golfers like Bill Longmuir, Barry Lane, who were in Bermuda last year and I understand they are coming back this year, Mr. Chairman.

Again, I would point out and ask the BTA to look at talking to these gentlemen when they come to Bermuda. They are both from the UK and spend a lot of time in Europe. In fact, Barry Lane (I do not know how he finished two weeks ago) . . . Barry and Bill both not only made the cut, but I think Bill at one stage was in 6th place and Barry was in 1st place on a Senior Tour event in Europe. All they do these days is play in the audit tournament. But most of their business is doing corporate business and they mix, play and associate with some very influential people, Mr. Chairman.

I think if we are going to input money and invest money in products and entrepreneurs and different marketing avenues, I think that these two fellows, in particular, should be in that picture. They have been around a long time and know a lot of people.

Mr. Chairman, again, I do not know if the Minister touched on this, and if I missed it, he can certainly let me know. The Tourism Authority used to—and maybe he can correct me and help me out here. We used to have an entertainment subsidy that we gave to the hotels. I am not sure if that is still ongoing. If it is not, then I think we should because I think that is important for the hotels to . . . and I know it is close to your heart when it comes to locals entertaining our visitors, Mr. Chairman. So I would hope that that is something that is on the agenda. If it is not on the agenda, it should be put back on the agenda because that is something that we used to do, and I think it bore a lot of fruit for Bermuda.

Now, Mr. Chairman, I have got to take this time to . . . if we are talking about marketing, I think we have to get Bermuda where it . . . one of the things we have to concentrate on, maybe the BTA is doing it. I know that one of the things on the agenda is convention business, golf business and all sorts of other social media programmes. But we have got to try and pinpoint families when it comes to Bermuda and try to develop Bermuda as a dream destination. If Las Vegas can do it, we should be able to do it, Mr. Chairman. Because Las Vegas now realised that there is a market for families.

Mr. Chairman, British Airways made an announcement today. I do not know if you received it. I certainly did. They made an announcement today that they are going to start another flight to Turks and Caicos [Islands]. All of our partners or friends and family down in the south seem to be doing well. Most of them had increases in tourism visitors last year—most.

I tell you what, the entire Caribbean as a whole had a record year in terms of visitors. They had a record year, most of them between five . . . I say most, but not all of them had increases. But many did and there was between 5 [per cent], 18 [per cent] and 28 per cent increase in tourist arrivals, Mr. Chairman.

What I think we have to do is find out why British Airways flies over Bermuda to go to our competitors in the south. Now, I think it was the CEO who said that he was going to concentrate on the US. And I do not disagree with that. And I know our numbers were up coming from Europe this last year. But we have to find . . . yes, they were, yes.

So what we have to do is we have to find out why . . . constantly we have visitors flying over Bermuda, past us, to go to our competitors. We have to do that.

Mr. Chairman, whilst I am on airlines, I understand that the Tourism Authority has cancelled the Airport Tourist Exit Survey. And they have cancelled

the physical survey—sitting down and talking to our tourists that are leaving. And they are going online. Now, we know that social media is taking over and whatnot, but I think that is a mistake, Mr. Chairman. I do not think that you can get the feel, and I do not think you will get the participation from our tourists and their experiences here like talking to them face to face.

I think that if what I have heard is true, then I think that that needs to be changed. As you know, Mr. Chairman, you can go online and fill out, or you may not at all. But one thing is, if you have got someone sitting in an airport, most times they do not have too much to do. So what are they to do? Sure, I will. I have seen them. I am sure everyone in this House has been to the airport and seen the folks who do the surveys talking to tourists on their way out. So if that is the case, we need to change up.

Now, let us talk about the budget for just one moment. And let us . . . Mr. Chairman, our Shadow Finance Minister talked a little bit about tourism during his Reply and a few things he said I think are worth repeating. And I will read one of the things that he said on page 13: “Mr. Speaker, 2014 was a bad year for tourism as we saw air arrivals sink to the lowest level since 1966. This, however, should come as no surprise as last year saw government spending on tourism promotion dip to the lowest level in 34 years.”

Even the Minister talked about how tourism figures have been in the doldrums for 20, 30 years. But yet the Finance Minister decides to cut the Tourism budget by \$1.6 million—\$5 million last year, \$1.6 million this year. And you might have heard me say earlier about pinning the tail on the donkey.

Mr. Chairman, we want the tourism product . . . the Minister said it. The tourism product is important; it is vital. The Finance Minister also said how vital tourism is to Bermuda. How the life can the advertising budget be cut? [It is] \$1.6 million out of the budget this year; \$5 million last year. We are doing it . . . I cannot say *that* backwards, but we are doing it “donkey” backwards. Mr. Chairman, we are doing it backwards. We cannot expect to say that this is a vital part of our existence, a vital part of our future, a vital part of our sustainability, and then we cut the marketing budget.

The UBP/OBA chastised us many times. And I have to say UBP because in 2007 there was no OBA. And most of the OBA Members now—not most, but many of the OBA Members now—were part of that UBP that chastised the Government (when we were Government), chastised us for hiring the company by the name of GlobalHue. They chastised us for that, Mr. Chairman. But it just so happens that under that marketing agreement—

The Chairman: Honourable Member, you want to hold on just one second?

Hon. Zane J. S. De Silva: Sure thing.

The Chairman: You can proceed.

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

It is funny when you hit home you always get the chirping from next door. But, Mr. Chairman, let me repeat that. In 2007 we had the highest amount of visitors ever to come on this Island—ever in our history. It was a record year for visitors and that was because we had a company by the name of GlobalHue that did our marketing. Yes, a world renowned marketing company.

Now, Mr. Chairman, if the BTA was a business and you and I bought it tomorrow and we looked at some of the statistics of Bermuda what do you think we would look at? Well, when did we have our most successful time? Well, it was 2007. But what were we doing then? What was our marketing strategy? Has the BTA talked to GlobalHue? Have the OBA talked to GlobalHue? Probably not because the rumour is that he is a friend of Dr. Ewart Brown’s.

Well, Mr. Chairman, I would say put that myth aside for a moment. If I was the BTA I would talk to and get GlobalHue down here. Maybe while the CEO is overseas now he can make a little nip across . . . maybe the Minister can find . . . he knows how to get a hold of Dr. Ewart Brown. Call him. Find out his number and get a hold of him. Set it up, if we really want tourist numbers to increase in this country, if we really want them to increase.

And just to emphasise the point that the Shadow Finance Minister, David Burt, made, he said look at the historical numbers, Mr. Chairman. In 1990 Bermuda invested \$27 million in tourism. That is more than we spend today, Mr. Chairman. More than we spend today. And if you adjust for inflation it would take \$49 million today to have the same impact that the \$27 million had 25 years ago.

Now, you do not have to be . . . the Minister said that he did not do math. He was not good at it, so he became a lawyer. Well you do not have to be a math scientist to figure that one out.

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

The Chairman: You really want to make a point of order?

Hon. Shawn G. Crockwell: I do, yes.

The Chairman: What is your point of order?

Hon. Shawn G. Crockwell: I did not say I did not do well in it; I said I did not like it.

The Chairman: Thank you, Minister.
You may proceed.

[Crosstalk]

Hon. Zane J. S. De Silva: Well, he did not do as well in math as he did in his lawyer's work.

But, Mr. Chairman, we talked about earlier the departure tax and what effect that is going to have on the Tourism Authority's challenge and marketing strategy going forward.

Mr. Chairman, why did United cancel flights to Bermuda for the first time in our history? It is all economics, *in 'it*? They cancelled for the first time in the our history! United Airlines cancelled flights to Bermuda, the first time in our history. But then we have United cancelling flights, we have Delta cancel flights, Air Canada cancelled flights, tourism numbers are down 5 per cent, visitors are down for last year—

[Inaudible interjection]

Hon. Zane J. S. De Silva: —hotel beds are down 7.5 per cent.

[Inaudible interjection]

Hon. Zane J. S. De Silva: And see, as soon as I start putting those numbers out there, I think of who is in charge. I start thinking about who is in charge, Mr. Chairman. And it is the CEO of the Bermuda Tourism Authority, Bill Hanbury.

As I have said many times already, I do not have an issue with paying somebody a good wage for producing results. I have an issue, Mr. Chairman, as some of us in this House have run businesses, I have an issue with paying top dollar and not getting results. I have an issue with that. I have a big issue with that.

But here we are. We have cut the budget. We have cut it by \$1.5 million when we should be increasing it maybe by \$10 million, \$11 million or \$12 million. And you know I said just a couple of nights ago we should be taking the \$11 million profit down at the airport and giving it to the BTA and letting them market our country, okay? But we turn around and, in spite of that, we increase the departure tax by \$15.00 a head and then we wonder why airlines are flying over Bermuda and going to our competitors.

Mr. Chairman, when our budget is the lowest it has been . . . and the Minister is like bragging about it—*our budget's the lowest it's been in 30 years*—

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

The Chairman: The Chair recognises the Honourable Minister.

POINT OF ORDER
[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member is now intentionally misleading the House, okay? He cannot find any statement where I have bragged about it. I have been clear in this House that I fought for more funding, but we do not have it. If we want to start having this debate . . . and the Honourable Member knows why we do not have it—because we are broke—

The Chairman: Thank you, Honourable Member—

Hon. Shawn G. Crockwell: —because of the PLP.

The Chairman: Honourable Minister.

The Chair recognises the Honourable Shadow Minister.

Hon. Zane J. S. De Silva: I tell you what, he might have had battles in Cabinet, but he said here—and Hansard will show it—just a couple of hours ago how . . . and this is what he said, *We have a budget, (right?) that is the lowest in 30 years.*

And this is what else he said, *We're doing more with less.*

Do you remember that, Mr. Chairman?

Hon. Shawn G. Crockwell: Point of order—

Hon. Zane J. S. De Silva: I do, I wrote it down.

Hon. Shawn G. Crockwell: Point of order.

That is when the Honourable Member must have gone to the bathroom—

The Chairman: And the point of order?

POINT OF ORDER
[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member is misleading the House. If he wants me to repeat what I said, I was giving credit to the BTA being able to perform as well as they have and in accordance with the compliments given to the BTA by the Shadow Finance Minister that they are doing good work, that they are operating with professionalism and they are doing it with a reduced budget.

Is it ideal? Is it ideal, Mr. Chairman? No.

The Chairman: Thank you, Honourable Minister.

Hon. Shawn G. Crockwell: But it is the reality.

The Chairman: Thank you.

The Chair recognises the Shadow Minister.

Hon. Zane J. S. De Silva: They are doing more with less, but, unfortunately, Mr. Chairman, unfortunately—

Hon. Shawn G. Crockwell: Point of order, I did not say that—

The Chairman: The Chair recognises the Honourable Minister.

Hon. Shawn G. Crockwell: Mr. Chairman, I did not say that. I said they are doing an excellent job with a reduced budget.

The Chairman: Thank you, Honourable Minister.
The Chair recognises the Shadow Minister.

Hon. Zane J. S. De Silva: Okay. They are doing a good job with a reduced budget. Okay. All right . . . 5 per cent airlines are down, hotel beds are down—

[Inaudible interjections]

Hon. Zane J. S. De Silva: All the numbers are down, Mr. Chairman. All the numbers are down.
Well, you know—

[Inaudible interjections]

Hon. Zane J. S. De Silva: The numbers are down . . . the numbers are down.

[Gavel]

Hon. Zane J. S. De Silva: Mr. Chairman, you know what? Quite frankly—

The Chairman: Honourable Member, have a seat for a second.

I know we all respect each other when we speak and we are going to continue. So the Chair recognises the Shadow Minister.

Hon. Zane J. S. De Silva: Thank you. Thank you, thank you.

No matter how you slice it, no matter how you slice it, no matter how you slice it, Mr. Chairman, our visitor numbers are the least amount in 44 years. But you know what I say? And . . . I go to the top and this is no slight to the BTA. I said I really applaud them for the work they are doing. But when I look at failing numbers and non-performance—

Hon. Shawn G. Crockwell: Point of order.

The Chairman: Your point of order?

The Chair recognises the Honourable Minister.

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member is misleading the House. He said our visitors were the lowest—the air arrivals. The air arrivals—not the total numbers. When you talk about 2007 you are talking about totals.

Hon. Zane J. S. De Silva: Got you. I agree, I agree.

The Chairman: The Chair recognises the Shadow Minister.

Hon. Zane J. S. De Silva: I agree with the Minister. Yes, air arrivals are down. Thank you for pointing that out. So air arrivals are down—the lowest amount that we have had since 1966.

So percentages are down, air arrivals are record low, bed counts are down. Let us give the CEO another \$100,000 a year and maybe he will improve.

You know, you see . . . and then what really boggles my mind, Mr. Chairman, is I hear things like this being said by the CEO and the Chairman of the Board. He is guilty too of this comment: *The economy is turning around. Bermuda is back in the tourism game. Things are getting better, confidence is returning, tourism is on the rise.*

Mr. Chairman, I could show you newspaper clippings from the CEO and the Chairman . . . here it is . . . look . . . *the turnaround has begun.* This is from David Dodwell on August 11, 2014. So the turnaround has come, tourism is on the up, we are excited. I would not be so quick to come out in public and say I am excited. I would be excited when I get my pay cheque every week, Mr. Chairman. But should we accept that? No. When our people are being asked to take furlough days we are issuing \$180,000 for a tourist-related company to fix a tent!

We are paying some board members \$20,000 a year! That is what we are doing. What happened to the days when we had board members that worked for the love of their country, like we have many other board members that sit on many government boards that work every week? And I will put my hand up. I used to sit on a board, Mr. Chairman. And I will tell you what, I used to work and put in 20, 30 hours a week, Mr. Chairman.

There are many Bermudians that care and take their board positions seriously. How many board members in this country would like to get \$1,000 an hour for meeting? How many?

[Inaudible interjection]

Hon. Zane J. S. De Silva: No, they did not make that much. No, sir, they did not get close.

But, Mr. Chairman, let me say this. Where could that money be going? That money should be going into marketing. And if people really cared about their country they would say, *Listen . . .* because they only had 12 meetings last year. Twelve meetings,

\$20,000. Do the math. Pick the number how many hours they sat in a meeting. Do the math, Mr. Chairman, \$300, \$400, \$500, if it was an hour meeting; \$1,000 . . . \$2,000 per meeting? And we are telling people in this country to take furlough days?

[Inaudible interjection]

Hon. Zane J. S. De Silva: And the Honourable Member mentioned Port Royal. Well, you know what?

An Hon. Member: That's coming.

Hon. Zane J. S. De Silva: That is coming. And, like I said, I cannot wait for that one, Mr. Chairman.

But you know what? The Honourable Member Pat Gordon-Pamplin just said Port Royal, but she did not have any problem giving the late Louise Jackson a \$30,000 contract for six months. What did she do in that six months?

Talk about Port Royal now! Come on!

An Hon. Member: Bait and switch.

Hon. Zane J. S. De Silva: You see? Yeah, bait and switch, yeah—\$30,000 for six months—

The Chairman: Honourable Member. Honourable Member, you might want to re-focus on tourism.

Hon. Zane J. S. De Silva: Okay. Yeah.

Well, I am, because you see that is how it all ties in, Mr. Chairman. I want to focus on tourism, but they are not getting the money they want—\$30,000 here for one of my friends to be a consultant, because I do not know what I am doing? *I want to hit the road running*, she said at the time. But you are going to have someone that is going to guide you that has never been a Health Minister or Senator for Health.

Do you see what I am saying, Mr. Chairman? But that is why I say this all has an effect. Like they always say that the Progressive Labour Party's financial watching of the purse strings . . . okay?

Hon. Patricia J. Gordon-Pamplin: Point of order, Mr. Chairman.

The Chairman: I recognise the Honourable Minister, Pat Gordon-Pamplin.

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Chairman.

I was hoping the Honourable Shadow Minister would have some—

The Chairman: And your point of order?

POINT OF ORDER

[Misleading]

Hon. Patricia J. Gordon-Pamplin: My point of order is the Honourable Member is misleading the House.

I thought that he would have some correlation between \$30,000 and \$6 million at Port Royal.

The Chairman: Member.

The Chair recognises the Shadow Minister.

Hon. Zane J. S. De Silva: That is an idiotic statement, Mr. Chairman, because she does not know what she is talking about.

[Inaudible interjections]

Mr. Zane J. S. De Silva: Now . . . now, we can agree . . . we should leave Port Royal alone—

Hon. Mark J. Pettingill: Point of order, Mr. Chairman. That is just entirely inappropriate—

The Chairman: The Chair recognises the Honourable Member.

POINT OF ORDER

[Inappropriate or unparliamentary language]

Hon. Mark J. Pettingill: That is entirely inappropriate and unparliamentary language.

The Chairman: Member, you may want to withdraw that comment.

Hon. Mark J. Pettingill: He needs to withdraw that.

Hon. Zane J. S. De Silva: I may want to, Mr. Chairman. But the Honourable Minister, if she knows, she should not be even talking about Port Royal—

The Chairman: Member—

Hon. Zane J. S. De Silva: She should not be—

The Chairman: Member—

Hon. Zane J. S. De Silva: Because it is before the . . . but I will pull that back. I will pull that back.

The Chairman: Thank you, Honourable Member.

Hon. Zane J. S. De Silva: But I think the point was driven.

But, Mr. Chairman, let me move on. The Honourable Minister talked about, and he highlighted the Bermuda Tourism Authority using Twitter, Instagram, Facebook, which I will have to confess, I am not a techy, I do not do Twitter. I do not do Instagram and I do not do Facebook, Mr. Chairman. My children do, a lot of my colleagues do, but I do not.

But, Mr. Chairman, having said that, and I do not know if this Minister . . . I do not know if this Minister or this Bermuda tourism board . . . and I will declare my interests, first of all, because I want to talk about an entertainer by the name of Collie Buddz.

An Hon. Member: Declare it.

Hon. Zane J. S. De Silva: I just declared my interest. You are not listening. You know?

[Pause]

[Mrs. Susan E. Jackson, Chairman]

Hon. Zane J. S. De Silva: Yes, I did. You know, you have got a Minister . . . you have three Ministers . . . no, you have a former Minister—

[Inaudible interjection]

Hon. Zane J. S. De Silva: Okay. Yes, yes, yes, it is not the point.

Madam Chairman, Madam Chairman, let me say it again. I will declare my interest and talk about Collie Buddz, my son-in-law. Okay? Now I have said it. Well, the good thing is that now I have got everybody's attention, because I think we all know who Collie Buddz is.

Well, let me just give you a few numbers. Collie Buddz has 69,000 Twitter (what do you call them?) followers. He has 31,000 Instagram followers, and he has 385,000 Facebook followers.

An Hon. Member: Or Likes.

Hon. Zane J. S. De Silva: Or Likes. I will stand to be corrected, because I know the Honourable Member Nandi Outerbridge, and the Honourable Member Lawrence Scott, are telling me, you know, the right phrase for it. It is Likes on Facebook.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Friends? Okay. All right. Okay. All right.

But like I said, I am not the super-tech guy and I do not use it.

But Twanée Butterfield (and I do not have to declare any interests here), she has 643 Twitter followers and 3,100 Likes on Facebook. Now, that's nothing like Collie Buddz, but she is growing. So what I am saying is . . . and I do not think they have made any approaches to date.

I know that the Ministry of Tourism used to do some deal with it, because I say to him, because we do have conversations from time to time. He is not in Bermuda much these days. We talk about some family things from time to time, too. But, you know, I do not

think he has a relationship, a current relationship with the BTA [Bermuda Tourism Authority]. Maybe he does, and you can tell me if I am wrong, Minister. But I do not think so.

But if you have someone like Collie Buddz, who is in Europe at the moment and is performing week in and week out . . . And, Minister, I will give you a copy of his schedule. It is an unbelievable schedule. (I feel sorry for my daughter and my two grandchildren.) But he has a really unbelievable schedule this year. But for an entertainer who has 69,000 Twitter followers, 31,000 Instagram and 385,000—that is almost half a million, rounding it up, using math—almost half a million, right? Almost half a million Facebook followers, Minister. And we do not have any relationship with him? And our up and coming—

[Inaudible interjection]

Hon. Zane J. S. De Silva: Jeff has who?

[Inaudible interjection]

Hon. Zane J. S. De Silva: Well, he has got that many followers for his egg-and-fish deal; that is why. I do not know how many he has now.

But Twanée Butterfield, who is up and coming, has 6,500 Twitters and 3,100 Likes on Facebook. Why do we not talk to some of our home-grown talent, who the Minister says . . . The Minister says he wants to help our entrepreneurs. Let us talk to these two very successful Bermudian entertainers. In fact, here is his schedule here. I will not read it out, Minister. I will leave it here. If you want to collect it from me afterwards, feel free to do so.

Now, Cousin Derrick, I hope you do not mind me—

Hon. Derrick V. Burgess, Sr.: Go right ahead.

Hon. Zane J. S. De Silva: Okay. All right.

Now, Madam Chairman, the Minister, the Honourable Minister, talked earlier about the value of a cruise visitor comparing it to the value of an air visitor. And, Minister, I listened very carefully. Year before last, you said that for every one dollar the cruise visitor spent (I am talking about not last year, but the year before), you said it was eight dollars, the comparative income from an air visitor was eight dollars. And last year, you said it was nine. Now, I heard you very clearly.

Now, the problem I have is that . . . and I would like this clarified. Maybe the PS [Permanent Secretary] can help you out. But the CEO, the same guy we are paying \$400,000 or \$500,000 a year for, has said on two separate occasions that that ratio is 1:11; and then he said it is 1:16. You were saying that last year it was 1:9. Now, we have to get this right, number one. I think you, as the Minister, have to want

to know what that correct number is, because you have said one thing, and the CEO has given two different figures on two different dates. And I could tell you that in the *Royal Gazette*, on November 14th, 2014, he said 1:11, and on February 24th this year he said for every 1 it is 16. I have copies of those right here for you, Minister, if you would like to see them.

So, now my question to the Minister and to the Tourism Authority is, if . . . Now, I am going to use the numbers from the CEO because I have to believe that the Minister is not correct. If the CEO is correct in saying that the ratio is \$16.00 for every air visitor compared to \$1.00 for a cruise visitor, why are we cutting our budget? We should be putting \$15 million to \$20 million more in marketing tourists. If it is as vital as the Minister said, and the Finance Minister said, if I can quote, Madam Chairman, the Finance Minister . . . (and I do not have . . . Yes, I do. Hang on.)

The Finance Minister said, "Another way to buttress our financial independence is to be successful in our efforts to revitalise our hospitality sector. The Government regards this as a national economic imperative . . ." That is from the Finance Minister. If it is a national economic imperative, why the heck are we cutting our budget for tourism and the marketing? It makes no sense. If I said to the Honourable Member from [constituency] 13, Glenn Blakeney, *Look. If you played hot music from seven in the morning to twelve, you'll make \$10.00 a minute. But if you went from twelve to four, you'll make \$100.00 a minute*, where do you think his concentration is going to be?

[Inaudible interjection]

Hon. Zane J. S. De Silva: Thank you very much.

But that does not seem to be the concentration here by the OBA Government. If you are telling me that an air arrival visitor spends \$16.00 compared to \$1.00 from a cruise ship visitor, you have got to do some more work. I am not a marketing chief. But I will tell you what. Pay me \$500,000 a year and I will make those numbers work.

[Inaudible interjection]

Hon. Zane J. S. De Silva: I am for the country, Honourable Member. I am for the country. That is why I am bringing these things about, because I want our country to be successful. I want tourists in this Island. If we can give \$77 million for the America's Cup, let us pump up another \$10 [million] or \$15 million for marketing. If the return is what it is, we will get that return back pronto, I would think. Sixteen dollars as opposed to one? And we are cutting the budget? Just makes no sense.

Now, whilst I am talking about advertising and marketing, why do we not have . . . and we have got the BTA hard-working team here, and it is good that

they are here. Why do we not look at advertising on CNN, ABC, CBS and, my favourite, the Golf Channel?

[Inaudible interjection]

Hon. Zane J. S. De Silva: And the Wealth Channel. Thank you, Honourable Member Roban.

What is wrong with the Wealth Channel? Because you and I watch it, and we only dream about some of those things, I know. But a lot of the wealthy people watch those channels, too. But what I am saying is there are still many people who do not know where Bermuda is. I think, Minister, you may even have said that at one stage. I mean, it is true. We all hear it. I talk to visitors. I travel a lot. I tell people I am from Bermuda. They say, *Oh, yeah. Where is that?* No. We are up north.

So, what I am saying to the Minister is, let us look at getting on some of our major TV channels. I see Air Jamaica, I see Spirit. I see . . . What is the other one that goes to Bahamas? Well, I am not an airline man. But what I am saying to you is we do see them. And I know that Mr. Burrows watches the Golf Channel, and I think the Minister might even tune in a little bit, too. But like our major golf tournaments . . . you know, the PGA used to be watched by 80 million households worldwide.

We do not have the PGA anymore. Let us find out if we can advertise when we have the major tournaments. That is when all the golfers tune, even the non-golfers. And if Tiger is playing, it is 40 per cent more; we all know that. You know that. So if Tiger plays in the Masters, what the Minister should be doing right now . . . I think, maybe Mr. Burrows, maybe Mr. Dodwell is working on it already. Maybe we will see some action at the . . . I do not know. That is a tough one to get into right there. That is like the Super Bowl ad.

But what I am saying is, let us look at doing that. Let us look at doing it, man! It is right there in front of us. We have too many people saying they do not know where Bermuda is.

Again, my last note on this particular point is GlobalHue. I have to mention that company name because that is when we had our most success. And we have to look at doing that. I do not think we could go wrong with having a conversation. I know you are smiling, Minister. Do not worry. I have no interest in GlobalHue. In fact, I do not know who the principals are. I do not know. I did not go to Howard, so, you know, you cannot put me in there. No, you cannot.

How is the time running, Madam Chairman?

[Inaudible interjection]

Hon. Zane J. S. De Silva: It is 7:12. Okay. I think I got it. I got it. Because I know my colleagues want to have a little chat, too.

Now, Madam Chairman, I have to . . . We do not always get time to comment as we would like, and this is the opportune time. And I think it is important that we set a few things straight. In May last year, we had a conversation in this House about the wage of the CEO. And I said in the House at that time . . . it was May 30th, in fact, when we had the conversation. And I said at the time that the CEO, I reckoned, was making around \$400,000 a year. It was denied—was denied by the Minister.

Now, we all know that February 26th this year, the CEO came out and told everybody what he was making, almost. Because we did not get the details of the bonus, except we got them today. The Minister said it is 30 per cent—could get 30 per cent of his base salary, which, again, that tells me that he could be in line for \$100,000 bonus.

Now, one thing I did not appreciate was that the CEO said that he decided, after permission from the board, that he would make this announcement to turn down the political rhetoric—his words, *turn down the political rhetoric*. Now, you see, my issue with that, Madam Chairman, is this: If you are American and you are working in a foreign country, you have to make a declaration with the Department of Justice. Understand what I am saying. You have to make a declaration with the Department of Justice of what your wages are, how do you earn your money and how much you earn. Okay?

The only problem I had with that announcement coming out when it did is because maybe, maybe—and the political rhetoric that the CEO talked about calming down . . . I do not know if that was the case. Maybe, maybe the CEO knew that we know how it works. And sooner or later we are going to find out, not from the Minister, but we will find out on our own how much he makes. Because if you go to the Department of Justice, you can find out what anybody who works overseas makes—anybody, if they honestly declare what they are making.

So I took big issue with that, especially when he said *to turn down the political rhetoric*, because I took that, and some of my colleagues did too, as a bit of an insult.

But let us not forget . . . And I will say this over and over, and I hoping that one day I can say, *Well, you know, that wage is justified*. And I said it last week, and I will say it again, that the CEO of the Bermuda Tourism Authority makes more than our Premier. He makes more than our Premier. And he makes more than our Governor, and he makes more than the President of the United States—the CEO of the Bermuda Tourism Authority.

I had a conversation with my colleague, Honourable Member Wayne Furbert, earlier. I said, *You know, I don't have an issue with paying someone big dollars. But I have an issue for non-performance. I do have an issue with that*. And that is where I am at right now. Until we see anything different, I will not change

my tack. And I will not be satisfied. And no other Bermudian should be satisfied. If you are paying somebody \$500,000, \$400,000, \$600,000 a year, I want results.

The OBA can talk about the chief of staff down at the hospital all they like. But I will tell you what. First of all, he was dealing with lives. He turned around that hospital, turned it upside-down, inside-out. It is running like a Swiss clock. They received accreditation year after year after year. Never before in our history have we had it. That is why you pay somebody like him \$500,000 and \$600,000, because he produced!

You remember the race issue we had down there? Do not forget the tale of two hospitals. Do not forget that. I remember once upon a time, and all Members in this House will agree, there was a time when we saw . . . we never saw a week go by without a complaint about that hospital in the newspaper. But it all died away. And we paid two fellows very big dollars, but they turned it around.

Actually, the hospital was struggling very badly. And as the former Health Minister knows, that hospital, certainly when I was there, and I think when she was there, too, that hospital was turning over a surplus, something that we had not done for many, many years. And that surplus allowed us to upgrade our . . . It allowed us to build the hospital we have today, to be honest. That is right. Oh, yes, it did. Oh, yes. And it will continue to pay for it. You know the fee increase will pay for that hospital.

You can call me crazy if you like, but those are facts. Those are facts. And former Health Minister Michael Scott would tell you, too.

[Inaudible interjections and laughter]

Hon. Zane J. S. De Silva: So, Madam Chairman, I think I mentioned it earlier, but if I did not mention it, the entire Caribbean had a 5.3 per cent increase in tourism last year—5 per cent increase—while we went the other way. And I hope, again I will keep saying, *I hope*. And I generally mean it for the sake of our country. And I have said it here before, and I will say it again, that we want the Minister to be successful. We want the BTA and we want the OBA to be successful. Yes, we do. We do want you to be successful. And let me explain that.

I do, yes, I do. I have a business.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Well, we all do. I am speaking for my team. We do. Because, and I have said it before . . . if we stay in Opposition for the next 20 years and every Bermudian has a job and every business flourishes, the OBA can stay in power. I am okay with that. We will continue to hold you to account. We will continue to hold you to account. But

right now, we have people out of work. And just today—just today we heard that Robinson's closed down. Robinson's Gas Marina closed down today.

An Hon. Member: They said they were opening back up.

Hon. Zane J. S. De Silva: Oh, they did? Okay. But what I am saying is they are struggling. They are struggling. Yes, they are.

But I would love to see . . . I will sit over here and fire at you guys every week, you know. If everybody is working and every business is flourishing, absolutely! Oh, yes. Absolutely.

But what concerns me is this lack of funding for us. We have Aruba, visitors were up 10 per cent last year. We had a Marriott just open up in Haiti. And, by the way, in case anybody did not know, Digicel invested \$45 million in a 175-room hotel in Haiti. Digicel did. Okay?

Now, there is a corporate partner taking an interest in that country. I would like to see some of the business in this country maybe taking a similar stance, especially since we have some of the wealthiest countries in the world.

Minister, did you know that 2.24 million Chinese tourists visited the US last year? That is a 24 per cent increase. That again is another market that we should look at. Now, I know you went over to Singapore. You should have gone a little bit further. I know that Dr. Brown caught some stick for going to China for, I think it was 36 hours.

[Inaudible interjection]

Hon. Zane J. S. De Silva: No, no. He went to China for 36 hours. He flew over there and flew right back. That is a man . . . you guys can talk about his travel, but that was not a man who went over there and for any jolly for 36 hours, I can assure you. I think that you guys who went to Singapore had a little bit more fun in Singapore than he had in China. Okay? And, of course, it did not cost \$50,000 either. Okay? It did not cost \$50,000 for three people, I can assure you that. But, Minister, China—have a look at China. Okay? Have a look at China.

[Inaudible interjections]

Hon. Zane J. S. De Silva: You will not know unless you try. If you do not go—

[Inaudible interjection]

Hon. Zane J. S. De Silva: I do not know. You will have to ask him about that. You will have to ask him. But he did try. He did try. And he went to India, as you stated. He went to India. And we had a conversation about India.

The Finance Minister said, *Why did we go to India? What are we going to do with India?* They are interested in trading. Well, talk to Glen Smith about that! Glen is bringing in electric cars from India.

The Chairman: The Honourable Member.

Hon. Zane J. S. De Silva: The Honourable Member, very Honourable Member at that; yes, he is. Yes, he is.

An Hon. Member: Are we talking about tourism?

Hon. Zane J. S. De Silva: Yes, we are talking about tourism. Yes, we are. But why not India? Yes.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Do you know why I mention India? Because India, you might know, is playing a big part in a hospital in one of our competitor islands, are they not, Minister? Do you know about that one? Yes, you do, in Cayman.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Yes, you are right. Okay, I am glad you have been there. Why do you not tell your Minister? Okay.

So what I am saying to you is that India has played a major part in building that hospital. And they are looking at medical tourism.

[Pause]

Hon. Zane J. S. De Silva: So, Minister, medical tourism. Chairman, Mr. Dodwell, medical tourism. Let us have it. Give it a shot.

Just in case you did not know, Minister, because you said, or I think another Honourable Member said, *Where are the Chinese tourists?* Well, apparently, I have just been handed a note that we have had an increase in our Chinese tourists. I do not know, it might have been Sir John Swan's contingent that came over recently; I do not know. But we have had an increase in Chinese tourists.

[Laughter]

Hon. Zane J. S. De Silva: So there you go. And they could have come from Canada, because you know there are a lot of Chinese in Canada; yes, there are.

But now, Minister, Madam Chairman, we talk about marketing. We talk about the budget being cut. The budget was cut \$1.5 million this year, \$5 million last year. One of the things that . . . and the parliamentary questions have been asked. But I have to ask the question. No, let me explain something.

The BTA was formed. Understand that the Minister wants to keep it non-political. But I cannot

believe that we spent the amount of money we did moving offices. We pay \$220,000 a year in rent at the moment. We spent \$330,000 that we know of fitting out those offices. And we have a lease, I think, that goes to 2020 or 2021, Minister. ([Is it] 2019?) That lease goes to 2020.

Now, \$218,000 a year, plus, plus, plus, plus. So we spent \$500,000 on that move. How much advertising could we have received? Now, the first thing that we will hear from the Minister and the Government is, *Well, we wanted it to be completely separate and we wanted nice new offices. You get everybody furnished.* We know. We have all moved houses and bought new furniture. We know how it feels. But you know what? You are also talking to a guy who, when I bought my first house, I slept on the floor because I could not afford a bed.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Yes, okay, we all did it. I am telling you my story. And I am telling you why I am going to make the comments I am.

And when I moved in that house, Madam Chairman, I had plywood on the windows because it did not have any windows. It did not have gutters to catch rain. The plumbing was all messed up. My son slept in the kitchen. We did not have any space in the bedroom.

So what I am saying to you is this: When things are tight, you learn to make do. And Honourable Members are laughing, making fun. But I tell you what, this is \$500,000 they spent in the first year—\$500,000. How many Bermudians . . . how many furlough days would not have had to be taken if we had that \$500,000 in the pot? Okay? So that is why I brought up that subject, and it is very important. And how much more money do we see that we feel could be directed elsewhere for our people, for programmes, for the civil servants that are not being put to best use by the Bermuda Tourism Authority?

[Inaudible interjection and laughter]

Hon. Zane J. S. De Silva: I tell you what, Madam Chairman . . . the Honourable Minister mentioned Beyoncé. I tell you what. I tell you what, Madam Chairman. I think that was money well spent! Well spent!

[Inaudible interjections]

Hon. Zane J. S. De Silva: Yes, yes. See, you can always tell when you are hitting home. You could always tell when their feathers are getting ruffled. You could always tell because you know what? The truth hurts. The truth hurts, Madam Chairman. The truth hurts!

[Inaudible interjections]

Hon. Zane J. S. De Silva: We have a CEO who is making \$500,000 a year. You have \$500,000 spent on the Tourism office. That is a mil. That is a mil right there. You have the Tourism Authority, someone's tent falls down, you give them \$180,000—boom! Just like that.

Hon. Patricia J. Gordon-Pamplin: Point of order, Madam Chairman.

The Chairman: The Chair recognises the Member from constituency 23.

POINT OF ORDER

[Misleading]

Hon. Patricia J. Gordon-Pamplin: I think the Honourable Member is maliciously misleading the House. The Honourable Member indicated that there was \$180,000—

Hon. Zane J. S. De Silva: Point of order! Point of order, Madam Chairman! Point of order!

Hon. Patricia J. Gordon-Pamplin: —given to a—

Hon. Zane J. S. De Silva: Point of order! Point of order! Point of order!

An Hon. Member: You have to take a point of order.

The Chairman: Please yield.

POINT OF ORDER

[Unparliamentary language]

Hon. Zane J. S. De Silva: I think the Honourable Member is using unparliamentary language, like I did a few minutes ago, and needs to withdraw it!

Hon. Patricia J. Gordon-Pamplin: Madam Chairman, the Honourable Member has indicated that a business entity was *given* money to fix its tent!

Hon. Derrick V. Burgess, Sr.: Point of order, Madam Chairman.

Hon. Patricia J. Gordon-Pamplin: A business entity was not *given* money, Madam Chairman.

Hon. Derrick V. Burgess, Sr.: Point of order. Point of order. Point of order!

Hon. Patricia J. Gordon-Pamplin: They were *loaned* money—

Hon. Derrick V. Burgess, Sr.: Point of order! Point of order! Point of order!

Hon. Patricia J. Gordon-Pamplin: —which has to be repaid. Thank you, Madam Chairman.

The Chairman: Yes. Point of order.

Hon. Derrick V. Burgess, Sr.: Yes. Madam Chairman, there are rules in this House that we all must follow.

The Chairman: Yes.

Hon. Derrick V. Burgess, Sr.: And the latest point of order must be acknowledged. You cannot let someone just go on like that.

The Chairman: Please proceed.

Hon. Derrick V. Burgess, Sr.: The point of order is we cannot up here be using unparliamentary language. And that language needs to be withdrawn.
Come on!

That is not what we are supposed to do. If not, the House is going to get into a whole lot of foolishness. All you are doing is letting somebody else . . . somebody else will come along and use the language. Let us bring it where it should be. The standards should be observed.

The Chairman: The Chair recognises the Shadow Minister of Tourism. You may proceed.

Hon. Zane J. S. De Silva: Thank you. Thank you, Madam Chairman.

Madam Chairman, the bottom line is, Bermuda needs new hotels. That is what we need. And again—again, I saw the list, as everybody else did, of the Finance Minister's Budget Statement, and we saw the projects he listed. Of course, I have an issue with him and the OBA Members saying it is \$930 million coming into our economy. Maybe America's Cup might be coming. But we do not have anything concrete with some of those others. And we know where most of those started. They started under the PLP Government. So, Madam Chairman, Bermuda needs hotels.

What I would like to point out is, as these projects do come online . . . and I am hopeful. I am hopeful that they will come online. In fact, I know that we will have some that come online.

[Inaudible interjection]

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

But, Madam Chairman, let me say this. As we get applications that go into planning, let us not be the country of *No, no, no*. And why do I say that? We had Ritz-Carlton many years ago. Some of the older Members may remember that. But we had a lot of *No*,

no, nos. We had Tucker's Point. We had Park Hyatt. (What is the Four Star Pizza . . . Thomas?)

[Inaudible interjections]

Hon. Zane J. S. De Silva: Marico Thomas wanted to put a—

[Inaudible interjections]

Hon. Zane J. S. De Silva: Marico? Okay. Mr. Thomas from Four Star Pizza. Everybody knows him.

[Inaudible interjections]

Hon. Zane J. S. De Silva: Oh, that is his brother? Okay. All right. Belcario, Belcario Thomas. I think I have got it. Thank you. Thank you. "B", Belcario.

But he wanted to put something very different down on the beach. What did we say?

[Inaudible interjection]

Hon. Zane J. S. De Silva: No, it was Warwick Long Bay, Warwick Long Bay. What happened? All of a sudden, the environmentalist guys said, *No, no, no, no, no, no, no, no, no*. No, the environmentalists, they shut it down.

So what I am saying to you is this. Right? In fact, you know, what I am saying is . . . But I am talking about, more specifically, our hotels. What I do not want, as the Minister, because I genuinely believe that he is working hard to pull off some of these hotels, and I do wish him the best. And he will know. We do not talk often, but the one time, two times I did talk to him, I even said, *Look. I have somebody who is interested. Give him a call*. You remember we had a coffee one day, and I said, *Look. Make this call*. I did not do that because I wanted to get on the front page and say, *I told Minister Crockwell to do this*. No.

And I tell you what, Minister. I do not know if I even told you this. I had the President of Bridgestone Tire for all of South and Central America come to Bermuda a couple of months ago.

[Inaudible interjection]

[Gavel]

The Chairman: Excuse me. Only one person speaking.

Hon. Zane J. S. De Silva: Brought him here, put him up and tried to encourage him to hold his convention here. That is what I did. And you know what? We are going to have a conversation about that. We are going to have a conversation. Because I want people to come here in numbers, too, Minister. Okay?

But what I wanted to say about hotels is this. BEST's [Bermuda Environmental Sustainability Task-

force], Stuart Hayward, in particular—leave our hotel developers and our Minister and let them do their work. I am tired of seeing developers and projects want to go ahead in this Island, and lo and behold, Stuart Hayward's head pops up. No, no, no, no, no! And I said it back then when he was objecting to Park Hyatt down in St. George's. I said it back then, I will say it again. If you ask me to make a choice between a tree and a job for my people, I am taking the job for my people! Plant a tree later somewhere else. Go on a tree planting campaign.

In fact, speaking of tree planting campaign, Minister, Chairman, BTA execs, why do we not start a coconut palm tree campaign in Bermuda? We have more casuarina trees than you can shake a stick at. Palm trees are beautiful! They are *island-y*. Remember years ago, we had the cedar disease, right? And took away a lot of our trees. And the casuarinas popped up everywhere. Let us put the palm trees . . . Let us go on a palm tree campaign. Let us go on a palm tree campaign.

So, you know, let me just say this. I will put BEST and Mr. Hayward on notice. Let you and your team and developers in this country go to work. Leave them alone! Have your advisors leave you alone. If Stuart Hayward had been around in the 1930s, we probably would not have any golf courses today. I am serious.

Now, Madam Chairman, the Minister talked for three hours, thereabouts, two and a half hours. Thank you for giving us some time, because I know my colleagues want to talk, too. So I have got to speed up a little bit because I still have a bit of work here. But I did not hear anything about Grand Atlantic. And I have not heard anything about 9 Beaches. When are we going to get an update on that, Minister? Last I heard, we had Ministerial Statements talking about Grand Atlantic. I have not seen any Ministerial Statements on 9 Beaches. But where are we? Where are we on that? Are we pushing that? Has that challenge at 9 Beaches been overcome? Is that going to be on the market soon? Are we going to push that to somebody?

You are smirking like you are. I hope I am right. I hope I am right.

Now, the other thing I would like to talk about, since we are on development, is Morgan's Point. Now, many of us in this House will know that about (I do not know) 10 days, 12 days ago, there was a meeting at Dalton E. Tucker [Primary School]. That was one of the most highly attended public meetings I have seen for a while. And I think that was for several reasons. One is Bermudians want to know. And there are a lot of people looking at employment.

Now, the Minister was on the radio this week, he was on Magic on March the 5th (just to be exact). And . . .

[Inaudible interjection]

Hon. Zane J. S. De Silva: Yes, you did, didn't you? I heard him.

And one thing that got my attention was when the Minister said that he meets very often with the group at Morgan's Point. And I think you even said (unless I am wrong) that you met with them two weeks ago. And I think you also said that Senator Baron speaks to them on a weekly basis.

So my point is, Minister, if you had this much communication going on with you and your team, why were you not at the meeting at Morgan's Point?

Why were you not at the meeting at Morgan's Point, Minister? One of Bermuda's possibly biggest tourist iconic dreams that we have had in a long, long time, and you do not go to the public meeting? That just . . . I mean, there were hundreds of people there, Minister. I am sure you were told.

One thing is, I did see a couple of your colleagues there. But you know what, Minister? I will tell you what. When I was Minister, there were certain functions that I did not miss, and you cannot miss. You cannot miss. No matter how up to speed you are, you cannot miss. You have to show not only the developers, but you need to show the people of this country that you are interested. If you had hundreds of people come to that meeting who are interested, a lot of people said, *Where's the Minister? Why isn't he here tonight?* I do not know. I do not know. I do not know. I do not know. Minister, I have a problem with that.

Now, one other question I have for the Minister, I think he said yesterday (and you notice I am saying *I think*) that the guarantee that was given to Morgan's Point was collateralised. (And the Minister says, *Yes, it was.*) Well, one of the questions I have, and I will put it over here with my question list looking for answers, is I would like to hear, if the Minister wants to reveal it, what the collateralisation was.

[Inaudible interjections]

Hon. Zane J. S. De Silva: Now, Madam Chairman, as I alluded to earlier, on page 8 of the Budget Statement the Finance Minister outlined some projects. And those projects totalled \$930 million. What we do not have . . . And he keeps referring to that, and Members opposite refer to that quite often. I am sure they will in the future. Well, I have not seen any proof of this \$930 million being solid and concrete. It is smoke and mirrors to me—smoke and mirrors, smoke and mirrors, smoke and mirrors.

Madam Chairman, let me say this. Gaming has been passed. Another promise broken by the OBA, by the way, because we never had a referendum. We had a couple of thousand signatures that were presented down here. Premier says, *No, you don't! Nope! Not doing it! Not doing it!* Then they tried to say that is because of the threat from the PLP,

thought that we were going to undermine it. You talk about smoke and mirrors!

Madam Chairman, gaming and the America's Cup alone are not going to be our salvation—are not going to be our salvation. We put \$77 million into the America's Cup, and what I would like to suggest to the OBA is this: If we have hotel developments that we put in our Budget Statement, what is the main problem? What are they struggling with? Why have they not started building yet? Because they are having problems finding money.

Hon. Shawn G. Crockwell: Point of order.

The Chairman: What is your point of order?

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member is misleading the House. He is incorrect with his statement. He does not know . . . and I do not know why he is speculating on these issues.

Hon. Zane J. S. De Silva: Well, I am here to tell you that I am going to shoot that down right now. I am a former Minister. I was former Minister without portfolio responsible for hotel development and liaising with developers. And I can tell you that some of the people on that list made presentations to me when I was in Cabinet. Okay? In the Budget Statement. Made presentations to Cabinet when I was in there. And you know what seems to be the problem? I do not know if things have changed in the last two years. But it was raising money.

You will know. Everybody in this House will know. We gave a lease to Carl Bazarian down at St. George's. What happened? Okay. What happened? He could not raise the money, in spite of being told that he had it in place. You have experienced that, Minister. You even said so a couple of months ago. You said you are finding out how difficult it is. It is difficult, isn't it? Yes, it is.

[Inaudible interjection]

Hon. Zane J. S. De Silva: No, it is not beyond the little man. But it is difficult. It is challenging. Ask your Chairman, Mr. Dodwell. He made a huge investment up there, beautiful Reefs Hotel. And what he added on is fantastic, almost unmatched. The views from up there . . . I have been up there. I had my massage, sat out on the porch and drank my tea, Mr. Dodwell. It is a fantastic facility! But you know what? It takes money. And I am sure he had some of the challenges that some of the other developers had.

I have been down to Tucker's Point. I stayed at Tucker's Point. I woke up in the morning and watched the sun rise. Beautiful place! But challenges

with finances . . . and it all goes back. It all goes back to that big bang recession, big bang in the financial world. Okay? And we have been suffering ever since.

And you, Minister, are trying your hardest to bring tourists here. Got it! People like Mr. Dodwell, people like Tucker's Point, Newstead [Belmont Hills Golf Resort & Spa], what do they need? They need people. They need visitors. So, yes.

What I am here to tell you, Minister, is this. If we can find \$77 million for the America's Cup, let us see if we can look at the Government of the day, OBA, look at maybe trying to help out, rather than give out (what do you call it?) for Morgan's Point . . .

[Inaudible interjection]

Hon. Zane J. S. De Silva: Well, I do not know if it is a guarantee, because the Finance Minister said something else. It was a letter of comfort, a letter of comfort.

Now, the Minister said that he had some collateral earlier today on Magic [102.7], earlier this week. He had some collateral for Morgan's Point. But what I am saying is, yes, you have got collateral. Why does the Government not look at lending some of these potential developers, give them a hand? If it is \$10 [million], \$15 [million], \$20 [million], \$30 million to get a hotel out of the ground, we can work around that. You know, the Minister of Finance pulled out his magic ball. I am sure he can make it work. So let us look at that.

But of course, what is hindering that, I think, is, again, the failure of the Finance Minister's prediction that that \$800 million would last three years and it is a good thing for him to do. And it is gone. It is gone. That \$800 million was supposed to last three years. His crystal ball blew out. And as my . . . If he would have listened to our young Shadow Finance Minister last year he would not be in that predicament this year. But sometimes, you know what? What you do not hear, you will feel. And that is what the OBA are feeling right now.

Speaking of that debt that we have, you know, when the OBA came into office the debt was \$1.4 billion. It is now \$2 [billion], and going upwards. We are told now by the Finance Minister that he is looking at borrowing another \$125 [million] to \$129 million this year after \$800 million two years ago. That is a billion dollars in two years—a billion dollars in two years! Can you imagine if the PLP said, *We are going to borrow a billion dollars?*

I remember we used to come up to this House and say, *Look*. I remember when we raised the debt ceiling from 1.1 to 1.4. What happened? There was an uproar. An uproar! The Honourable Member Cole Simons said, *Yes*. You guys had a billion in two years. Where is the Chamber of Commerce? Where is the Employer's Council? Where is the ABIC and ABIR

[Association of Bermuda International Companies and Association of Bermuda Insurers and Reinsurers]?

And then they say that the PLP are unfriendly. They say that the PLP are unfriendly. You know who says we are unfriendly? Somebody by the name of Landow, lives in Maryland, says we are unfriendly. That is who says we are unfriendly. He thought he had that deal going. We thought it was all a done deal. Yes, sir. Club Med, they are going to get down on that site, they are going to build this hotel. *Hey, you guys, look! Hey! Here's \$400,000! Here's \$400,000, fellows! Yep! I'm going to come down there. I'm going to build a hotel!*

Hon. Shawn G. Crockwell: Point of order, Madam Chairman.

The Chairman: Yes. What is your point of order?

POINT OF ORDER

[Imputing improper motives]

Hon. Shawn G. Crockwell: The Honourable Member is imputing improper motives. And he is out of line. Now, if we are going to go down that road, we can go down that road. Okay?

[Pause]

Hon. Zane J. S. De Silva: Madam Chairman, all I know is that Mr. Landow has said publicly that he sent that money to the OBA.

Hon. Shawn G. Crockwell: Point of order.

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member is misleading the House. That is *not correct*.

Hon. Zane J. S. De Silva: I will yield to the Minister. Tell me where it went, then.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Okay. That money went to the OBA's consultant, and he said that in the newspaper, Mr. Stephen DeCosta. Okay? And you know what he did for that money? He blogged, and he blogged and he blogged. And he blogged for months. He blogged for months.

An Hon. Member: You travelled with him.

[Inaudible interjections]

Hon. Zane J. S. De Silva: Oh, I travelled with him. Oh, yes. And that is how I got a lot of my information. That is right. Uh-huh.

[Laughter]

An Hon. Member: What did you pay him?

Hon. Zane J. S. De Silva: I paid Stephen DeCosta nothing. Nothing!

The Chairman: Relevance to the debate?

Hon. Zane J. S. De Silva: But we know he got paid by you. That is right.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Fahy was the one who gave permission to open up the account.

[Gavel]

[Crosstalk]

The Chairman: Relevance to the debate, please. Get back to the debate.

Hon. Zane J. S. De Silva: Yes, yes, yes. Thank you, thank you, thank you.

But see, that . . . Madam Chairman, thank you for bringing us back on point, because that is it. Yes, let us stay on the debate. I am talking about hotel development. We had someone who was willing to come to Bermuda, but it got messy, did it not? We had a Premier resign. We had a chairman of the party resign. All these things are happening over what? A possible development! That is what it was over. And the OBA says that we were an unfriendly Government. Well, it is issues like this, things like this that happen, that deter developers.

You think the world of developers did not know what was going on, did not hear what was going on? I could show you an e-mail from one, said it was a joke.

An Hon. Member: Bazarian.

Hon. Zane J. S. De Silva: No, it was not Bazarian.

[Inaudible interjection]

Hon. Zane J. S. De Silva: I do not know. I do not know. You tell me. You seem to know Bazarian more than I.

But I will tell you what. I will tell you what. I did receive an e-mail from someone that bid on that project. Do not even know them. If they walked in here, I would not know them today. Shadow Minister, it is a

joke. RFP process was a joke—was a joke. I am not hearing this as facts. This is from a billionaire that bid on that project. He did not get it, did not even get a chance to present.

Hon. Shawn G. Crockwell: So?

Hon. Zane J. S. De Silva: The Minister says, So.

You have a possible hotel developer, a billionaire who wants to develop in Bermuda, and I said to the Minister, you did not give him an interview, and he says, So?

Hon. Shawn G. Crockwell: Point of order, Madam Chairman. Point of order, Madam Chairman.

The Chairman: What is your point of order?

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member is misleading the House. He does not know what the proposed project was. He has no idea of what was in that proposal. He has no idea why the individual did not get shortlisted. So if someone who is disgruntled sends him an e-mail, he thinks he has got accurate information?

Come on, Shadow Minister.

Hon. Zane J. S. De Silva: That is a poor attempt at a point of order.

Hon. Shawn G. Crockwell: Do you know the information?

Hon. Zane J. S. De Silva: Madam Chairman. Madam Chairman.

Hon. Shawn G. Crockwell: Do you know the information?

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

Hon. Shawn G. Crockwell: No, you do not!

Hon. Zane J. S. De Silva: Madam Chairman!

The Chairman: Honourable Members, please be seated while there is a point of order.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman. Thank you, Madam Chairman.

You have a Minister who does not know. That is what you have. You have a Minister who does not know! You have a Minister who said, *So what if we did not interview him?* You had a shortlist of five developers who are going to look at building maybe a \$200

[million] to \$300 million project, and you do not personally interview them?

[Inaudible interjection]

Hon. Zane J. S. De Silva: Another nonsensical comment. Nonsense! He did not make a shortlist. Madam Chairman. You know, this is . . . See, this is the mindset of the OBA. That is why we cannot get developers here, because of that mindset.

[Inaudible interjections and crosstalk]

[Gavel]

Hon. Zane J. S. De Silva: The same individual, this is the same individual, the Honourable Sylvan Richards, who called workers down at St. George's club *lazy!* The same Member, called them *lazy!* The two workers who were down at St. George's, this is the same former Minister who called them *lazy.*

See? And that is the type of attitude that deters developers from coming to Bermuda and spending their money.

And while we are on it, let's talk about the Waterfront for a moment. You had a contract, signed, sealed, bid on, everything done above board. And what do we do? The OBA bring legislation in here, yuck it from me. Do you think developers who are looking at this Landow Jetgate affair down at St. George's . . . they are looking at the Waterfront, they are looking at a contract signed and sealed, a government comes in, changes the law and takes it from him? Do you think the worldwide developers in this space are not watching?

[Inaudible interjection]

Hon. Zane J. S. De Silva: My, my, my. My, my, my.

Now, Madam Chairman, while we are on hotel development, let's talk about Desarrollos for a moment and the agreement with Desarrollos. Now, I am hoping—I am hoping, again . . . Like I said, I am hoping that the Minister is going to bring something to this House and to the people of Bermuda soon.

Hon. Shawn G. Crockwell: I will.

Hon. Zane J. S. De Silva: And the Minister says he will, and I hope so, because on May 23rd, 2014, the Minister gave an exclusive period until October 2014 for the Desarrollos group. On October 22nd, the Minister gave the Desarrollos another 60 days exclusivity to work out the details.

Now, Madam Chairman, on December 12th last year, in this Honourable House, the Minister confirmed that he had reached an agreement with this Desarrollos group, and this is what he said. The Minister said that construction will start in June this year.

And he said it will be complete by October 2016, Ministerial Statement read in this House right here.

So my question is to the Minister, Where are we now?

An Hon. Member: We are in March.

Hon. Zane J. S. De Silva: We are in March. The Honourable Member, yes, we are in March. Thank you. Because for a minute there I thought I was in February 2013, because we are in March, as the Honourable Member just said, 2015. We are three months away from June.

Now, the Minister said on December 12th that the construction will start, not *may* or *it might*. It will start in June 2015 and it be complete October 2016.

Now, maybe I missed it. But I have not seen any planning documents. I have not seen any applications for planning in the newspaper or otherwise. Now, if you are going to build a couple-hundred-million-dollar project and we do not have any plans yet . . . no plans have been submitted. Now, I am hoping the Minister is going to really smash me on this one and say, *Listen. Shadow Minister has got it all wrong. I said it is going to start in June, and guess what? They are starting in June!*

[Inaudible interjection]

Hon. Zane J. S. De Silva: No, I am hoping he is going to say they are starting in June. But, you know, we are going to have another issue with this Ministerial Statement. Let us hope Hayward does not get hold of it, because you will not start this year. But I have another issue with it. And this is the issue I have. Because even if we start in June, remember, the Minister said in his Ministerial Statement, October 2016 it will be complete.

Now, let me just run by it for those who may have missed that Ministerial Statement on December 12th. They are going to build 16 hotel residences, 24 golf villas, 16 three- and four-bedroom residences, spa, fitness centre, casino (maybe—my word, but it was in his original Statement. That is what they requested), pools and restaurants. Okay? So now . . . I know a little bit about construction.

Hon. Shawn G. Crockwell: Point of order, Madam Chairman.

The Chairman: Yes, your point of order?

POINT OF ORDER

Hon. Shawn G. Crockwell: I do not have the Statement before me that the Honourable Shadow Minister is referring to, but my recollection was that we talked about the phases. The villas and everything he just

talked about is not the first phase. The first phase is the hotel, Madam Chairman.

The Chairman: Thank you.

Hon. Zane J. S. De Silva: See, Madam Chairman, when I was Minister, I kept all my Ministerial Statements right here. Nobody could ever call out a Ministerial Statement on me. But maybe he will learn that in due course.

So let me say this. I do have his Ministerial Statement, and there was no mention of phases. And I will table it when I am done. Okay?

[Inaudible interjection]

Hon. Zane J. S. De Silva: Well, tell your Minister that. That is exactly what I am saying.

Now, Madam Chairman, this is my . . . See, this is my next concern. My next concern is this. I know a little bit about building. Now, if you said to me right now, *Look Zane, here is a piece of property. Here are the plans. Start now. Build me a three- or four-bedroom home right now.* Hmm. I tell you what. Unless you bring in crews and other work day and night, a year later you will not be finished, Minister. You will not be finished. Okay?

You made the Statement in the House that in October 2016 all these 16 residents, 24 villas, they will be finished, they will be complete by 2016. You can check with your PS. He can google it and do all that stuff and whatever you are going to do. I have got your Ministerial Statement, and there is nothing here about phases. And I told you that that morning about my concern. And I still have that concern.

Now, the other thing that has come by later is that the Minister has said, in another Ministerial Statement, that Starwood Hotels & Resorts are going to manage the hotel. Now, I have not seen a press conference. I have not seen St. Regis here. I have not seen Starwood here. But I also understand—and I could be wrong—they have an exclusive for another development.

Hon. Shawn G. Crockwell: Point of order, Madam Chairman.

The Chairman: Yes. Point of order.

POINT OF ORDER

[Misleading]

Hon. Shawn G. Crockwell: The Honourable Member does not know what he is talking about. He is misleading the House.

Hon. Zane J. S. De Silva: *The Honourable Member does not know what he is talking about. He is misleading the House.* You know, what kind of point of order

is that? I will tell you what. I tell you what. I tell you what, Madam Chairman. I tell you what. If St. Regis . . . And see, the Honourable Member, instead of being so defensive, needs to calm down. I said, *I think, unless I had it wrong*, before I started talking about St. Regis.

But . . . but—

[Inaudible interjection]

Hon. Zane J. S. De Silva: Oh, no, I do not have it wrong. Your Ministerial Statement . . . is that wrong? Oh, yes. Oh, yes, sir. Okay? And it is just like, you know . . . humph! You know what? Hmm . . . Okay. We will leave that, because . . . How much time have we got left?

[no audible response]

Mr. Zane J. S. De Silva: We have got 45 minutes. I am going to try to give my colleagues a little time.

But, Minister, will we have an announcement? Will we have some information on Desarrollos before you . . . Well, let us on this side try to give him a couple of minutes. So if he could answer one thing, tell us where we stand on Desarrollos. I am going to skip that one.

Vacation residences, I wanted to talk about that very quickly. I am running out of time. Vacation residences. I went to the summit, and I applaud the Minister for putting on that summit.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Well, the BTA . . . Minister, I am going to give you credit, because, you know, you do not get too much. So I am going to give you credit for that one. The only problem I have is that during that summit, we had a conversation about vacation rentals. There have been some other conversations since, and I have some concerns. I think this is the time because we are talking about our tourist product. [When] we are talking about vacation residences, we are talking about our people. And there are many people in Bermuda who rent out their residences.

The concern I have . . . and maybe the Minister can clear this up, because it has certainly been reported in the daily. It has been reported by the Bermuda Tourism Authority. And I can print this out. This is . . . oh, this is from Glenn Jones. He sends it out to the stakeholders. And I have got to give Glenn Jones some congratulations while I am at it. I have to give Glenn Jones some congratulations.

[Desk thumping]

Hon. Zane J. S. De Silva: And maybe I need to congratulate the Minister and David Dodwell, and the CEO, too, for hiring him. Because I tell you what. I tell

you what, Glenn Jones has been the communication. I think has been a big saviour for the Minister and the BTA. He has no problem in communicating with people. And I even tried a little trick shot on him to get some information. He said, *You better write the CEO on that one*. So you cannot trick him. You cannot trick him. But, no, I think . . . seriously, though, I think he does a fantastic job, and I take my hat off to him.

But let me get back onto the vacation homes because in this document, in this press release by the BTA, they talked about the vacation homes. And they talked about a White Paper. Now, correct me if I am wrong, colleagues. But a White Paper is a little bit different than a Green Paper, is it not? A little bit different. A White Paper is . . . this is it. This is it, we will not have any discussion. Why, Minister, are we saying . . . or maybe the CEO has not been brought up to speed with parliamentary stuff yet, White Paper, Green Paper. Maybe he is the one who is saying *White Paper*.

But on these residences, we are being told in one of these releases, “‘If current trends are any indication, the demand for vacation rentals will steadily increase around the world, and by extension, in Bermuda,’ said the BTA’s Chief Operations Officer Karla Lacey, who is overseeing the preparation of the White Paper on Vacation Rentals.” Now, that is from the BTA brass—*White Paper*.

I would like to implore the Minister and the BTA that, if you are going to look into vacation residences, do not come up here and ram it down our throat. Produce a Green Paper so that we can have a discussion on it. Why do I say that? Because there are many Bermudians, who rent their homes out to tourists, who rely on that income to pay their mortgages. Okay? That is what they do. They rely on this income to pay their mortgages. And Honourable Member Cole Simons will know that, and certainly Honourable Member Wayne Furbert will know that. Okay?

The other reason these residences are very good for tourists is that a lot of tourists cannot afford hotels. They cannot afford the hotel prices! But I know Honourable Member Wayne Furbert . . . How much a night?

Hon. Wayne L. Furbert: [It is] \$150.00.

Hon. Zane J. S. De Silva: A hundred-and-fifty dollars a night, compared to . . . how much is it at the Reefs? Maybe \$800, \$600? I do not know. I do not know. I know that Princess Southampton and Fairmont, you are lucky if you get it for \$300. Do not try to book it in the summer. You are looking at \$600.

So what I am saying is that these residences—and I will get to the end of it in a minute. The other thing is with residences, they are better for families. You see, when families come to Bermuda . . . and as I said earlier, Minister, I think that is something that the Tourism Authority and you should look at. Make Bermuda more family-friendly. Try to promote it as a fami-

ly [destination]. And you know what? I am sure the Minister does not care if they stay at Grotto Bay, if they stay at the Reefs, if they stay at Coco Reef, or if they stay in Wayne Furbert's tourist accommodation. He just wants numbers in Bermuda—as we all do. So, we should encourage—we have to encourage—the BTA and the Minister, if you are going to look at vacation residences, then you have to keep these things in mind.

The other thing that is good about hotel . . . And I am bringing these points up because if you all are looking at bringing a White Paper, I have got to line up some of these points and make you think a little bit, I hope. With these vacation residences here in Bermuda, tourists interact with Bermudians more than they would in a hotel.

[Inaudible interjection]

Hon. Zane J. S. De Silva: The visitors, yes, yes, yes. Thank you, Kenny. Right.

But they do. They interact with Bermudians more if they stay there. They will spend more on taxis or rental bikes, and they will shop at grocery stores, whereas the people who stay in hotels do not do that. But these people who stay in residences, these are the types of things that they do, and it is good for the economy. It is good for our people. It keeps people employed. They also go out to eat in restaurants. And they will go around to different restaurants, whereas if someone stays at the Southampton Princess . . . *Oh, okay. I'm here at the hotel. I'll just eat here while I'm here.*

So my suggestion and my plea to the Minister and the BTA is, leave them alone. Leave them alone. If you start to regulate and over-regulate these homes it is going to make life difficult for them. And we do not want to do that. We have a shortage of hotel beds now. Now, if the Minister is successful in bringing in all these tourists they are going to need somewhere to stay. Let us not over-regulate our vacation residences so that people get deterred and say, *Look, I am not doing this.* Let us not make life difficult for them.

[Inaudible interjection]

Hon. Zane J. S. De Silva: That is right. And you know what else? These vacation homes do not get hotel concessions either, you know. Okay? They do not. They do not get hotel concessions. Bermuda homes do not get them. So let us keep that in mind.

And let me tell you another biggy. All these Bermuda homes that rent out their rooms to tourists do their own advertising. They have to pay out of their pocket to advertise Bermuda to bring people here. So if we are going to talk about regulating them, let us be careful. And the Chairman of the BTA . . . [let us be careful] because there is a conflict there. You have a hotel. I would suggest that you keep that close in

mind. I would not ask him to step down yet for that decision. And I am hoping that he will do that anyway. Okay. And the chairman says he always does it. That is good to hear.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Yes, recusing himself. Yes.

So, I say this, Minister and BTA: Look, if you want to talk to the Bermuda vacation rental owners, then have a chat with them. Do not talk about bringing a White Paper here and just making a decision like that. Do not do it. Do not do it. It is not fair. It is not fair.

Now, Minister, you talked about the Railway Trail down at Bailey's Bay and how beautiful it is. And you even asked someone if they had been down to visit that beautiful vista and look at how . . . And I think you said it is one of the prettiest places in Bermuda. I disagree. And Honourable Member Bascome would tell you Ferry Reach will give you a close run. And of course, I am a Somerset boy, so I say Fort Scaur and all that. So we can have that debate.

But you know what I have noticed lately? There are many trees along the roadsides where the water is close by. And Shelly Bay is one of them. I do not know what you got . . . I have not been down to St. George's Ferry Reach lately, Honourable Member. Maybe you have. But South Shore Road, and if you drive . . . and I do every morning. I drive past Five Star Island every morning. If you drive down Five Star Island and you head towards town, you have got hell to see the Great Sound because the trees are too high. And I think . . . Hey, look, you know what? Seeing is believing. If our tourists are travelling around in taxis and you are going past these areas, you need to see it, especially in the summer mornings when it is like glass out there.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Now, I am talking to the Minister of Tourism, but I am also talking to the Minister of Public Works. You could do your part to help this Island be more beautiful for our tourists. Okay?

Now, Madam Chairman, I am going to leave everyone else a little bit of time. But let me finish on this. I started by talking about advertising, and I am going to finish on advertising. There are still too many people who do not know where we are. And if we can squeeze some money, maybe out of this \$77 million for America's Cup, I think we have to look at CNN, ABC, CBS and the Golf Channel, and the Wealth Channel, too (from my colleague, the Honourable Member Walter Roban).

Our major emphasis has got to be on new offerings for our visitors. It has to be. It has to be. Bermuda is still seen as old and unexciting. Hopefully, we will get a casino. We will have some entertain-

ment, and we will change things. We will get a couple of hotels. We have to get a couple of hotels built.

We have to . . . Bermuda Tourism Authority, Minister, you have got to get some restaurants and entertainment on the beaches. We have to. Everywhere you go in the Caribbean, it is there. And I have travelled a lot in the Caribbean. And I have not been to a Caribbean beach yet that does not have some kind of entertainment bar, you know, for tourists on it. We are behind. Why are people flying over Bermuda going down south? Because that is what they get. And we have to get there.

Convention business, Minister. I hope that is on the agenda. I think you talked about it briefly in your brief. We have to put more emphasis on that. And, Madam Chairman, I just want to finish on this note. I want the Minister and the Bermuda Tourism Authority to be successful. All I want them to do is watch how you spend the taxpayers' money. Put it to the best use possible. And, Minister, see if you could talk to some other Ministers and see if you can squeeze some more money for marketing, because you are going to need it. Thank you.

The Chairman: The Chair recognises the Member from St. George's North, constituency 1.

Mr. Kenneth (Kenny) Bascome: Thank you, Madam Chairman.

First of all, let me state *kudos* to our Honourable Minister of Tourism for taking the initiative to have introduced a new Tourism Authority. As an individual who works directly in the industry, it is a bold step. We understand that tourism has been in decline for about three decades. So that step alone is a step in the right direction.

I have listened to this Honourable Member, and that is the problem with our tourism product. We are all over the place. We have to determine that the Eastern Seaboard of the United States is our oyster. It is our oyster! I understand that we are not known in many homes along the Eastern Seaboard, so that is the focus that we need to take. But once again I am going to say that the United States and the Eastern Seaboard is Bermuda's oyster.

Now, the Honourable Shadow Minister talked about the small guest properties. I believe that that is an avenue that needs to be pursued, and I believe that we can get that to where we need it to be in the tourism industry itself.

Now, Madam, I would say to you that I do not like the word "tourists". You continually hear me make that point. Everything else is "visitor," a visitors' industry partnership. So why can we not do away with that word "tourism" and find some way to use "visitor" in our promotion? As an individual who talks with visitors on an ongoing basis, I ask them, *Where are you visiting from?* And they say, *We are tourists.* And I say, *Hold it for a minute. You are a visitor. You are a guest*

in my country. And they will tell you that it brings a whole different feeling to them.

We just have to market Bermuda for what it is. Everybody keeps talking about entertainment; that is an avenue. However, we cannot cater to mass tourism. And everybody looks at the cruise ship visitor as an individual who does not put anything into our economy. However, I look at the cruise ship visitor as a potential repeat client. And I believe that if the hotels looked at those thousands of people who are coming here on the cruise ship as potential clients, there is an opportunity for them to pick up those cruise ship visitors.

I can tell you that I have friends who are well-heeled, and they come to Bermuda on a cruise ship. So when people say that the cruise ship visitor does not spend this, does not spend that, [I say] they contribute to our economy, and they put a nice nest egg in the government's coffers. So I am going to say again that the Eastern Seaboard is Bermuda's oyster, and that is where our marketing dollars should be.

In one breath we say, *There is no money here, there is no money here.* However, I believe that if you have a strategy and you use what you have in a manner that you hit the market that you are looking to hit, we would have people knocking down the doors to come to Bermuda. And I have said to the Minister, and I continue to tell Bermudians that we need to just go back to basics. When we brought the agents to Bermuda and we let them feel what Bermuda has to offer, we could possibly get back to a comfortable level.

We will never get back to the heyday. We are not what we were 40 years ago. But we still are a very unique destination. And no one can sell this Island like it sells itself. I have the opportunity on a daily basis to interact with our visitors. And my first question is to ask them, *Have you been here before?* And they say no. And my next question, *What is your impression of my Island?* And I can tell you, Madam Chairman, 99 per cent of the people who visit Bermuda are totally blown away. And I make this statement all the time: Only Bermudians do not like Bermuda. Because every visitor with whom I come into contact, rants and raves. They have never met a people who are so hospitable as we Bermudians are.

I am saying again that we, as Bermudians, need to realise the value of this wonderful place in which we live. And I am going to say it again: We need to focus, focus, focus, focus, focus. When Mr. Hanbury first arrived I arranged for him to come to the Town of St. George's. Mr. Hanbury, Mr. Garth Rothwell, the current mayor, and I did a little walkabout. And we kept him for about two and a half hours because he had to go. He then went back to the Minister and said to the Minister, *He made me meet everybody in the Town of St. George's.* But that was the whole objective, to cause him to understand the value of the community of St. George's.

You will recall when I made my first Statement, I said, *I represent the elusive Town of St. George's*. And all the intellectuals giggled, because they were under the opinion that I wanted to say "illustrious." But I said "elusive" because it appeared that when it came to the economic well-being of this community, that St. George's was never in the equation. And they all tell me that I never jump up. And I have told them, *I have access to the Ministers*. And that is the objective of my being here. And I will make this comment: It is an honour that the people of St. George's have given me . . . And I am going to say this again, that we are the jewel in the crown. That is the little Town of St. George's.

We have a number of guest properties that have now come on line. And I believe that is the backbone of our rebuilding of our tourism industry. And to my Honourable Minister I will say once again, congrats to you for taking the initiative to introduce the Bermuda Tourism Authority. And with that, Madam Chairman, short, brief and to the point, we need to focus, stay focused on the Eastern Seaboard of the United States. And with that, I will sit down.

Thank you, Madam Chairman.

[Desk thumping]

The Chairman: Thank you.

The Chair now recognises the Member from—

Mr. Walter H. Roban: Constituency 15. Pembroke East, constituency 15.

The Chairman: Thank you. Pembroke East, constituency 15.

Mr. Walter H. Roban: Thank you, Madam Chairman.

Just a few brief comments on the Tourism portfolio. I am particularly interested in speaking directly to page C-18, under the Tourism Authority Grant, [line item] 6835, concerning the investment that we are making in tourism. I would like to just reiterate a point that I have made in this House before to the Minister, and I did not hear in his brief anything related specifically to this, but I am going to assume that this is a part of where the Tourism Authority will go. And I think it has got to do with one word: *authenticity*.

Authenticity, I think, is crucial for our tourism product. Bermuda needs not to try and emulate anyone else. We need to look inside ourselves. And just to briefly segue to the comments of the Honourable Member who just took his seat, I love Bermuda. In fact, I love Bermuda in the summertime. I do not like to even vacation anywhere else. I like to be here. I will vacation in the Easter time or the end of the year. But summertime? This is the best place to be, as far as I am concerned.

I love my Bermuda in the summertime. I think it is the most beautiful place in the world. And I have

been to a number of places around the world, particularly that are tropical-oriented, and I love this country. And I do hope that we will continue to grow strength to strength to bring authenticity to the Bermuda product. I think that has been one of the components that has been missed for many years.

We have, unfortunately, as a part of our development, brought in a lot of non-Bermudian components, and also activities and personnel. I do believe that the Bermudian personnel were the people who built the success of tourism in every aspect. They are who made Bermuda Bermuda. Yes, we have a lot of expertise from overseas, and that is a part of the component of any international tourism destination—people from all over the world. But if Bermudians are not at the forefront of the product we lose that authenticity that is crucial. So I do hope that authenticity is a focus of the Bermuda Tourism Authority in the work that it does—not emulation, not duplication.

The other point I would like to make is that I have stood in this House a couple of times and requested that the Minister and his team be reconciled towards particularly our [Bermudian] food and, in particular, not just highlighting the major restaurants. And I heard the Minister talk about Harry's [Restaurant and Bar] and some other places. And frankly, I do not believe that those are the most important promoters of the Bermuda product when it comes to food. And it is fine to have a number of events which we are trying to now focus on Bermuda cuisine and the talent behind the cuisine. But I frankly do not think that is enough.

We have got to do some different things around food, in particular. Bermuda has its own food culture. It has its own flavours. It certainly has its own seasonal products that it uses to make all types of dishes, whether it be the cassava pie at the end of the year and some of the summertime . . . or now we are going into spring, we have a lot of other vegetables that Bermuda dishes are made with. We have our paw paw casserole. We have guava products. We have all types of things that emulate the seasons that Bermudians have relied on over the years to create. We have fantastic things we do with fish.

I say all that because our smaller eateries have never really been a part of the focus of our product. Fine, the Little Venices and the Harrys and all these very fancy places seem to be the focus in most of our promotion. Yes, the Art Mels (which just happens to be in my district) is what I am talking about, places like that. Certainly during Cup Match, we focus on the stalls and that. Well, that is a culture I think we need to spend some of our time as a country promoting and emulating. We need to push those. We need to do things like what Barbados has done with Oistins [Fish Fry] and Baxter's Road. We need to do like what Nassau has done with Arawak Cay and other parts that focus on the exciting food culture of these countries. We need to do what St. Lucia has done with Gros Islet.

That is what we need to do around food. And to some degree these things have developed naturally. But perhaps that is not going to happen. So we now need to focus. We need to promote our small eateries as a part of the journey that a visitor can have, an experience, so they can see the real Bermuda food, the real Bermuda culinary culture. It is not in the fancy restaurants, because they are not serving Bermuda food in the way that I like Bermuda food. I go to those small places, like the SeaSide Grill down on North Shore, like the other places just like Art Mels in St. George's and in Thyme. Those places need to be also a part of the food experience for our visitors and promoted in a way, just like we sort of like promote the Little Venices and these other fancy places that, frankly, do not serve Bermuda food in the way that Bermudians like it.

So I hope that the Tourism Authority can focus on these things so that people can see the authenticity of the Bermuda experience, not only in food, but in so many other things.

Thank you very much.

The Chairman: The Chair now recognises the Member from . . .

Mr. N. H. Cole Simons: [Constituency] 8.

The Chairman: Thank you. From constituency 8.

Mr. N. H. Cole Simons: Good evening, Madam Chairman.

I am going to start off by thanking the Minister for the opportunity to speak. And I would like to also commend the Bermuda Tourism Authority for their achievements to date. I know it is a difficult task to start an organisation, because obviously, you have to have your plans in place. You have to get the stakeholders on board. And it takes time to build your capital base. I have heard people talking about, *How come we are giving so much money to the Tourism Authority?* Well, the reality is that for any organisation to get off the ground it is going to need some seed capital. It needs that seed capital, and once they are off the ground, once they get their sales campaign [going], you wean them off the seed capital and they become self-sustaining, self-sufficient.

So far, achievements that I would like to commend them on are basically looking at the . . . Number one, that it is fully operational within one year. I mean, last year, we did not have the Tourism Authority. Now it is up and running. It is well oiled. Does it have more work to do? Yes, it has more work to do, Madam Chairman. And we in this country must stand behind them. They also should work closely with the Bermuda Business Development Agency, because we will not be separating the business visitors from the regular visitors, because they are all visitors to our country and we should have an integrated strategy.

We also want to commend them on the completion and implementation of the sales and marketing strategy. Again, the first year and this is done, this was a monumental task. Again, I want to commend them on the quality of services, the National Standards Programme and the tourism investors. These are setting standards for which we can go forward in years to come. You know, this is our new product offering.

As the Honourable Member [said], they have identified their core market, and they have identified where they want to stand in the market. As a consequence, they have crafted their product. They have crafted the experience that they want to offer the tourists and guests who come to this country.

I would like to hear more about the new CEO, Chief Investment Officer, and the concierge services division. The previous speaker, Mr. Zane De Silva, said, *Well, we don't have hotels. Why don't we have hotels?* And I made some notes, Madam Chairman. And my notes are simple. Before we get hotels, we need to be attractive to investors. The investors want to know that they can invest their money in a jurisdiction that is safe, that is dependable, that is receptive, that can provide them with a return on their investment, that is inviting, that the labour laws and the union environment is positive and that they feel that their investment will get value for money and is safe.

Once we address those concerns, Madam Chairman, we will have many hotels. But it is incumbent upon us to demonstrate to our investors that we are an attractive place to do business and an attractive place to make direct investment because we know that capital moves quickly. And people are competing; jurisdictions are competing for direct investors globally. And it is important for us to demonstrate and separate us from other jurisdictions so that we are attractive to direct investors.

So it is important that we underscore the importance of having an attractive, inviting, well-regulated environment so that direct investors can feel confident that, when they make their investment in Bermuda, it is going to be rewarding and that when they are ready to leave Bermuda, there is an exit plan that they can adhere to and their capital is safe. Once that is all in order, then I would tell you right now, we would see more and more hotels in this country.

A few more issues that I would like to address, and this is just from my travel this year. I would also ask the Government, when the economy turns around—I am going to say "when" the economy turns around—and when we turn around our finances, that we consider, like Barbados . . . I was staying in the Barbados Hilton in July or September (one of them), and I asked one of the managers, *Who built this hotel?* And they indicated that the hotel was built by the Government of Barbados and rented to the Hilton chain.

Recently, I was in Trinidad. I stayed at the Hyatt Regency. And again I asked, *Who owns this hotel? Who built this hotel?* And again, the answer was the Government of Trinidad. And it is leased and has the management agreement with the Hyatt Regency hotel chain. So again, this is an option that we can examine when we are in a more robust financial position to make inward investments, and also make capital investments for the tourism industry.

You know, we do not have to look at outside investors as the only option. When we have capital in the banks for the Government, when we reduce our deficit financing, when we have some reserves, there is no ungodly reason why we cannot build a hotel. It is just as easy to build a hotel as it is to build a school or to build a hospital. And so if we want to increase our beds, if we want to set the standard on the type of hotel and quality of hotel that we have, this is something that we can manage ourselves. And if Barbados can do it, if Trinidad can do it, I do not see why we cannot do it.

The Minister spoke about the World Trade Organization. And he indicated that international tourism [as reported by] the World Trade Organization, that international tourism grew by 4.7 per cent from 2013 to 2014. And in 2014/15, it expects the growth to be 3.4 per cent. Now, I am a businessperson. I have been in business for 25 years. And what I say is this: If the World Tourism Organization expects tourism growth to be 3 [per cent] to 4 per cent, then I would expect the Tourism Authority to ensure that our tourism industry grows at a similar percentage. And they can use that expected growth by the Tourism Authority as a benchmark for performance and accountability.

Yes, we are investing this money into the Tourism Authority. But as an investor, from a Government investing in the Tourism Authority, we too should expect returns, performance returns. And I would like to see that our tourism growth [be on] track [with] the recommended growth that is targeted for 2015 by the world tourism office in regards to expected international growth for 2015.

The other issue that I would like to address is the small guest houses. We have heard about the America's Cup. We have heard the Minister talk about bringing Bermudians along, having more stakeholders involved.

The Chairman: Member, 10 minutes left. You may want to give way for the Minister to talk.

Mr. N. H. Cole Simons: Yes, I will. Give me two minutes.

In the past, Bermuda's tourism was built on mom and pop shops, small guest houses, people renting rooms to tourists. Someone said to me the other day . . . and, again, the Honourable Zane De Silva said, people cannot afford \$400 a day or \$800 a day. But we should be able to service a number of clients.

And guest houses . . . I mean, you can get professionals, empty nesters, and they are open to making some money for pension. They can invite tourists to come stay with them. All I ask from the Tourism Authority is to set the standard, the level of service that these private accommodations can make available to our guests. It is fine to have them come in, but again, if we are going to pride ourselves as a first-class tourist jurisdiction, as a first-class tourist destination, then our product should be first class, irrespective of whether it is a five-star hotel or a mom and pop guest house that has six or seven rooms that have been allocated for tourists.

I could say a bit more, but as I am conscious of the time I would like for the Minister to respond to some of the comments made earlier. So I will sit down and, again, thank the Tourism Authority for the work that they have done. Do not be distracted by the noise. Do not be distracted by the noise. Keep focused. Your Government will support you. And, yes, it is going to take awhile for you to be self-sufficient. But as long as you utilise the capital that we make available to you and give this country value for money, you will have my support and the rest of the country's support. Thank you.

The Chairman: The Chair now recognises the—

Hon. Wayne L. Furbert: Myself. You have to recognise me.

[Laughter]

The Chairman: The Chair now recognises the Shadow Minister of Economic Development, from Hamilton West, constituency 6.

Hon. Wayne L. Furbert: Thank you, Madam Chairman.

I am . . . How much time does one have left?

The Chairman: About seven minutes.

Hon. Wayne L. Furbert: Okay. Seven minutes. I will talk six and a half.

Let me just say this. The Honourable Member who . . . I hope he . . . I just heard him talk about the small properties. He has an obligation and right to talk with his caucus, so I do not expect any silly legislation coming to this House based on, I heard what the Honourable Member Cole Simons talked about. We have built this country on good service.

There are certain individuals out there who cannot afford \$975.00 a night. I saw in Tucker's Point for July, almost \$700.00 for the Reefs in July. [But] they can afford \$150.00. I declare my interest. I rent three units, or two units. Okay? And they come there, and you look at my record over the years. But I know that there are certain individuals within the hotel in-

dustry (because I was the Minister) who did not like them. I know because they told me. You might want to know how I know—because they told me. They wanted to charge a fee. They want to do all these things.

In the olden days when the mom and pop were renting their bed and breakfast, it was predominantly rented by (predominantly) white Bermudians. Bermudians did not have it. Now that predominantly black Bermudians have found a way to make a couple of more dollars, because they are hurting during this time, the Minister, or certain individuals within the BTA, want to charge them because they think that it is interfering with their business. That is the problem.

So I am expecting that Honourable Member, when he goes to call, because he speaks very loud and clear, do not touch the . . . I had the problem of making sure that they are clean. I see that we have complaints in hotels. So I expect there to be complaints within small properties.

But we have never concentrated, no Minister has concentrated predominantly on small properties. We have always sunk our money within the bigger properties—predominantly one big elephant that we all know. We have never . . . So we have the small-owner properties, Ruth Paynter, the one up there in Warwick, all falling apart. Where is any money being concentrated on them? Not as BTA . . . and they pay a fee. They pay a fee! And you want me to pay a fee. I know you want to take care of me. So, that is the first one.

The second one, the Honourable Member was talking about a hotel coming to Bermuda. There is only a limited amount of space where we can build hotels. They are not coming here because of all this nonsense the Honourable Member is talking about. They are coming here because 60 per cent do not work. If it was 75 per cent, 80 per cent occupancy, they would be flooding here. Macau 95 per cent occupancy rate for the whole year, and they are here. But they are not 60 per cent. They have got to ask whether they will get a return. That is why capital is not coming here. It is return. Okay? So that is the issue.

Even if we build all the hotels we are talking about, we will not be back [to what it was] in the 1980s as we were under the famous Jim Woolridge. And I have a gentleman in the audience, Mr. Woolridge, who did a fabulous job when he was in tourism. It is even a fact some of you guys are taking him as a consultant. He was good, and even good now.

So, this idea about . . . I mean, the Minister of Finance mentioned five or six properties that were supposed to be built. We do have that many properties left to build besides 9 Beaches. And they are not building, so [investors] cannot [believe] the Government. They cannot find funding to build anything at 9 Beaches. So they cannot [believe] the Government. Talking about these investors coming in, they left us. You know.

So, Minister, you have a responsibility also. You have failed to deliver the financial statements for the Tourism Board of 2012. That report was supposed to be filed in September of 2013. It has not been filed yet, and it is 2015 . . . has not been filed. I do not know whether the statement has been audited or not, but they have not been laid before this Parliament. You have failed in your duty for doing that.

The Minister of Finance cut your budget. You cannot believe in tourism and then cut that budget by that number. If you do not need it in this year, what do you do with it last year? Something is being cut. Something is being hampered. You cannot be telling me that \$1.6 million? It is not a salary. Talking about salary—\$4 million is what we spent in the Ministry of Tourism in 2012—\$4 million. Out of four executives, over \$1 million, a quarter of a per cent. A quarter of a per cent of our budget is bigger than for five people in that BTA than we had in the whole Ministry of Tourism for 49. You cannot tell me that is not . . . cannot be right.

Minister of Tourism, who is monitoring this plan? You are talking about you are following the plan. Who is monitoring it? Because as of 2015, our visitor expenditure is supposed to be 678. What actually is it? Tax income revenue for tourism is supposed to be, 2015, \$59 million. What is it? Can somebody on that side tell me exactly what it is if somebody is monitoring those numbers, if they are following the plan? The hubs . . . are the hubs in place, one, two, three and four? They are not in place. They are not in place. I know they are working on them. But I have not heard much talking about St. George's, the Honourable Member—

The Chairman: You have a one-minute warning.

Hon. Wayne L. Furbert: One minute?

Mr. Bascome jumps up. He complained when we were the Minister. What the heck have they done for St. George's? And I hope the hotel is being built. But we have heard those stories before, too, Minister. We hope they are. Okay?

But I am going to give the Minister, just say the benediction, and then we will go home. Thank you.

Hon. Shawn G. Crockwell: Madam Chairman, I move that Head 33 be approved.

The Chairman: It has been moved that Head 33 be approved.

Is there any objection to that motion?

An Hon. Member: Head 33 or 48?

The Chairman: Oh, 48. Head 48, sorry.

Hon. Shawn G. Crockwell: Head 48 is the Ministry. We did [Head] 48 already.

I move Head 48 be approved.

The Chairman: It has been moved that Head 48 be approved.

Is there any objection to that motion?

[Motion carried: The Ministry of Tourism Development and Transport, Head 48, was approved and stand part of the Estimates of Revenue and Expenditure 2015/16.]

Hon. Shawn G. Crockwell: And, Madam Chairman, I move that the Committee rise, report progress and ask for leave to sit again on Monday, March 9th, at 10:00 am.

The Chairman: All right. It has been moved that the Committee rise, report progress and ask for leave to sit again.

Is there any objection to that motion?

Agreed to.

[Gavel]

[Motion carried: The Committee of Supply agreed to rise and report progress, and sought leave to sit again.]

House resumed at 8:47 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Speaker: Members, we have approved Heads 10, 11, 12, 38, 58, 28 and 48. And we will resume in the Committee of Supply on Monday.

We move now to the second Order of the Day, Order No. 2. and Order No. 2 is the Bermuda Bar Amendment Act 2015, in the name of the Attorney General and Minister of Legal Affairs, Minister T. Moniz.

Hon. Trevor G. Moniz: Mr. Speaker, at the request of the Shadow Attorney General, we have reversed the order so that we are going to do the Protection of Birds Bill first.

The Speaker: Okay. Wait a minute. Say that again, Honourable Member.

Hon. Trevor G. Moniz: Do the Protection of Birds first.

The Speaker: Yes, right.

Hon. Trevor G. Moniz: And then Bermuda Bar.

The Speaker: Okay.

Is there any objection to that?

All right. There is no objection to that.

So, therefore . . .

Ms. Lovitta F. Foggo: Mr. Speaker, just a point of information.

The Speaker: Honourable Minister, please take your seat.

POINT OF INFORMATION

Ms. Lovitta F. Foggo: Please, please, Minister. Thank you.

Because the Shadow Minister of Legal Affairs, I think he had a call and had to run out, he did ask. But if we could reverse it and go in the correct order. I do not know what it was about.

The Speaker: And I am not understanding what you are saying, Honourable Member.

Ms. Lovitta F. Foggo: I am saying—

[Inaudible interjections]

Ms. Lovitta F. Foggo: But yes. For the Shadow Minister Scott. That is what I just said. He had . . .

The Speaker: We just agreed to—

Ms. Lovitta F. Foggo: Oh, okay. I am sorry.

The Speaker: Goodness, Honourable Member.

Ms. Lovitta F. Foggo: I was not paying attention, Mr. Speaker.

The Speaker: Yes!

Ms. Lovitta F. Foggo: I was trying to explain this. Thank you. Thank you. Thank you, Minister. Thank you.

[Inaudible interjections and laughter]

The Speaker: Honourable Members, I know it is late.

Ms. Lovitta F. Foggo: Sorry, Mr. Speaker.

[Crosstalk]

The Speaker: We will now . . . if I can have Members' attention. I need Members' attention! It seems like people have to pay attention.

[Pause]

The Speaker: So, it has been requested and agreed upon that we do first the Protection of Birds Amendment Act 2015. So, I therefore now call on the Minister of Health, Seniors and the Environment. Minister Atherden, you have the floor.

Hon. Jeanne J. Atherden: Thank you, Mr. Speaker.

I move that the Bill entitled the Protection of Birds Amendment Act 2015 be now read the second time and committed.

The Speaker: Thank you, Minister.

Are there any objections to that?

Then, Minister, please carry on.

BILL

SECOND READING

PROTECTION OF BIRDS AMENDMENT ACT 2015

Hon. Jeanne J. Atherden: Mr. Speaker and Honourable Members, I rise before the House today seeking to amend the [Protection of Birds Act 1975](#) in order to allow better conservation of Bermuda's bird species.

Mr. Speaker, despite being a small oceanic Island, Bermuda has a high diversity of birds. Many hundreds of species have been recorded in Bermuda, most arriving as migrants or accidental visitors. These migratory birds stay for a time, then move on, while others stay and eventually become true residents that live in Bermuda continuously. Several have stayed so long that they have become endemic, such as the Bermuda petrel, better known as the cahow, and the White-eyed Vireo.

Mr. Speaker, birds are one of Bermuda's most predominant, visible and prolific types of terrestrial wildlife. Some bird species enrich Bermuda's delicate ecology, while others can impact it in negative ways. As stewards of our environment, the Ministry of Health, Seniors and Environment is tasked with the conservation of our native wildlife, with the aim of providing the best conditions possible for it to thrive in. Inherent in the concept of conservation is the need to manage. Wildlife management can be defined as the science and art of managing wildlife and its habitat for the benefit of the soil, vegetation and animals, including humans.

Management strategies include protection and restoration of critical habitats, increasing threatened species populations, rehabilitation of injured wildlife, and decreasing population of problem species in order to reduce negative impacts to threatened species and

the environment, as well as human safety, health and food production.

To date, we have been very successful in a number of these strategies, most notably in our efforts to save the Bermuda cahow and longtails. We have also made a good start in controlling some of our worst pest birds, most notably feral chickens and pigeons, and have developed a very successful programme to rehabilitate injured wildlife, including birds at the Bermuda Aquarium, Museum and Zoo. But there is room for improvements. One critical element is the need for an effective legislative framework to best allow those activities to happen.

Mr. Speaker, the Protection of Birds Act 1975 is one of the only pieces of legislation that gives power to manage Bermuda's terrestrial wildlife. The Act provides the Government powers to protect and preserve all of Bermuda's resident and migratory bird populations, with some exceptions. The Act specifically identifies the following as not protected: farmyard, or domesticated birds; exotic birds in captive collections; and four pest bird species—the American crow, kiskadee, starling and house sparrow.

Mr. Speaker, the Act was originally developed to stop the capture and caging of songbirds from the wild and to deter taking eggs for private collections. It also provides power to create nature reserves. Mr. Speaker, the Act needs to be amended in order to recognise a number of new issues that have arisen since the time of its inception and further the Government's commitment to address the problems of invasive species in Bermuda. I will endeavour to illustrate these as follows.

While the Act permits the humane control and destruction of any protected birds that pose a risk to agriculture and fisheries, public health or public safety, the Act is silent on the management of non-protected birds and species that are having a detrimental impact on Bermuda's environment. For example, the feral pigeon is widely recognised as a pest bird, causing much nuisance to farmers; is a vector of salmonella; and competes with longtails for nests.

Also, the feral chicken, which originally was a farmyard animal, has now become a pervasive pest throughout Bermuda. Since commencing its free pest-control service in October 2012, the Department of Conservation Services has received over 650 requests for assistance through its online feral bird control. There is a request form on www.conservation.bm. This has resulted in the permanent removal of over 22,500 feral chickens from every corner of the Island.

Currently, the Act is not clear on the status of these birds, but by adding these species to the Act, the Bermuda Government will declare that it is serious about managing these unwanted birds and empower those responsible for their management.

Mr. Speaker, therefore, it is seen as necessary to expand ministerial power to authorise the destruction of a single bird or any group of birds having a

demonstrable negative impact on Bermuda's natural environment, in addition to negative impacts related to human health and safety, agriculture and fisheries.

Furthermore, it will be necessary to expand the list of pest birds to include both the feral pigeon and the feral chicken. Mr. Speaker, the Act does not allow conditions to be set for the control and destruction of birds regardless of protection status or reason. As such, it is proposed to amend the Act to allow the Minister power to set conditions as required in the destruction of problem birds such as methodology, duration and reporting. It should be noted that a permit would not be required for the destruction or preparation for destruction of any non-protected domesticated bird as food for human consumption or as animal food.

The conditions for control and destruction will ensure that any such actions taken will always be subject to the authority of the Minister, who can assure that such actions are undertaken systematically and humanely, and are required to maintain the overall health of Bermuda's environment.

Mr. Speaker, currently, the Act restricts the Government's capacity to manage bird species, allowing only the Conservation Officer of the Department of Conservation Services to undertake necessary management. It is proposed to expand power to permit the management of birds to include not only conservation officers, but also other government personnel or persons the Minister deems fit to take such measures for control and destruction of nuisance birds.

This will enable that entities such as the Department of Airport Operations can undertake adequate measures to reduce potential for bird collisions with aircraft, which is essential for public safety. Mr. Speaker, under section [3], the Act allows the taking of birds for scientific research, public aviary and museum purposes, but not for rehabilitation. Many rare wild birds, such as the Eastern bluebird, *Sialia sialis*; the grey catbird, the *Dumetella carolinensis*; as well as migratory sea birds, are regularly found injured. With expert assistance, these birds can be rehabilitated for release back into the wild.

Mr. Speaker, it is proposed to amend the Act to provide powers to the Minister to authorise Government personnel, private companies or persons the Minister deems fit to rehabilitate any bird species, other than a pest bird; to set conditions such as ensuring all work is carried out according to best practice, objectives, method, periods; and require for incident and release reporting for scientific purposes and disease monitoring. No licences or fees are proposed for such authorised personnel.

Mr. Speaker, officers and their equipment are often interfered with during the course of their duties. There is a need to deter this. It is proposed that the Act be amended to set appropriate penalties for persons interfering with protected birds, authorised personnel and their equipment. It is proposed to increase

the existing fine from \$200.00 up to \$2,000.00 for offences committed under the Act, in order to make it commensurate with similar legislation.

Mr. Speaker, the amendments to the Act recognise the synergies with the Protected Species Act 2003, Agriculture Act 1930 and the Care and Protection of Animals Act 1975. The Protected Species Act 2003 has recently been amended to allow for the rehabilitation of injured species. However, this only covers five endemic bird species. It is envisioned that the Protected Species Act 2003 will have priority over the Protection of Birds Act 1975 in respect to those species.

Mr. Speaker, in addition to amendments to the Protection of Birds Act, the [Firearms Act 1973](#) is being amended to clarify that authorised officers seeking to destroy pest birds in accordance with the Protection of Birds Act, who have been issued a firearms licence to do so, can use such firearm and obtain an ammunition licence for that purpose. Thus, the Minister responsible for the Protection of Birds Act will approve the need to control a bird species, while the Commissioner of Police continues to retain all authority to licence a firearm for any purpose.

Mr. Speaker, the passing of these amendments in conjunction with the recently amended [Protected Species Act 2003](#) will create a more synergistic and complementary system that will increase the Government's ability to preserve key species and control pest species that are posing challenges to not only our natural environment, but to human health and the Island's economic well-being.

With these brief remarks, Mr. Speaker, I now invite other Honourable Members to participate.

The Speaker: Thank you, Minister.

The Chair will now recognise the Honourable Member from Devonshire North Central, constituency 13, the Shadow Minister of the Environment and Infrastructure. MP Glenn Blakeney, you have the floor.

Mr. Glenn A. Blakeney: Thank you very much, Mr. Speaker, and good evening to you. Good to see you back in the seat.

The Speaker: Thank you. It is good to be back in the seat.

Mr. Glenn A. Blakeney: Well, Mr. Speaker, although there are pesky birds that we often hear chirping from across the floor, I am glad they are not included on the list to be destroyed. So, we do not have a problem with this Protection of Birds Amendment Act. And the Honourable Minister made some very good points in substantiating why this is appropriate legislation.

Of course, we would have all known several years ago about the threat in various places around the world as a result of bird flu. And it was not just as a result of migratory birds landing in a jurisdiction; it

was people who were in a contaminated area of the world, travelling on planes and the like. And it was a real serious, serious concern for human health. And indeed, a number of people succumbed to the disease.

So, when you have a small place like Bermuda, where there is the migratory bird flying across the Island, you never know what you can expect. But here right on the Island, we have known for several years . . . In fact, when I was in a former place with this Ministry under my remit, we started the culling in the shooting of birds, and it was quite a challenge. Because you had people who are endeared to feral chickens. You know, I went about the Island from time to time just looking in certain areas when I got first-hand complaints from people, maybe a number of who still exist, who were complaining among the 650 that you mentioned wanting assistance.

But I remember one day driving down to the Clearwater area, because one of the big concerns there was the potential threat to aircraft taking off and landing, with feral chickens that could inhibit and consequently be a major concern for aircraft utilising our only airport. And I drove down close to the Clearwater beach. And there was an elderly couple there in a car with both doors open, and the chickens, the feral chickens . . . And it looked like there were hundreds. It kind of frightened me for a minute because I did not see anybody in the car until I drove up close, and the chickens started to fly through one side, out the other. And they were feeding the chickens crumbs, bread-crumbs, like it was a routine, an activity.

[Inaudible interjection]

Mr. Glenn A. Blakeney: No, definitely not. But you know, I did not even say anything to them because, being elderly and looking like it was something that they were used to doing, because it seemed like the chickens had befriended them as well, I just left well enough alone and decided that the airport at the East End would be the first point of attack to get rid of these feral chickens.

So, you know, it could be a very serious problem. The other thing is that these chickens also go into the garbage, into the plastic bags. And they pick at the food that might be thrown out and that kind of thing.

I would have a few questions, and I probably would bring them up again during the course of Committee. But the specific arms that would be used, you know, that is something that is not really addressed in the legislation or not specified.

Also, there is nothing addressing what the criteria would be to qualify someone who might want to apply to shoot the birds. So, what kind of arms would be used? I know usually that a BB gun, or air guns are the norm. But I do not know if there has been a think about that and if there is any consideration as to the

specific firearms that will be allowed to be used, if it is anything other than an air rifle or something like that. Also, [what about] the criteria that is going to be used if there is someone who sees it as an entrepreneurial opportunity, you know, how would they qualify? We have gun clubs, rifle clubs in Bermuda. So I am sure there are eminently qualified marksmen to hit a pigeon or a bird. Also, we have the Bermuda Regiment, where there is arms training there. So, someone who has done their time in the Bermuda Regiment, and they might, you know, say, *This is a great entrepreneurial opportunity*, and want to know, how do they qualify to help destroy these thousands of birds? So I would like to know what the criteria would be for that.

I think it is a good thing that there is provision for exceptions to be made and that the Minister has these discretionary powers. Because, of course, there could at any one time be an emergency situation or an urgent situation that has come to the attention of the Minister, and they do not need to go through any bureaucratic process. So it is a timely piece of legislation. And it is not something that is contentious from this side. So, I would end by saying that the deterrent of [the current] \$200.00 fine for offences in the principal Act is certainly not adequate. So the raising of that to \$2,000.00, I think, is a very strong message and a deterrent. So that is something that I am glad to see that is included in the piece of legislation.

I think with those brief comments, I would not have anything much more to add, save and except that I would also support the certain species of birds being used for scientific research. I think that is a great way to utilise a piece of legislation that would give scientists an opportunity to do necessary research that could help not just people here in Bermuda, but maybe set some global precedents with regard to discovering a unique disease or finding a way to cure an existing disease. So that is an excellent consideration, I think, included in the legislation as well. So with those few comments, Mr. Speaker, be assured that we do support this piece of legislation.

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

Would any other Honourable Member care to speak?

The Chair will recognise the Honourable Member from Warwick West, constituency 28, MP Jeff Sousa. You have the floor.

Mr. Jeff Sousa: Yes, good evening, Mr. Speaker.

The Speaker: Good evening.

Mr. Jeff Sousa: I just wanted to rise just for a couple of minutes this evening to say that I am very supportive of these measures. We have all seen the damage that chickens and bantams have caused Island-wide. And of course, we know that we have these thou-

sands of birds. And the figures we hear are unbelievable. And this was caused by past hurricanes. But we have this issue, and I know that the chickens are causing great damage to our farmers, who have enough difficulty worrying about pests and disease, as well as storms and things like that.

Also, the pigeons and ducks are causing great nuisances to many of the hotels. And we certainly do not need that.

Legislation like this needs to be addressed all the time. All of us love to see cardinals, redbirds, [chick-of-the-villages], which is the White-eyed Vireo, in our gardens. And we actually, you know, today if you look at things like this, at one time the cardinals were a pest to farmers. Today, we buy sunflower seeds to encourage cardinals to come in our garden, because, of course, in Bermuda, we do not have skunks and foxes and mammals and stuff, so we have birds, which is really important.

But I do feel that . . . (My colleagues are trying to hear me on, but it is all good. My birthday is in a couple of hours.) You know, I do really . . . And of course, I salute organisations like the Bermuda Audubon Society for the great work that they do in the community. And I do feel that shooting, culling the birds is the most humane way to do it versus drugging them. You know, I do not feel that that is a good—poisoning them, I should say, that is not a good thing to do. But I do see the damage, obviously, being in the horticulture landscaping trade. We as horticulture landscapers have to treat the feral chickens no different than, you know, slugs and caterpillars; they cause the same death.

But as I said, we have to constantly look at legislation like this because things change. We can remember, I believe it was probably before the 1960s when kiskadees were brought into Bermuda to actually, as an environmental . . . to keep down the lizard population. So things change all the time. But I am very supportive of these measures, and I would thank the Minister for bringing this forward. Thank you.

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

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

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

I just would like to weigh into this as well, because first of all, I think . . . And I am speaking for every Bermudian when I say we all know the type of pest that the feral chicken has become known as on our Island shores. And it is unfortunate that we are here today having to put legislation in place that will allow for us to better maintain the population of that particular bird. But as the Honourable Member who just took his seat stated, we must change with the times. And

indeed, legislation should always be reflective of the community within which we live.

And so, Mr. Speaker, here we are today, putting in measures that some may find . . . Some may even call it "draconian" because they love all living creatures. But they are measures which indeed are needed in order to control a pest which does decimate gardens when they are allowed to run free, pests which we find are scavengers. And on our Island shores, a tourist community, sometimes we see some of the effects of their scavenging. And it is not a pretty sight, Mr. Speaker.

These measures, I think, are very specific measures which for the most part will be very targeted in terms of reducing the numbers of feral chickens, and we do not have to be as concerned as we would if we were using poisons or what have you that would likely impact other aviary species. And we do not want to do that, because as the Member who just took his seat said, you know, we have birds like the cardinals, the bluebirds and other birds that, I guess, we are happy to see flying around at any given point in time. And we want to certainly make certain that any competitors that they may have are not going to be in a position where they can harm their numbers.

So, Mr. Speaker, when you even look at, as a community thing where I am sure I know I receive numerous phone calls, too many to mention . . . I would think, because my Honourable Member who sits in the seat for constituency 4 is a neighbour, if you will, to me, I am sure she has been plagued by those same type of phone calls, because the numbers of feral chicken were so out of hand. And even after measures were put in place, and those numbers were reduced. When I drive around today, I see that those numbers are increasing again, and I know that they are, because I am beginning to have those telephone calls again.

And so, it is a necessary evil, if you will. And I am happy that we are again putting measures in place which, for the most part, will not have a detrimental effect on the environment, but will bring about the desired results that we are looking for.

So, I was happy to weigh in on this, and you do have our support over here.

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

The Chair now recognises the Honourable Member from constituency 4, St. George's South. The Deputy Speaker, MP Roberts-Holshouser, you have the floor.

Mrs. Suzann Roberts-Holshouser: Thank you, Mr. Speaker.

Indeed I have received phone calls about chickens. But also pertaining to this Bill, this particular Bill that we have before us today, and contrary to what we have heard, I actually receive phone calls of, *How*

dare you! and *Why must you kill? I love crows. The pigeons are so cute.* So, Mr. Speaker, there is another mindset out there that does not quite understand the concept of this legislation and why it is necessary.

So I obviously, as I normally do, had to do a little bit of research and a little bit of homework, and even have come up with an additional recommendation. So, Mr. Speaker, one of the things I did while doing the research, I clicked, or a friend of mine, together we clicked on a YouTube video. And it was of someone's home chicken coop. They had this pet chicken in a coop. They had the door flap open, and they were filming. And, Mr. Speaker, down flies a crow, and the crow was sitting on the chicken coop, obviously a little bit nervous and hesitant; he knows someone is around. And after a few minutes, you watched the crow go into the chicken coop and sit on the edge of the chicken coop with the chicken's egg in his mouth before he flies away.

So one of the things that caught my attention was the fact that . . . I did not know that crows ate eggs. So, indeed, that is one of the challenges that our natural birds or the birds that we are trying to protect suffer the consequences of.

Mr. Speaker, it is not just the crow that we have listed; it is the few others. And of course, we have had individuals speak of pigeons. But, Mr. Speaker, one of the things that I discovered was, we are well aware of the erosion in our cliffs, as a Member mentioned earlier; he mentioned erosion. But the erosion to our cliff face has reduced the number of nesting facilities for our longtails. And as a result of the decrease, they are also in competition with the pigeons, who are looking for those same nesting places. So, as a result, we have this competition between the longtailed birds with our pigeons, which we see continuing to grow in number.

Of course, the other predators to our longtails, who find themselves nesting in areas that are closer to land, of course, are the rats. And that is another predator of the eggs.

Mr. Speaker, one of the things that, of course, I have taken an extra fancy to is our cahows. Now, of course, cahows are unique in Bermuda. They survived, as they found that they would better survive if they found their homes on more remote islands in the early days of the creation around Bermuda, because one of the predators were pigs. So by nesting in the cliff faces (and that is our cahows), they found that their nests and their eggs were better protected.

Mr. Speaker, both the cahow and the longtail only produce one egg, whereas pigeons, on the other hand, produce considerably greater numbers of eggs and hatchlings. In fact, in I believe in a two-year period, they can produce up to 400 pigeons. So, consequently, we see their numbers increasing far faster than our cahows or our longtails.

Mr. Speaker, one of the parts of research is always new knowledge. And one of the facts that I

have discovered was that there were surveys in different parts of the world, Italy included, that have had great success in using a product that was used for birth control. Now, Mr. Speaker, what the birth control does, of course, it interferes with the egg hatchability. Now, I believe that that will work toward a natural reduction in the number. And in conjunction with the type of culling that this legislation brings forward, I think it would be beneficial. San Diego saw, within a 28-month period, an 88 per cent reduction or decline in the number of pigeons that were being hatched.

So, Mr. Speaker, I believe that, in conjunction with the culling, if we looked at the possibility of purchasing some products like, I believe one of them is OvoControl, which is a product that was used and it has been approved by the United States to use for the reduction of hatchable eggs. It is something that Bermuda should look to as we move closer and closer to meeting the reduction of the pest birds.

Mr. Speaker, before I take my seat, of course, I have mentioned the cahows and how important they are to us. January was the beginning of their hatching season. For an adult, they spend most of their time over the ocean, and then they return to their birth place. Mr. Speaker, I would like to encourage individuals across the Island to go onto the website, which is www—

[Inaudible interjection]

Mrs. Suzann Roberts-Holshouser: Oh, you can actually see the live stream to actually watch the cahows in their nests for the most part of the day. It is www.nonsuchisland.com. If you click onto the cahow portion, you can actually watch the live feed. For the most part of this evening, the mother has been nesting on top of, basically on top of the chick.

But, Mr. Speaker, it is the cahow that we need to protect. We went from, in the early 1960s to having 17 to 18 nesting pairs to, yes, an increase since 2009 to today of upwards of 118 nesting pairs. But they need to be protected; Mr. Speaker, or else we will continue to see the decline. So, Mr. Speaker, with that, obviously, I support the legislation that we see before us today and, in addition, would like to recommend perhaps birth control. Thank you.

The Speaker: Thank you very much, Honourable Member.

Would any other Honourable Member care to speak?

Then the Chair will recognise the Minister. Minister Jeanne Atherden, you have the floor.

Hon. Jeanne J. Atherden: Thank you, Mr. Speaker.

I am just looking at the individual responses with respect to the questions that have been raised.

It is interesting to hear the speaker from—

The Speaker: Constituency 4?

Hon. Jeanne J. Atherden: Constituency 4. That is a novel idea, and I am sure that I will make sure that the members of the Conservation Department investigate whether it could be utilised in Bermuda.

There were a couple of questions raised in terms of the firearms and the criteria. Just to indicate that, with respect to the types of firearms to be used, they use a calibre of firearm that is powerful enough to remove the pest humanely, but one that minimises the risk to the public and property. I have been indicated that, typically, it is a .22-calibre single-shot air rifle. So, you know, obviously, we are trying to make sure that it is going to be something that can do the job, but nothing more than that. And as we indicated before, there is a criterion for licensing. The commissioner will review each application on a case-by-case basis. But remember that the Minister has to actually make the recommendation initially to make sure that the person has a background and is such that we would want to say that they have a background and also some experience in terms of the type of pest that they are actually going to go out and hunt.

So the use of firearms will be strictly controlled. And we want to make it clear that it is the last course of action. Because they use traps. They use bait, as well as other things. So it is not like that is the only thing that we use to actually control the [pests]. So I think we just want to indicate that this allows us to expand it and look at another option, which will help us keep these pests under control.

I think, Mr. Speaker, all the other comments tended to relate to what we were doing, why we were doing it. And if there is anything else that I have not answered, please speak up. But I think I did cover everything.

The Speaker: I guess you will be in Committee, anyway, so.

Hon. Jeanne J. Atherden: Okay. Mr. Speaker, then I would like to move that the Bill be committed.

The Speaker: All right. Thank you.

The Minister has moved that the Bill be committed. Are there any objections?

There are no objections. So I would like to ask the Deputy Speaker to please take the Chair [of Committee].

House in Committee at 9:26 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

PROTECTION OF BIRDS AMENDMENT ACT 2015

The Chairman: Members, we are now in Committee of the whole House for further consideration of the Bill entitled [Protection of Birds Amendment Act 2015](#). I call on the Minister in charge to proceed. Minister, you have the floor.

Hon. Jeanne J. Atherden: This Bill seeks to amend the Protection of Birds Act 1975 to define “pest bird,” enable the Minister to issue licences for the treatment and rehabilitation of protected birds, expand the powers of the Minister to authorise any person to control or destroy any birds in certain cases, create an offence of obstruction, increase the penalty on conviction of an offence under the Act, and to make related amendments to the Firearms Act 1973. I would move clauses 1 through 3. Or shall I move them all? Shall I move them all?

The Chairman: You can move them all.

Hon. Jeanne J. Atherden: I will move them all. Okay. All right.

Clause 1 provides the citation for the Bill.

Clause 2 repeals the definition of “conservation officer” and inserts the definition of “authorised officer,” which includes any person authorised by the Minister under section 4. This clause also inserts the definition of “pest bird,” which is “any bird or species of birds, not being a protected bird, having a detrimental impact on the environment, agriculture, fisheries or other human activity, public health or public safety and which are listed in the Schedule.” This clause also adds the Protected Species Act 2003 and the Endangered Animals and Plants Act 2006 to the list of Acts from which the principal Act shall not derogate.

Clause 3 amends section 3 of the principal Act to include the treatment and rehabilitation of protected birds as a purpose for which the Minister may issue a licence.

Clause 4 amends section 4 of the principal Act to expand the powers of the Minister to authorise, subject to conditions, the control or destruction of protected birds by enabling the Minister to authorise in writing any persons who carry out such activities and also provides for such authorisation to be given in relation to pest birds.

Clause 5 inserts a new section 4A into the principal Act, which enables the Minister to amend the Schedule of pest birds after having regard to the degree to which any bird or species of birds is having a detrimental impact, and to make such an order subject to the negative resolution procedure.

Clause 6 inserts a new section 6A into the principal Act, which makes it an offence to wilfully obstruct or remove, destroy or interfere with the equipment of an authorised officer or any officer of the department acting in the execution of such provision of the principal Act.

Clause 7 amends section 7 of the principal Act by increasing the penalty for an offence under the principal Act from \$200 to \$2,000.

Clause 8 inserts the Schedule, which lists the common crow, starling, house sparrow, kiskadee, feral pigeon and feral chicken as pest birds.

Clause 9 makes related amendments to sections 4(2) and 6(2) of the Firearms Act 1973 to clarify that a firearm may be used and that an ammunition licence may be issued in connection with Government-approved and supervised pest control.

The Chairman: Thank you, Minister.

Are there any Members who would like to speak to clauses 1 through 9?

The Chair recognises the Member from constituency 13, the Shadow Minister of Environment and Infrastructure. The Honourable Glenn A. Blakeney, you have the floor.

Mr. Glenn A. Blakeney: Yes, thank you very much, Madam Chairman.

I was just wondering with regard to, I suppose under clause 9, in the carrying out of utilising firearms to destroy or even if you are going to cull the birds. What kind of budget has been allocated? And what is the rate of remuneration for someone who is granted a licence?

The Chairman: Thank you, Member.
Minister?

Hon. Jeanne J. Atherden: I remember, because I had a little note to myself, that . . . I will have to get back in terms of how much, whether there is any degree of remuneration. I think the thing that I did notice was that there was no fee for the person. There is no licence that the person has to have in order to do this.

By and large, a lot of this would be dealt with by either conservation officers or members already in our service. So I am not aware of any licence—any fee, and I will have to check it out.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 9?

The Chair recognises the Member from constituency 13.

Mr. Glenn A. Blakeney: Well, you know, I just was wondering for the clarification, because I do know that in the past there was a rate of remuneration for an individual who was retained to destroy the birds with a firearm. So I was just wondering if that was something that was continuing or, as she said, [only the] staff at Conservation Services [would be doing it]. Because, you know, I was looking at it possibly being an opportunity for an entrepreneur who might have been an ex-military person and pretty good with firearms deciding

they would invest in an air rifle and then get the licence for the ammunition and go about assisting, because this is seemingly a serious enough problem that needs to be eradicated with regard to the pests, in particular.

The Chairman: Thank you.
Minister?

Hon. Jeanne J. Atherden: In response to the question asked by the Honourable Member, initially it is intended to utilise persons within the department. So this, as I said, would be an expansion of their duties. And there is, obviously, the possibility of a potential partnership with the Department of Health, the Environmental Health Section. And on the one hand, while there might be the opportunity, and if that is the case, some degree of remuneration might be considered. But I think that that would be dealt with on the basis of whether the department itself is not able to keep up with the demand.

I would think with respect to the Department of Airport Operations, that would be something where we would be allowing them to do it, but not necessarily getting involved in the actual cost of it. But I will further investigate.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 9?

There are no other Members.
Minister, please proceed.

Hon. Jeanne J. Atherden: I move the Preamble.

The Chairman: We will move the clauses first.

Hon. Jeanne J. Atherden: I move clauses 1 through 9.

The Chairman: It has been moved that clauses 1 through 9 be approved as printed.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

[Motion carried: Clauses 1 through 9 passed.]

Hon. Jeanne J. Atherden: I move the Preamble.

The Chairman: We are going to move the Schedule next.

Hon. Jeanne J. Atherden: Oh, sorry. Sorry, Madam Chairman.

[Inaudible interjection]

The Chairman: That is part of the clause. That is part of clause 8. So you are correct.

It has been moved that the Preamble be approved as printed.

Are there any objections to that motion?

No objections; agreed to.

[Gavel]

Hon. Jeanne J. Atherden: I move that the Bill be reported to the House.

The Chairman: It has been moved that the Bill be reported to the House as printed.

Any objections to that motion?

No objections; agreed to.

[Gavel]

[Motion carried: The Protection of Birds Amendment Act 2015 was considered by a Committee of the whole House and passed without amendment.]

House resumed at 9:34 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

PROTECTION OF BIRDS AMENDMENT ACT 2015

The Speaker: Members, the Protection of Birds Amendment Act 2015 has been approved in Committee. Are there any objections?

So we will now move on then to the Second Reading of the Bermuda Bar Amendment Act 2015, in the name of the Honourable and Learned Member, the Attorney General and Minister of Legal Affairs, from Smith's West, constituency 9. Minister Trevor Moniz, you have the floor.

Hon. Trevor G. Moniz: Thank you. Thank you, Mr. Speaker.

I move that the Bill entitled the Bermuda Bar Amendment Act 2014 be now read the second time and committed.

The Speaker: Are there any objections to that?

There are none.

Carry on, Minister.

BILL

SECOND READING

BERMUDA BAR AMENDMENT ACT 2014

Hon. Trevor G. Moniz: Thank you for that, Mr. Speaker.

When we get to Committee, I will amend the "2014" to "2015."

The Speaker: Yes.

Hon. Trevor G. Moniz: I am obliged.

Mr. Speaker, by introducing the Bermuda Bar Amendment Act 2014, I am pleased to present to this Honourable House this important piece of legislation which concerns two major issues as it relates to the legal profession in Bermuda.

Firstly, Mr. Speaker, as you know, the Bar Association has a challenging responsibility to govern the legal profession. As such, the Bill reflects reforms sought by the Bar Association to amend the [Bermuda Bar Act 1974](#), firstly, to alter the Constitution of the Bar Professional Conduct Committee. This in turn promises to uphold the integrity of the profession by allowing for a more feasible utilisation of members from a limited pool to serve within the disciplinary capacity.

Likewise, Mr. Speaker, reforms are sought to expand the pool of appointments of notaries public, which will increase access by residents of Bermuda to the important service which notaries public provide.

Mr. Speaker, the Bermuda Bar Professional Conduct Committee is responsible for receiving and investigating complaints relating to the professional conduct of lawyers in Bermuda. Once its members have sufficient evidence to make a case against a member, a tribunal is then convened. And these tribunals are chaired by a judge of the Supreme Court, always. A tribunal is convened to pronounce upon whether the barrister is guilty of any breach of the Code of Professional Conduct.

As Honourable Members will no doubt appreciate, this process is very important to ensuring the integrity of the legal profession.

Mr. Speaker, at present, the committee comprises seven members, of which three are drawn from the Bar Council itself, while four are drawn from the membership at large. The reform encapsulated in the Bill is straightforward: The ratio of committee members would be adjusted such that only one member is drawn from the Bar Council and the other six are drawn from the membership at large.

This change is sought specifically because of the burden that membership on the committee currently imposes on Bar Council members. By adjusting these numbers, time and resources could be appropriately allocated to the important work of both the Bar Council and the Professional Conduct Committee.

Mr. Speaker, as pertains to the amendments to the [Commissioners for Oaths and Notaries Public Act 1972](#), the overarching intent is to increase the number of notaries public who are able to provide this very important legal service to the people of Bermuda.

Mr. Speaker, currently, the small pool of notaries public available in Bermuda poses particular challenges. The public are at times unable to access the services of a notary public in executing notarial in a timely manner. The activity is seen by many in the legal profession as unprofitable and even onerous, especially amongst more senior members of the Bar. This is compounded by the small size of Bermuda, which creates greater potential for conflicts of interest among the limited number of those currently offering these notarial services.

Mr. Speaker, the Bill will allow for the expansion of the pool of notaries public to be achieved in three ways: Firstly, the current requirement for lawyers to be called for five years to the Bar before being enrolled as a notary public is to be done away with. New members of the Bar will be able to simultaneously serve as both commissioners for swearing affidavits and as notaries public. Of course, a safeguard is in place for the judiciary, that the person must be a fit and proper person to act in that capacity.

Secondly, Mr. Speaker, the requirement that all notaries public possess Bermudian status will be done away with. At present, there are a number of non-Bermudian lawyers who have gone through obtaining the requisite immigration permissions and could easily offer these services to residents.

Thirdly, Mr. Speaker, the number of jurisdictions from which an overseas notary public can be enrolled in Bermuda will be expanded. At present, anyone who is a qualified notary public who is legally qualified in England, Wales and Ireland can be enrolled as a notary public in Bermuda without being a lawyer. This list will be expanded to include qualified persons from all Commonwealth jurisdictions.

Mr. Speaker, the public need not be concerned about allowing junior members of the Bar to offer services as notaries public. Increasingly, the profession is already allowing such members to take on more complex and sophisticated legal work. Notarising documents generally is not very involved in comparison with general legal work. In addition, my Ministry will be working with the Bar Association and the judiciary to publish guidance relating to the obligations and responsibilities of serving as a notary so that these junior members can be assisted with respect to their new responsibilities.

Mr. Speaker, the public also need not be concerned about removing the requirement for notaries to possess Bermudian status. Serving as a notary public is not a substantive profession, but is only a supplemental service on offer by lawyers in Bermuda. As mentioned above, many senior lawyers regard the work as loss-making, and some seek to avoid notarising altogether.

In addition, the amendment makes clear that the usual immigration requirements are unaffected. As such, this Government remains committed to preserv-

ing job opportunities for Bermudians; in no way does this amendment affect this overriding concern.

Mr. Speaker, the Bar Council has been for some time engaged in a process of modernising and reforming the laws which regulate the legal profession in Bermuda. The present amendments come at the request of the Bar Council and arise directly as a result of that process. Furthermore, I have sought and obtained the support of the judiciary in this regard. And in addition to that, I did request the President of the Bar and his Deputy to meet with the Shadow Minister and Attorney General, which I believe has been done.

Mr. Speaker, I am confident that these amendments will ensure that the public are better served by the legal profession. I am pleased to say that the Ministry of Legal Affairs has a productive working relationship with the Bar Council, and we look forward to continuing to work with them in order to improve the provision of legal services.

Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Honourable Attorney General.

The Chair will now recognise the Shadow Attorney General, the learned Member from Sandys North, constituency 36. MP Michael Scott, you have the floor.

Hon. Michael J. Scott: Thank you, Mr. Speaker.

Mr. Speaker, there are some 423 active members registered in the Bar today in our country. And I want to thank the Honourable and Learned Attorney General for the presentation of the rationale for this. But there are some 423 lawyers currently properly registered on the Bar. And I understand that in connection with the second element of this dual initiative, the notaries public, this is the only matter that had been raised in our caucus. And in particular, it was the issue of the equivalency being offered to non-Bermudian lawyers to qualify to be appointed as notaries.

May I say right away that the disciplinary elements under the Bar Act to improve the administration . . . Mr. Speaker, of that disciplinary committee and the flexibility in it, we support without reservation.

By and large, Mr. Speaker, we are in general support of this notaries amendment, as well, to increase the pool. Generally and in principle, we are. We know that the pool will increase, for example, by the removal of the five-year call requirement because that will increase the pool immediately. Lawyers called from day one can be added to the list of notaries public.

If I had struggled with any element to uphold in this matter, it would have been the equivalency argument. But may I say that there is not strong resistance to this equivalency argument. I would argue that if the Bermudian status remains in place and the

Act passed without the extension of notaries to Commonwealth lawyers and all of the foreign practitioners who are here, it would still achieve some of the objectives I know that the Honourable and Learned Attorney General is seeking to achieve.

So I make the point without declaring that there will be fierce resistance to the second part of the notaries public. And with those remarks, I indicate to the House that we support this legislation.

The Speaker: Thank you, Honourable Member.

The Chair will recognise the Honourable and Learned Member from constituency 30, Southampton East Central. MP Leah Scott, you have the floor.

Ms. Leah K. Scott: Thank you, Mr. Speaker. Good evening.

Mr. Speaker, I support this legislation, particularly the part about increasing notaries to people who are not Bermudians. As a lawyer and as a person who has had to act as a notary, there is a very limited pool. And I think that allowing junior lawyers to be notaries at the same time that they are called to the Bar is going to be a good thing. We are in very, very short supply. Nobody wants to do notariats. It is not profit-making. You do not get any money from it.

When I was in private practice, we actually had a rota, and we had to spend time away from fee-earning to actually do notariats. So it is not anything that is going to jeopardise the income of any Bermudian. I think that having a greater pool will help those of us who . . . The problem is that when a person finds somebody who is willing to do notariats for you, because they cannot get anybody else, they will come to you all the time. So increasing the pool actually will make it better for all lawyers all around. So I support the legislation. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Member.

Would any other Honourable Members care to speak?

There are no other Members jumping to their feet, so learned Attorney General, you have the floor.

Hon. Trevor G. Moniz: Thank you, Mr. Speaker.

I would only say that I thank the Shadow, the Honourable and Learned Shadow Minister for his support. I note his slight concern. I thank my Member for the support. And I move that the Bill be committed.

The Speaker: Thank you, Honourable Member.

It has been moved by the Attorney General that the Bill be committed.

Are there any objections?

Then I will ask that the Deputy [Speaker], please, take the Chair [of Committee].

House in Committee at 9:48 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

BERMUDA BAR AMENDMENT ACT 2014 [BERMUDA BAR AMENDMENT ACT 2015]

The Chairman: Honourable Members, we are now in Committee of the whole House for further consideration of the Bill entitled the Bermuda Bar Amendment Act 2014. I call on the Minister in charge to proceed. Minister, you have the floor.

AMENDMENT TO TITLE

Hon. Trevor G. Moniz: Thank you, thank you, Madam Chairman.

Firstly, I move that the Bermuda Bar Amendment Act 2014 be amended, one, by amending the title of the Bill and the citation in paragraph 1, by substituting the following: "[Bermuda Bar Amendment Act 2015](#)."

The Chairman: Thank you.

Are there any objections to the revision, to the amendment of the title and the citation, removing it from 2014 to 2015?

The Chair recognises the Member from constituency 29, the Shadow Minister of Tourism, the Honourable Zane J. S. De Silva.

Hon. Zane J. S. De Silva: I do not have any objection, per se, Madam Chairman. But we did not get a copy of the amendment. And, you know, this is the second week in a row that we have had to make an amendment because of a date change.

The Chairman: Yes.

Hon. Zane J. S. De Silva: I wish that the OBA Government would get their act together so we would not have to waste time like that. Thank you.

The Chairman: Thank you.

Member, are there printed . . .

Hon. Trevor G. Moniz: No. Those changes are not normally circulated, Madam Chairman. It is just a housekeeping amendment.

The Chairman: Yes. Thank you. Please proceed.

Hon. Trevor G. Moniz: I move clauses 1, 2 and 3, which are all the clauses of the Bill. This Bill seeks to make amendments to the Bermuda Bar Act 1974, and the Commissioners for Oaths and Notaries Public Act 1972, at the request of the Bermuda Bar Council.

Clause 1 is the citation, which is self-explanatory.

Clause 2(1) replaces section 18(2) of the Bermuda Bar Act 1974 so as to alter the composition of the Professional Conduct Committee. Currently, the committee is composed of three members of the Bar Council and four other members of the Bar Association. The amendment would result in their being only one member of the Bar Council on the committee and six other members of the Bar Association at large.

Clause 2(2) provides for commencement of this amendment on 30th of April 2015 and makes transitional provision for matters which are pending.

Clause 3(1) replaces section 4(2) of the Commissioners for Oaths and Notaries Public Act 1972 so as to remove the requirement for a barrister and attorney to be a five-year standing and to possess Bermudian status before being qualified for appointment as a notary public, and to provide that a person entitled to practice as a notary public in any Commonwealth jurisdiction is also qualified for appointment. Currently, the only qualifying jurisdictions mentioned in section 2(b) of the [Commissioners For Oaths and Notaries Public] Act are England and Wales, Scotland and Ireland.

Clause 2 clarifies that the repeal of the requirement for a person to possess Bermudian status in order to be qualified as a notary public shall not be taken to abridge or derogate from the provisions of the Bermuda Immigration and Protection Act 1956. Thank you, Madam Chairman.

The Chairman: Thank you.

Are there any Members who would like to speak to clauses 1 through 3?

There are no Members.
Minister, please proceed.

Hon. Trevor G. Moniz: So, I have moved those clauses 1, 2 and 3.

The Chairman: It has been moved that clauses 1, 2 and 3 be approved, with the amendment to the title and the citation.

Any objections to that motion?
No objections; agreed to.

[Motion carried: Clauses 1 through 3 passed as amended]

[Gavel]

Hon. Trevor G. Moniz: I move the Preamble.

The Chairman: It has been moved that the Preamble be approved as printed.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

Hon. Trevor G. Moniz: I move that the Bill as amended be reported to the House.

The Chairman: It has been moved that the Bill as amended be reported to the House.

Any objections to that motion?
No objections; agreed to.

[Gavel]

[Motion carried: The Bermuda Bar Amendment Act 2015 was considered by a Committee of the whole House and passed, as amended in the title.]

House resumed at 9:52 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

BERMUDA BAR AMENDMENT ACT 2015

The Speaker: Thank you, Members. The Second Reading of the Bermuda Bar Amendment Act 2015 has been approved.

Any objections to that?

All other Orders are carried over. So I will recognise first the Minister for Health and Seniors.

SUSPENSION OF STANDING ORDER 21

Hon. Jeanne J. Atherden: Mr. Speaker, I move that Standing Order 21 be suspended to enable me to move that the Bill entitled the Protection of Birds Amendment Act 2015 be now read the third time by its title only.

The Speaker: Any objections?
None. Carry on.

[Motion carried: Standing Order 21 suspended]

THIRD READING

PROTECTION OF BIRDS AMENDMENT ACT 2015

Hon. Jeanne J. Atherden: Protection of Birds Amendment Act 2015, I move that the Bill do now pass.

The Speaker: Thank you.

It has been moved that the Bill do now pass.
Any objections to that?
There are none. So the Bill is now passed.

[Motion carried: The Protection of Birds Amendment Act 2015 was read a third time and passed.]

The Speaker: We will now recognise the Attorney General.

SUSPENSION OF STANDING ORDER 21

Hon. Trevor G. Moniz: Thank you, Mr. Speaker.

I move that Standing Order 21 be suspended to enable me to move that the Bill entitled the Bermuda Bar Amendment Act 2015 be now read the third time by its title only.

The Speaker: Thank you.

Are there any objections to that?

There are none. Carry on.

[Motion carried: Standing Order 21 suspended]

THIRD READING

BERMUDA BAR AMENDMENT ACT 2015

Hon. Trevor G. Moniz: Bermuda Bar Amendment Act 2015, I move that the Bill do now pass.

The Speaker: All right. Thank you.

Any objections to that?

So the Bill is now passed.

[Motion carried: The Bermuda Bar Amendment Act 2015 was read a third time and passed.]

The Speaker: The Chair will now recognise the Honourable Premier.

ADJOURNMENT

Hon. Michael H. Dunkley: Mr. Speaker, I move we adjourn to Monday, March 9th.

The Speaker: Thank you.

The Chair will recognise the Honourable Member from constituency 5. MP Derrick Burgess, you have the floor.

ALLEGATIONS AND DEFAMATION

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

Mr. Speaker, over the past we have heard in this Honourable House stories, innuendoes, allegations about the former Government. Mr. Speaker, I have said in this House before about the two Bermudas. Depending what particular organisation you belong to, that is the way you are treated.

Mr. Speaker, in Bermuda, in particular if you repeat something more than three times, it takes on a life. That life could be a bad life, a good one, a shameful one or an evil one. And it is, what I would say, meant to publicly lynch the victim. Mr. Speaker, reading the history of lynching in United States in the Deep South, over 4,000 people were lynched in a 73-year

period. And they were lynched for just looking the wrong way—not only men, but women and children.

And they have done it here. They fabricate stories about us. You take, for example, the cedar beams in Dr. Brown's . . . the supposedly cedar beams in Dr. Brown's house. Those folks who fabricated that story, they knew what that story would do. They knew there were no beams in Dr. Brown's house. But it was meant to be a lynching—a lynching that has . . . the story . . . No one has ever even apologised. It appeared in the newspaper many times—no apologies.

I have heard in this House stories about the BLDC (Bermuda Land Development Company) concerning the PLP having cronies and people getting paid. Mr. Speaker, it is interesting that the auditor's report on the BLDC deliberately omitted the Trott & Duncan and the KPMG reports, a report that said that what the board enacted at BLDC was within the by-laws of the company and within the 1981 Companies Act. But yet, the auditor of the day wrote that scathing report attacking the chairman and the deputy and myself in that report.

When you fail to put in a report [the findings] by one of Bermuda's reputable firms, Trott & Duncan, and an international accounting firm, KPMG, this is taking matters in your own hands. That [shows that] you want a certain story to go out. In fact, that same person who wrote that story, the Auditor General, told one of their friends that they wanted to publicly shame Derrick Burgess. That is fine. And probably because I refused to be quiet about the \$16.7 million that that auditor—when he was the Accountant General—failed to collect, having noticed when that person went to be the Accountant General in 1994 that monies were not being collected because law firms were undervaluing real estate in order to pay Government less tax. They were fleecing the Government out of money, or . . . I won't even say "stealing", but taking money from the Government.

Normally, when you get an employee who is responsible for collecting this money and he did not collect it, I would have thought the auditor at that time would have made a recommendation that that person be dismissed. No, that person was not dismissed. They became the Auditor General. That would not happen anywhere else in the world. Yet you try to shame—

Dr. the Hon. E. Grant Gibbons: Mr. Speaker, point of order.

The Speaker: Yes.

POINT OF ORDER

Dr. the Hon. E. Grant Gibbons: This is getting very close to character assassination of a senior public

servant. We are not hearing the other side of the story. I think it is a little bit—

The Speaker: Yes. Thank you, Honourable Member.

I think, Honourable Member, we have to be careful because the other person cannot really respond. So, move ahead, but move carefully.

Hon. Derrick V. Burgess, Sr.: Mr. Speaker, may I say, respectfully, this has been put in a public document. So that part of the story has been told. It is not like it has not been written. It is in a document for my grandchildren to read—who have read it, and were offended by it.

The Speaker: And, Honourable Member, let me just . . . I will ask you to please . . .

No. As you deliver, I think it is important to stay on a careful track, you might say.

Hon. Derrick V. Burgess, Sr.: Oh, I will do that. But, Mr. Speaker, what I will give you is fact—not innuendoes, not allegations, not stories, but fact. That is what I am supposed to do. And, Mr. Speaker, I will abide by your rules. No problem.

Mr. Speaker, the fraudulent cheques . . . three people sat in a room and convicted the former Premier, Dr. Brown, and myself of these fraudulent cheques without even an investigation. One of the people in that room had control over the police department, cornered me in a call. One of them was a lawyer, former Attorney General. And not one said, *Well, let's do an investigation.*

I equate that to a public lynching, Mr. Speaker, because in those days back in the Deep South, you were guilty. No, you could not even prove yourself innocent, because they hanged you, or they burned you, or they drowned you, or they shot you. And I had to prove myself innocent. It took less than five minutes to prove that to the public.

Mr. Speaker, I tell you that those three people knew those cheques were fraudulent.

Mr. Speaker, you know what happened in a court case? The Governor at that time ordered an investigation of the former Premier based on a perjurious story, and would not order an investigation into this. And then they tried to make a mockery of it because the Government said, *Well, we'll pay for legal fees for the Premier and the Minister of Works and Engineering* (who happened to be named Derrick Burgess).

Mr. Speaker, when that case went to Canada, the Canadian lawyers told the Attorney General that in Canada, a Government cannot sue for whatever the charge was. I do not know if it was defamation or whatever it was. And the Attorney General approached me, and I am sure they approached Dr. Brown . . . *The only way this case can go forward is if you put it in your name.* I said, *I don't have a problem*

with it. And that is how it was done. That is how it got in my name.

And then you get a report entitled, *The Misuse of Funds*, and want us to pay it back. But yet, no recommendation was made to pay the \$16.7 million that that person failed to collect. And, Mr. Speaker, when it was asked . . . Well, not *was asked*, but the report in the Auditor's Report of 1998 states that they could not investigate it because they had inadequate records.

Oh, that is strange. There were lawyers bringing papers for tax purposes to convey property from one person to another. You take a cheque. And you could have had an investigation. I can make an innuendo why an investigation was not held, but I am not going to do that. I am not going to do that. I think anybody can figure that out, Mr. Speaker.

And then, you know, there was a story about White's Island, about the lease there. And you would think that the Minister for Public Works drafts these leases. The lease is drafted by the technical people in the Department of Works and Engineering and checked over by the Attorney General's Chambers, not the Minister. The Minister *signs* it. And there was a technicality in there, and instead of the Minister saying, *Let me straighten this out*—because obviously this was done by civil servants—*Let's straighten this out.* No! Instead, they went to court to take the property away, right?

Mr. Speaker, they took it away because the leader of Cartel, who does admirable work in this country, was a member of the Progressive Labour Party, so it was wrong for him to have it. And it was even said in the local newspapers that it was done through corruption. No corruption happened there. Are you accusing our people, your civil servants, of corruption because the person happened to know me and is a good friend of mine? But who is not a good of ours in Bermuda, a country of 22 square miles, Mr. Speaker? And they are all related to me one way or the other—probably my cousin. As they might say, as one of the former Attorney General's, I think it was an Indian fellow, says, *It might be unethical, but not illegal.*

Mr. Speaker, I heard of the statement in this House . . . Before I go there, Mr. Speaker, a boyfriend of a relative of mine was stopped. The car was searched and they said they found drugs in it. My relative never drove that car, not once, before or after. The boyfriend stayed with her. No drugs were found in her apartment, Mr. Speaker. But guess what? She was arrested and charged and had to go to Supreme Court!

The police knew this young lady did not indulge in drugs. She does not even drink liquor or anything like that, even up to today. But she was charged, and the family had to get \$20,000 for a lawyer. And after the third day—she did not even go on the stand—they released her. Twenty dollars spent.

But, Mr. Speaker, I heard in this House that all containers at the docks are X-rayed. That is not so. All containers at the docks are not X-rayed. Not. The reefer, which means the refrigerated containers, are not X-rayed. And I have been told that sometimes they will get an order from Customs, *Release these containers. Let them go*, without even going through the X-ray. *Orders came from high up*. Now, I do not know what *high up* means, but it came from Customs.

Mr. Speaker, yesterday I went to church. I saw one of my good friends there. And thinking about this here, because when you attack me of pilfering, removing government assets—something I have never heard before—I get offended. And more so, I can take it. This is politics, as they say. My children and my grandchildren get even more offended. We are human also, Mr. Speaker, and that is why I talk about the two worlds.

Mr. Speaker, I went home and I googled a drug case. And what we saw in there, Mr. Speaker, is the Commissioner of Police at that time, for the first time, went and demanded the original file of this particular case. And that officer would not give it to his boss. He said, *Why are you asking? You can get a copy, not the original file. This has never been done before. Why the sabotage?* And then that particular commissioner charged six of his officers in court. I never heard a commissioner take six of his officers to court.

An Hon. Member: They were working on the case.

Hon. Derrick V. Burgess, Sr.: Who were working on the case . . . and they were removed. And they went to court, and they were found not guilty.

Mr. Speaker, if that container had belonged to the Honourable Member Marc Bean, or the Honourable Member Zane De Silva, they would have been arrested. Why do we have these two Bermudas? Depending on what party you belong to, what affiliation, political affiliation you belong to, that is how you are treated? And you want to investigate us? You think everything that everybody does in this party, particularly black people, is wrong? That is the way it looks in this country. This party could not have done anything right because of the complexion of this party.

This is not a black party. Let me say that. I have never been in a meeting in all my years in the PLP where they said, *Only blacks are allowed here*. Never! I would not be a part of anything like that. I have never been in a union like that. Never! Look at my complexion. It comes from someone else. So I am not going to do that, Mr. Speaker.

Mr. Speaker, the commissioner in this particular case ordered the return of a computer of a suspect. Never been done before. You see the difference between (when I call the two Bermudas)? One person, no involvement in a case arrested and charged. One person owned the container, not charged. And

the commissioner of police was there to sabotage the whole incident. Order the return of a computer of a suspect! Wanted the original files!

This nonsense has got to stop.

Now, as long as you keep accusing us of corruption and incompetence, we will speak about this drug case and other cases that I can bring up tonight, but I will hold some of it. I will continue to speak about it, Mr. Speaker. And the person knows who I am talking about.

Sabotage!

I have got more information I can give tonight here, but I am not going to give it tonight. I will just hold it, some damning information! But I will hold it, Mr. Speaker. So I am just saying, Mr. Speaker, this country better start treating people as people—not based on their complexion, not based on who they belong to, what political party they belong to.

And, Mr. Speaker, you know, even during the lynching back in the South, you even had some of our own taking some of their people to their *Massa* to be hanged. And then they would say, *I'm proud to deliver these people for my master*. This is how we get messed up.

And people thought, somebody who does not know thinks they only lynched men. They lynched children, women! They burned them! They drowned them! They shot them! They stabbed them! That is what they did, and hanged them. And this is what I call the modern-day lynching, when you are talking about you are still investigating a party from 1998. It is like, *Okay, we can't find something, so let's put something there*. That is what they did in those days. And it appears that the public lynching continues in this country.

Mr. Speaker, you know, they even talked about the Dame Lois Browne-Evans Building. Mr. Speaker, I have a document before me. And I wrote to Government House about this, about an employee who is in charge of making recommendations, who gets this job and costs in these jobs, who has his own construction company and had it since 1992.

I wrote to the people to try to correct it. They did nothing. And this same person signed a contract for \$3.4 million, where the PS [Permanent Secretary] is supposed to sign. The PS knew nothing about it. No Cabinet approval, but was paid \$3.4 million. No special audit was done. Nothing was done, Mr. Speaker. If that had been me, or anyone on this side, you know what would have happened.

Mr. Speaker, on two occasions, I will never forget, we had a contract submitted to my PS to present to me to take to Cabinet to fit out 3,000 square feet. And the price for it was \$1,228,000. And I said to my PS, *What's this for? Do the police need some special walls or something?* So I called in the Police Commissioner and the Minister responsible for their budget. And I asked them, I says, *Look. We've got to do this office for you. Is it anything special you need in*

this office? They said, No, just a regular office. I said, Okay, no problem. So . . .

[Inaudible interjection]

Hon. Derrick V. Burgess, Sr.: Okay, Mr. Speaker, we will—

The Speaker: Thank you.

Hon. Derrick V. Burgess, Sr.: Okay.

The Speaker: Thank you, Honourable Member.
The House is adjourned to Monday, February the 6th.

Some Hon. Members: March.

The Speaker: The 9th, February the 9th.

Some Hon. Members: March.

The Speaker: That is right. It is 6 upside-down.

Some Hon. Members: March.

The Speaker: March the 9th.

[Laughter]

The Speaker: You guys are keeping me out too late at night.

[At 10:15 pm, the House stood adjourned until 10:00 am, Monday, 9 March 2015.]

BERMUDA HOUSE OF ASSEMBLY**OFFICIAL HANSARD REPORT****9 MARCH 2015****10:06 AM***Sitting Number 13 of the 2014/15 Session**[Hon. K. H. Randolph Horton, Speaker, in the Chair]*

Take your seat!

PRAYERS*[Pause]**[Prayers read by Hon. K. H. Randolph Horton, Speaker]***The Speaker:** And, Members are quiet!*[Gavel]**[Pause]***CONFIRMATION OF MINUTES****The Speaker:** Honourable Members, the Minutes of March the 2nd, March the 4th and March the 6th have been deferred.**The Speaker:** "In the Commonwealth we are a group of 53 nations of dramatically different sizes and climates. But over the years, drawing on our shared history, we have seen and acted upon the huge advantages of mutual cooperation and understanding, for the benefit of our countries and the people who live in them.**MESSAGES FROM THE GOVERNOR**

"Not only are there tremendous rewards for this cooperation, but through dialogue we protect ourselves against the dangers that can so easily arise from a failure to talk or to see the other person's point of view.

The Speaker: There are none.**ANNOUNCEMENTS BY THE SPEAKER
OR MEMBER PRESIDING**

"Indeed, it seems to me that now, in the second decade of the twenty first century, what we share through being members of the Commonwealth is more important and worthy of protection than perhaps at any other time in the Commonwealth's existence. We are guardians of a precious flame, and it is our duty not only to keep it burning brightly but to keep it replenished for the decades ahead.

The Speaker: I do have a few announcements.

When the Speaker stands, the Speaker expects absolute silence.

COMMONWEALTH DAY MESSAGE*From her Majesty the Queen
Head of the Commonwealth***A YOUNG COMMONWEALTH****The Speaker:** Honourable Members, today is Commonwealth Day, and I will read to this Honourable House the Commonwealth Day Message from Her Majesty the Queen, Head of the Commonwealth:

"One simple lesson from history is that when people come together to talk, to exchange ideas and to develop common goals, wonderful things can happen. So many of the world's greatest technological and industrial achievements have begun as partnerships between families, countries, and even continents. But, as we are often reminded, the opposite can also be true. When common goals fall apart, so does the exchange of ideas. And if people no longer trust or understand each other, the talking will soon stop too."

Honourable Members, when the Speaker is on his feet, Members take their seats!

"With this in mind, I think it apt that on this day we celebrate 'A Young Commonwealth' and all that it has to offer. As a concept that is unique in human history, the Commonwealth can only flourish if its ideas and ideals continue to be young and fresh and relevant to all generations.

"The youthfulness and vitality that motivate our collective endeavours were seen in abundance last year in Glasgow. They will be seen again in a few months' time when Young Leaders from islands and continents gather to make new friendships and to work on exciting initiatives that can help to build a safer world for future generations. And last November in India, talented young scientists from universities and research institutes conferred with eminent professors and pioneers of discovery at the Commonwealth Science Conference, where together they shared thoughts on insights and inventions that promise a more sustainable future.

"These are stirring examples of what is meant by 'A Young Commonwealth'. It is a globally diverse and inclusive community that opens up new possibili-

ties for development through trust and encouragement. Commonwealth Day provides each of us, as members of this worldwide family, with a chance to recommit ourselves to upholding the values of the Commonwealth Charter.

"It has the power to enrich us all, but, just as importantly in an uncertain world, it gives us a good reason to keep talking."

YOUTH PARLIAMENT

The Speaker: I would also like to inform the Honourable House that we do have three of our Young Parliamentarians who are in London at the present time and will be participating in the Commonwealth Day [activities] there.

Also, here in Bermuda, our Youth Parliament will observe Commonwealth Day, where they will visit a total of seven middle and secondary schools across the Island to initiate discussion about the Commonwealth. The topic this year, as I just mentioned, is *A Young Commonwealth*. These Youth Parliamentarians will deliver 30-minute interactive presentations at the schools that they attend. This programme, the Commonwealth Day Youth Expo, will bring together key international and local issues, such as youth immigration, youth unemployment, use of social media in schools, as well as gaining a heightened awareness of the Commonwealth amongst our people.

The parliamentarians that we have participating in London are Aqueelah Simmons and Shamar Morris.

PHOTOGRAPHY NOT ALLOWED IN GALLERY

The Speaker: Also, Honourable Members, while I am on my feet, I did see, myself, a very disturbing photo of a Member of Parliament on Facebook in a photo which was taken in this Chamber. And, the first matter of clarity is that the photo was taken from the Gallery.

This is absolutely, totally unacceptable. And I have asked Mr. Fox to be absolutely vigilant in ensuring that electronic gadgets are not used in the House by those in the Gallery. I will be, during our meeting of the Standing Orders Committee this coming Friday, [ensuring that] this matter will be discussed.

MESSAGES FROM THE SENATE

The Speaker: There are no messages from the Senate.

PAPERS AND OTHER COMMUNICATIONS TO THE HOUSE

The Speaker: The Chair will recognise the Honourable Minister, the Minister of Finance, Mr. Richards.

PUBLIC SERVICE SUPERANNUATION FUND: ACTUARIAL VALUATION AS AT MARCH 31ST, 2014

Hon. E. T. (Bob) Richards: Good morning, Mr. Speaker.

Mr. Speaker, I have the honour to attach and submit for the information of the Honourable House of Assembly the Public Service Superannuation Fund: Actuarial valuation as at March 31st, 2014.

The Speaker: Thank you, Honourable Member.

[Pause]

The Speaker: Honourable Member, the piece that you just did, was [it] the Legislative Pension Fund?

[Inaudible interjection]

The Speaker: Sorry?

Hon. E. T. (Bob) Richards: Well, I have a second one.

The Speaker: You have a second one. Okay. All right. I was just checking to see whether we had that. Please, Honourable Minister.

MINISTERS AND MEMBERS OF THE LEGISLATURE PENSION FUND: ACTUARIAL VALUATION AS OF MARCH 31ST, 2014

Hon. E. T. (Bob) Richards: Yes. Thanks, Mr. Speaker.

I also have the honour to attach and submit for the information of the Honourable House of Assembly, [the] Ministers and Members of the Legislature Pension Fund: Actuarial valuation as of March 31st, 2014.

The Speaker: Right. Thank you. Thank you, Honourable Minister.

PETITIONS

The Speaker: There are no petitions.

STATEMENTS BY MINISTERS AND JUNIOR MINISTERS

The Speaker: We do have two Statements. First we have a Statement on the Actuarial Report of the Public Service Superannuation Fund, from the Honourable Minister of Finance. Minister Richards, you have the floor.

PUBLIC SERVICE SUPERANNUATION FUND ACTUARIAL REPORT OF AS AT MARCH 31, 2014

Hon. E. T. (Bob) Richards: Mr. Speaker, in accordance with section 8A of the Public Service Superannuation Act 1981, I am pleased to table the [Public Service Superannuation Fund Actuarial Report](#) as at March 31st, 2014.

Mr. Speaker, the Public Service Superannuation Fund (commonly known as PSSF) was established on April 1st, 1982 by the Public Service Superannuation Act, 1981 (hereinafter referred to as “the Act”). Members will be aware that the purpose of the PSSF is to provide retirement pensions for retired employees of the Government of Bermuda and the employees of various quasi-autonomous non-governmental operations.

The plan is a typical defined benefit plan. Mr. Speaker, a Defined Benefit (DB) plan is often regarded as more valuable than a Defined Contribution (DC) plan. This is because the benefits of a Defined Benefit scheme are often calculated as a proportion of final salary, with the employer carrying the investment risk, while the Defined Contribution benefits depend on the investment performance of the participant’s account or the *pension pot*.

Mr. Speaker, the most significant events disclosed in this actuarial valuation are as follows:

1. The value of assets as at March 31st, 2014, is \$572.747 million. And that compares to \$502.3 million in the previous year;
2. The actuarial liability was \$1,359,815,000 (compared to 2012, of \$1,475,141,000 a year before). The actuarial liability is based on the benefits earned up to the valuation date, assuming the PSSF continues indefinitely;
3. The unfunded liability was \$796,582,000. And that compares to the previous year of \$983,096,000. The unfunded liability is the difference between the actuarial liability and the market-related value of the assets;
4. The ratio of pension assets-to-liabilities, or funding ratio, for the PSSF was 41.4 per cent, and that is compared to 33.4 per cent in the previous year.

Mr. Speaker, in 2014, I announced the Cost of Living Adjustment (or COLA, as it is known) increases would be suspended for pensioners until such time as the sustainability of the PSSF has been improved. This amendment results in a decrease in the PSSF’s actuarial liabilities of \$422.4 million, which has been recognised by the actuaries at the valuation date.

Also during the review period, a pensioner mortality study of the PSSF was completed in 2014. This review showed that the mortality of the public sector employees in Bermuda has kept pace with mortality improvements of similar employee groups in Canada and elsewhere. Accordingly, the mortality as-

sumption has been updated to reflect this improvement. This change results in an increase of plan liabilities of [\$176,931,000].

The Speaker: Honourable Minister, hold on for me a second.

[Pause]

The Speaker: Honourable Member, do you mind holding for a minute while we make sure that Members have . . .

Hon. E. T. (Bob) Richards: No problem.

The Speaker: I apologise.

[Pause]

The Speaker: Right. So do all Members have [a copy] right now? All right. Okay.

And also, I am just going to remind Members as well, please, if you could let me have these matters in a timely fashion so that I can push on.

Hon. E. T. (Bob) Richards: My apologies, Mr. Speaker.

The Speaker: Right. Please. Thank you.

Hon. E. T. (Bob) Richards: Right.

As mentioned, the latest actuarial review shows an improved funded ratio of 41.4 per cent for the PSSF as at March 31st, 2014. Honourable Members are aware that the PSSF has a guarantor in the Bermuda Government as far as benefit security goes. However, it is still fiscally prudent for the Government to adequately fund and to plan for these, albeit long-term, obligations and maintain the funding ratio at an acceptable long-term target level.

It is important to note that, to achieve sustainable solvency, it is not necessary that all accrued benefits be fully funded. Research of the funding statuses of regional and international public service pension plans indicate that there is no internationally prescribed funding level. For instance, most of the CARICOM [Caribbean Community] countries and the UK generally have pay-as-you-go government-sponsored occupational pension plans that are paid out of their consolidated funds. Accordingly, they are unfunded. In contrast, various government-sponsored occupational pension plans of Canadian provinces are either fully funded or close to fully funded.

Honourable Members should note that there is no simple remedy to resolve the unfunded positions of the public sector pension plans. To assist with the review of these pension plans, a Pension and Benefits Working Group [PBWG] has been established. The purpose of the working group is to review, under the

Public Sector Reform Initiative, all public sector pension plans and make recommendations to Cabinet in order to ensure the sustainability of these plans and benefits in a manner that is responsible and fair to both the pensioners and members of the plans and Bermuda taxpayers. Some of the benefit changes to be considered for the PSSF are as follows:

- Change the final average earnings (FAE) definition from “the salary payable to him immediately preceding the date of his retirement” to “an average of his earnings over the five years preceding his date of retirement (or termination)”;
- Increase the age at which an unreduced pension is payable from 60 to 65 (or 55 to 60 for special groups);
- Apply actuarial reductions on early retirement prior to age 65 (or 60);
- Decrease the lump sum commutation factor from 11.5 to 10.0;
- Apply a 10 per cent reduction to the amount of pension payable to someone retiring with a spouse, who elects the joint and survivor option;
- Increase contributions; and lastly,
- Decreasing the pension [accrual] rate (for the future, and possibly the past) for active members from 1.5 per cent per annum to a lower rate.

Mr. Speaker, as reported above, the market valuation of assets in the PSSF as at March 31st, 2014, was approximately \$572.7 million, representing roughly 7.4 times more than the annual projected payout of some \$77.2 million in pensions and allowances for this fiscal year.

In closing, Mr. Speaker, I wish to assure current and future pensioners that the Government is sensitive to the challenges facing pension plans of this nature and will take appropriate steps to preserve the long-term financial viability of the fund.

The Speaker: Thank you, thank you, Minister.

The Chair will now recognise the Honourable Minister E. T. Richards, who has a second Statement. Carry on, Minister, please.

MINISTERS AND MEMBERS OF THE LEGISLATURE ACTUARIAL REVIEW OF PENSION FUND 2014

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

In accordance with section 9(2) of the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975, I am pleased to table the Ministers and Members of the Legislature Pension Fund [MMLPF] [Actuarial Valuation Report](#) as at March 31st, 2014.

This is a mouthful, of course, Mr. Speaker, so I am going to try to abbreviate it as MMLPF. The MMLPF was established on April 1st, 1988, by the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975 [the Act]. The purpose of the fund is to provide retirement pensions for the Ministers, Members and officials of the legislature of Bermuda in accordance with the Act.

Mr. Speaker, it should be noted that, when the Ministers and Members of the Legislature Pension Fund was established in 1975, there was no separate fund established. Contributions were paid into and benefits were paid from the Consolidated Fund. On April 1st, 1988, the MMLPF was established, and from that date contributions were paid into and benefits have been paid from the fund.

Honourable Members will recall that, on June 27th, 2014, I announced that COLA [Cost of Living Adjustment] clause increases would be suspended for pensioners until such time as the sustainability of the MMLPF has been improved. This amendment results in a significant decrease in the MMLPF’s actuarial liabilities, which have been recognized, by our actuaries, at the valuation date.

Mr. Speaker, the most significant events disclosed in the actuarial valuation are as follows:

1. The value of the assets of the fund as at March 31st were \$12.5 million, as opposed to \$10.9 million the year before;
2. The actuarial liability was \$23.17 million. In the previous year, it was \$26.4 million for the MMLPF; and \$6.9 million as opposed to \$7 million for the Consolidated Fund;
3. The unfunded liability was \$10.7 million as of March 31st, 2014, and that compares to \$15.4 million the year before for the MMLPF; and \$6.9 million for the Consolidated Fund. And that compares to \$7.1 million the previous year; and
4. The ratio of pension assets-to-liabilities, or funding ratio, for the MMLPF was 53.9 per cent. That compares to 41.6 per cent the year before.

Although the fund is currently in an underfunded position, other vital fundamentals are relatively positive. For instance, the short-term cash flow position of the fund will remain positive for the foreseeable future; currently, contributions and investment income exceed pension benefits and other fund expenses by over \$350,000 per year. The value of assets in the Ministers and Members Fund on March 31st was just over \$12.1 million, approximately nine times more than the annual projected pay out of some \$1.3 million in pension benefits.

Mr. Speaker, the Government is the ultimate guarantor of the benefits paid under the MMLPF. Despite this, it is still fiscally prudent for the Government to adequately fund and to plan for these long-term obligations and maintain the funding ratio of the MMLPF at an acceptable long-term target level so that

the fund is sustainable. It is important to note that, for sustainable solvency, it is not necessary for all accrued benefits to be funded.

Mr. Speaker, the Ministry of Finance, along with the Public Benefits Working Group, is currently in the process of further reviewing the benefits of the MMLPF to ensure its sustainability.

In closing, Mr. Speaker, I wish to assure current and future pensioners that the Government is sensitive to the challenges facing pension plans of this nature and will take the appropriate steps to preserve the long-term financial viability of the fund.

Thank you, Mr. Speaker.

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

[Pause]

Hon. Dennis P. Lister: Mr. Speaker, while you are just talking to that, just for the sake of good order.

The Speaker: Yes. Yes.

Hon. Dennis P. Lister: Minister, the date that this was submitted is incorrect. I mean, you have got 14 instead of 15—2014 instead of 2015, just for the sake of good order.

[Inaudible interjection]

Hon. Dennis P. Lister: No, no. On both of your documents, you have got March 9th, 2014, instead of March 9th, 2015.

The Speaker: Yes, yes. It should be 2015, yes.

Hon. Dennis P. Lister: Just for the sake of good order.

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

REPORTS OF COMMITTEES

The Speaker: There are none.

QUESTION PERIOD

The Speaker: We now move to the Question Period.

The Chair will recognise first the Honourable Shadow Minister, the learned Member from Sandys South Central, constituency 34. MP Kim Wilson, you have the floor.

[Crosstalk]

The Speaker: Take your time, Honourable Member. Take your time.

Ms. Kim N. Wilson: Thank you, Mr. Speaker. Good morning.

The Speaker: Good morning.

QUESTION 1: KING EDWARD MEMORIAL HOSPITAL QUALITY ASSURANCE PROGRAMME

Ms. Kim N. Wilson: The first question with respect to being addressed by the Honourable Minister of Health is as follows: Will the Honourable Minister please advise this Honourable House if King Edward Memorial Hospital has a quality assurance programme in place to monitor lapses in patient care, and what steps are being taken to ensure quality?

The Speaker: Minister?

Hon. Jeanne J. Atherden: The BHB [Bermuda Hospitals Board] does have a quality of care programme, and the chief of staff oversees a quality and risk department. And it investigates and responds to complaints. The various BHB monitors, in terms of quality, they look at falls, medication errors, infections and sentinel events, which have occurred in their patients.

The Speaker: Thank you, Honourable Member.

Ms. Kim N. Wilson: Supplementary?

The Speaker: Yes.

SUPPLEMENTARY

Ms. Kim N. Wilson: Do these [sentinel] events also include situations where persons have died whilst in hospital and shortly thereafter nurses enter into the room for the purposes of drawing blood on a patient who is already expired?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker and Honourable Member, a “sentinel event” is defined as an unexpected event at the hospital which potentially harms or does patient harm. And so, they recognise that those things happen and there is an investigation that deals with it.

With respect to the second part of your question, I would have to investigate that. I am not aware of that as a particular occurrence.

The Speaker: MP Wilson?

QUESTION 2: GOVERNMENT'S PRE-CERTIFICATION PROGRAMME

Ms. Kim N. Wilson: Thank you.

The question number 2, Will the Honourable Minister please confirm for this Honourable House that the Government has decided to move forward with its pre-certification programme, and if the advice given by the Bermuda Medical Doctors Association, which voted overwhelmingly to reject pre-certification, has been ignored?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, [and] Members of the House, responses to the requests for information [RFI] regarding the establishment of a pre-certification programme for diagnostic imaging, expensive laboratory tests has been received. A decision has not yet been made with respect to the issuance of a request for proposal [RFP].

The Speaker: MP Wilson?

Ms. Kim N. Wilson: Thank you. Supplemental.

The Speaker: Yes.

SUPPLEMENTARIES

Ms. Kim N. Wilson: Which is actually part of the question that was asked.

The Speaker: Okay.

Ms. Kim N. Wilson: Has Government decided to proceed with a pre-certification programme, contrary to the advice of the Bermuda Medical Doctors Association?

The Speaker: Minister?

Hon. Jeanne J. Atherden: I have to respond again that we have not yet progressed to a request for proposal. We are in the process of looking at the answers for the request for information. Obviously, part and parcel of this is examining the utilisation, which was a concern as we went forward. And that information is being processed.

The Speaker: Yes, yes. Carry on.

Ms. Kim N. Wilson: Would the Minister agree that the Bermuda Medical Doctors Association has far more expertise, particularly as it relates to matters of pre-certification, than the Cabinet does?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker and Members of the House, I am not certain where that question comes from, or the sort of circular information. At the current time, we have obviously been having dis-

cussions with the Bermuda Medical Doctors Association in terms of suggestions that they might have with respect to how the over-utilisation can be reduced.

I do not have in front of me anything that says that the Bermuda Medical Doctors Association voted overwhelmingly that they were not in favour of pre-certification. They have obviously indicated by their reviews that they believe that utilisation needs to be examined, and that is what we are all doing, Mr. Speaker.

The Speaker: Yes. The Chair will recognise the Member from constituency 29, MP De Silva, you have the floor. Supplementary?

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

The Speaker: Yes?

SUPPLEMENTARY

Hon. Zane J. S. De Silva: Minister, if the Bermuda Medical Doctors Association were to recommend to you and the Cabinet not to proceed with pre-certification, would you then follow their direction?

The Speaker: Minister?

Hon. Jeanne J. Atherden: Mr. Speaker [and] Members of the House, I would have to deal with that hypothetical situation at the time it arose. But in the interim, I must admit and advise the House, because it is useful to enlighten individuals, that the Bermuda Medical Doctors Association have been looking at this whole question of utilisation and suggesting that maybe there should be some more guidelines for their members to try and reduce over-utilisation.

So we are having a dialogue. Because the bottom line is, how do you make sure that the right tests are ordered at the right time and utilisation goes down?

The Speaker: All right. Thank you.

Yes. The Chair will recognise now the Member from constituency 26, the Leader of the Opposition. M. A. R. Bean, you have the floor.

Hon. Marc A. R. Bean: Good morning.

The Speaker: Good morning. Good morning, good morning.

SUPPLEMENTARY

Hon. Marc A. R. Bean: Mr. Speaker, I would like the Honourable Minister to confirm the position of her Government in regard to pre-certification—not whether, or not the process for issuance of an RFP has proceeded, but the actual policy position of the One Ber-

muda Alliance Government's idea to introduce pre-certification.

The Speaker: Thank you.

Hon. Marc A. R. Bean: Is the Government going to proceed with it?

The Speaker: Thank you.

Hon. Marc A. R. Bean: I should have asked Dr. Gibbons.

The Speaker: Yes, Minister?

Hon. Jeanne J. Atherden: Mr. Speaker, I could turn around and say, *Question asked and answered*. But I am actually going to repeat. A decision has not yet been made with respect to whether we are going to proceed for a request for proposal. We are in the process of evaluating not only the information from the RFI, but looking at the utilisation that has progressed since we started to look at the whole question of pre-certification.

The Speaker: Thank you. Minister, you had the floor.

We will now recognise the Honourable Member from Hamilton West, constituency 6, MP Furbert. Yes.

SUPPLEMENTARY

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

The Honourable Member said that they had not decided on an RFP yet. Has the Cabinet made a decision to move ahead with pre-certification? Not an RFP—has the Cabinet made the decision to move ahead?

The Speaker: Yes, Honourable Minister.

Hon. Jeanne J. Atherden: Mr. Speaker, the Ministry is still reviewing the RFI information in order to make a recommendation to the Cabinet with respect to having an RFP. And at the current time, what we are doing is making sure that we are not just relying on an RFP. We are actually working with the doctors to look at the utilisation, because the bottom line is to try and have the utilisation decreased. And that is what we are doing.

The Speaker: Thank you, Honourable Member.

Yes, the Chair will recognise the Honourable Member from constituency 35. MP D. Lister, you have the floor.

SUPPLEMENTARY

Hon. Dennis P. Lister: Mr. Speaker, we are all rising to our feet, it seems, on this side because we are just looking for a simple, straight answer, in that it was the OBA Government that introduced the concept of pre-certification. What we are simply looking for is whether or not the OBA is still committed to what they introduced, or have they stepped away from it?

The Speaker: Minister? Go ahead, Minister.

Hon. Jeanne J. Atherden: I guess I am trying to figure out . . . Some people know something about a work in progress. Well, this, right now, the information that we would need to make the decision was culled when we started to get the RFI, that is being processed.

We are trying to look at whether we want to progress to the next step or whether there has been subsequent, if you will, better performance by the doctors which indicates that, having raised the issue and having looked at guidelines and other items, that perhaps this is progressing and therefore the utilisation is being driven down.

Once we have been in a position to be able to determine whether pre-certification is the way to make this happen, or whether, if you will, the stick rather than the carrot is better, then we will make the decision.

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

The Chair will recognise the Honourable Member from constituency 13, Devonshire North Central, MP Glenn Blakeney.

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

The Speaker: Good morning.

SUPPLEMENTARY

Mr. Glenn A. Blakeney: So, with regard to pre-certification, the Minister is now confirming that the Government has not made a commitment. She has not, and the Government is not committed to pre-certification. They are just investigating the viability and feasibility.

The Speaker: Question?

Mr. Glenn A. Blakeney: But there is no commitment been made.

The Speaker: What is the question? The question is—?

Mr. Glenn A. Blakeney: Would the Minister agree that the Government has not made a commitment to pre-certification?

The Speaker: Thank you.
Minister?

Hon. Jeanne J. Atherden: The Minister will confirm that the Government is committed to reducing utilisation. And we have not yet made a decision with respect to whether we will progress to pre-certification.

The Speaker: Thank you. Thank you, Minister.
The Chair will recognise the Honourable Member from constituency 29, MP De Silva.

SUPPLEMENTARY

Hon. Zane J. S. De Silva: Thank you, Mr. Speaker.
So, Minister, you talked about you wanted to reduce over-utilisation. Do you not agree that if pre-certification comes about, that the doctors who look after patients, and some of them all their life, are not in the best position to make a decision whether a patient receives . . .

The Speaker: Yes. Honourable Member, that is a hypothetical question. You really are not to ask that. That is a hypothetical question.

Hon. Zane J. S. De Silva: Okay. Let us rephrase it if I can. I will try to rephrase it, Mr. Speaker.

The Speaker: Yes. Yes.

Hon. Zane J. S. De Silva: Minister, you talked about over-utilisation and the need for pre-certification. Do you not agree that if pre-certification is a requisite of—

The Speaker: That is still hypothetical. Thank you.
The Chair will recognise the Honourable Leader of the Opposition. MP Marc Bean, you have the floor.

SUPPLEMENTARY

Hon. Marc A. R. Bean: Thank you, Mr. Speaker.
I would like to ask the Honourable Minister a simple question. Would she agree that this whole movement for pre-certification is driven by the insurance companies in this country, in particular one particular insurance company, and the resistance is coming from the doctors under the Bermuda Medical Association?

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

Hon. Jeanne J. Atherden: Mr. Speaker, I do not agree. And normally, I would just say no. But I think this circle is going around and around. And I think it is beginning—

The Speaker: Just answer. Just answer in your best way.

Hon. Jeanne J. Atherden: No.

The Speaker: Thank you.
You have had your supplementaries, Honourable Member.
All right. Thank you, Honourable Members.

ANNOUNCEMENT BY THE SPEAKER

HOUSE VISITORS

The Speaker: Let me just also indicate two things. First, that we have the Members from the Youth Parliament here, who are here to observe Parliamentarians.

[Desk thumping]

The Speaker: So, Youth Parliament, we have two members. There are four altogether, just two here.
Then also, it looks like we have, first of all, former Minister, Minister Neletha Butterfield, in the Gallery.

[Desk thumping]

The Speaker: And her students. It looks like your students who are there, as well.
Thank you very much.

[Continuation of Question Period]

The Speaker: We now move to the first Ministerial Statement, and I will first recognise the Honourable Member from constituency 18, Pembroke West Central. MP David Burt, you have the floor.

Mr. E. David Burt: Good morning, Mr. Speaker.

The Speaker: Good morning.

QUESTION 1: PUBLIC SERVICE SUPERANNUATION FUND ACTUARIAL REPORT AS AT MARCH 31, 2014

Mr. E. David Burt: Mr. Speaker, in regard to the Minister's Statement, the first question that I have is about the Minister's Statement on page 4. The Minister states that the "Pension and Benefits Working Group . . . has been established." Is there any timeline on

when they are expected to complete their deliberations?

The Speaker: Yes, Minister?

Hon. E. T. (Bob) Richards: I do not think there is a specific timeline, no. They are working away as best they can. But there is no deadline for it.

The Speaker: Thank you.
MP Burt, you have a—

Mr. E. David Burt: Supplementary.

The Speaker: Supplementary, yes.

SUPPLEMENTARY

Mr. E. David Burt: Supplementary, Mr. Speaker.
Mr. Speaker, has the Pension and Benefits Working Group made any recommendations thus far?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Not formally, no.

The Speaker: Thank you.
MP Burt, again?

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

The Speaker: Yes.

Mr. E. David Burt: Mr. Speaker, therefore, will the Honourable Minister please then clarify where the one, two, three, four, five, six, seven recommendations which are in his Statement—where did they come from?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Well, they are not recommendations. They are options. And they came from this working group. But they are not recommendations; they are options.

The Speaker: All right. Thank you.
MP Burt, yes? You have a second question?

QUESTION 2: PUBLIC SERVICE SUPERANNUATION FUND ACTUARIAL REPORT AS AT MARCH 31, 2014

Mr. E. David Burt: Mr. Speaker, unfortunately, I must move on to my second question in an attempt to clarify my first question. Because the Minister said that no recommendations came from the committee. But then he said from the Pension and Benefits Working Group. But then he said that these seven things came

from the committee. So I guess I am trying to seek clarity. Is it because the Minister thinks that there is a difference between recommendations and options? Is that what the issue is? Because we have things that are being considered. So the question is, did they come from the Pension and Benefits Working Group, or did they come from somewhere else?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: I do not understand why the Honourable Member does not understand the difference between “options” and “recommendations.”

[Laughter]

Hon. E. T. (Bob) Richards: I mean, they are self-explanatory. They are options at this point. A recommendation is something that you say, *Do this or Don't do that*. We do not have that yet. These are options.

The Speaker: All right. Thank you.
Yes.

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

The Speaker: Yes.

SUPPLEMENTARIES

Mr. E. David Burt: So, would the Minister please clarify how his Government intends to move from options to recommendations?

The Speaker: Yes. Minister?

Hon. E. T. (Bob) Richards: Mr. Speaker, these issues are quite complicated, and we are working through them. And as we are working through them with this group, which is, I guess, a child of the SAGE Commission, we continue to work through this. And we will have some sort of recommendations that will be promulgated in due course.

The Speaker: All right. Thank you.
MP Burt, yes?

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

The Speaker: Yes?

Mr. E. David Burt: To continue upon that topic, were all the options, as I will call them, which have been presented in the Minister's Statement—were all the options, did all of these come from the Pension Benefits Working Group or were some suggested by the Cabinet?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: I do not think any of them came from Cabinet. This is part of the working group, which includes officials in the Ministry of Finance.

The Speaker: Thank you.
Yes, MP Burt.

Mr. E. David Burt: Third question, Mr. Speaker.

The Speaker: Yes?

QUESTION 3: PUBLIC SERVICE SUPERANNUATION FUND ACTUARIAL REPORT AS AT MARCH 31, 2014

Mr. E. David Burt: Mr. Speaker, on the third page of the Minister's Statement, he states that "it is important to note that [to achieve] sustainable solvency, it is not necessary that all accrued benefits be [fully] funded."

Could the Minister please elaborate on that statement so the members of the public can understand specifically what he is referring to?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

What this means is . . . (I am trying to find it here.) There it is, on page 2 of this Statement. It says that "the ratio of pension assets to liabilities . . . is 41 per cent." What I mean by . . . The answer to the Member's question is that this ratio does not have to be 100 per cent for the fund to be sustainable over the long period of time, over the long term. So, just because it is underfunded, it does not mean that the fund is in danger of collapsing, and the public should understand that. When you see a pension fund that is underfunded, it does not necessarily mean that there is some sort of impending doom insofar as the pension plan is concerned. So it does not have to be 100 per cent funded for it to be sustainable over the long term.

The Speaker: All right. Thank you, Minister.

Mr. E. David Burt: Mr. Speaker, I thank the Honourable Member for that, because I think it is very helpful for the members of the public.

As a supplementary, Mr. Speaker.

The Speaker: Yes.

SUPPLEMENTARIES

Mr. E. David Burt: Could the Honourable Minister then clarify what, in his view, is a sustainable level or a sustainable level of the, I guess you could say, the funding percentage?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Well, Mr. Speaker, one cannot generalise on these things, because whether it is sustainable or not depends on the actual features of the fund. But I think that . . . And I do not know what a particular number is in the case of the PSSF. But I think most people consider that the underfundedness of this particular fund is a matter of concern. And I think that that is the bottom line.

I am not going to stick my head out to the extent where I can put a number down. But 41.4 per cent of funding is not sufficient. I think the actuaries may have varying opinions on what is sufficient. But we do know that this fund, there are some problems with this fund at this level of funding.

The Speaker: Thank you.

Yes, Member from constituency 18 again, MP Burt.

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

My second supplementary on my third and final question is, Would the Minister agree that the issue, that the accrued liability or the underfunded basis of the pension fund assumes that there would be no further contribution at any given date, and that is what we are looking at when we are talking about the underfunded level? It is assuming that there [will be] no further contribution and this is what the fund would have to pay out? Could the Minister please confirm that to this Honourable House?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: I am not sure I know the exact answer to that question. But I do know that the underfundedness has to do with the value of the assets versus the actuarial present value of the liabilities. And if that means that you are assuming that there are no further contributions, actually I am not sure about that. So if you know that and I do not know that, that is fine. But I do know that the actuarial estimate of the present value of the fund is a very tricky thing to estimate—very tricky. There are assumptions all over the place. So, it is problematic.

But it sounds logical, Honourable Member, but I cannot say that for sure.

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

We now move to the second Statement, and the Chair will again recognise the Honourable Member from constituency 18, the Shadow Minister of Finance and the Deputy Premier [*sic*], from Pembroke West Central. MP D. Burt, you have the floor.

Mr. E. David Burt: Good morning, Mr. Speaker, again.

The Speaker: Good morning again, yes.

QUESTION 1: MINISTERS AND MEMBERS OF THE LEGISLATURE PENSION FUND 2014 ACTUARIAL REVIEW

Mr. E. David Burt: And some of these questions might seem a little bit repetitive. But on page 3 of the Minister's Statement, the Minister states, "... and maintain the [funding] ratio of the MMLPF at an acceptable long-term target level so that the fund is sustainable."

Again, Mr. Speaker, I will ask, Given that the funding rate shows at 53.9 per cent, and that is higher than the PSSF, can the Honourable Minister please indicate what, in his view, would be an acceptable long-term level?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: You know, it is a similar question to what he asked before. I do not have a number. The only difference here, Mr. Speaker, is that part of this fund is actually coming out of the Consolidated Fund for those people who are members before the actual fund was set up. And that is kind of what makes a difference here.

Also, the contribution level to this particular fund is much, much higher than for civil servants. But I am not going to say what that number is, because I do not know what it is.

The Speaker: All right. Thank you.

Yes, Member from [constituency] 18 again.

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

The Speaker: Yes, yes.

SUPPLEMENTARIES

Mr. E. David Burt: Mr. Speaker, the Minister keeps saying he does not know what that level is. However, both of his Statements speak about an acceptable long-term target level. When and how will the Government come up with what that number needs to be? Of course, if we are going to get somewhere, we need to know the target which we are going to reach. How will the Government come up with that target?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Mr. Speaker, I can commit to the Honourable Member to get the actuaries to come up with that number. This is an arcane science here. And therefore, if he wants somebody to come up with that number, I do not know how useful that will be, but we can get it anyway.

The Speaker: Thank you, Minister.

Mr. E. David Burt: Supplemental.

The Speaker: Yes, your second supplementary.

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

The Speaker: Yes.

Mr. E. David Burt: Would the Honourable Minister agree that it is useful because he has mentioned a long-term target in his Statement. And if we have a long-term target as he mentioned in his Statement, should the Government not have the actual idea of what this target level is supposed to be?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: The Honourable Member just asked the same question a few minutes ago. There is no point in repeating the question because the answer is going to be the same.

The Speaker: All right. Thank you.

MP? Yes. MP Burt, yes, your second question?

QUESTION 2: MINISTERS AND MEMBERS OF THE LEGISLATURE PENSION FUND 2014 ACTUARIAL REVIEW

Mr. E. David Burt: Second question, Mr. Speaker.

Mr. Speaker, in the Minister's Statement, he refers to the cost of living increases that were suspended and which represented an experience gain in both funds. The question is, How long does the Minister intend to leave the cost of living adjustment freeze in place?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: There is no definite date on that. It is going to be suspended until further notice.

The Speaker: All right. Thank you.

Yes, MP Burt?

SUPPLEMENTARY

Mr. E. David Burt: Mr. Speaker, I thank the Minister for his response to the question. I guess the follow-up question is, Is this something that the Pension and Benefits Working Group will be looking at insofar as . . . because we realise that the experience gain that this has caused. It has put the fund in a better-funded position, but on a long-term basis, it seems that it would be unsustainable to imagine that there is not going to be any cost-of-living increases.

So, is this something that the Pension and Benefits Working Group will be looking at?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Mr. Speaker, the removal of the COLA clause was the result of the work of this working group. And it has helped the fund to be on a more solid level. Which is why I say it [will certainly remain], indefinitely, or until further notice. Our objective here is to do what is necessary to help the sustainability of the fund. So I am not sure what the Honourable Member is driving at. But, certainly, this cost-of-living adjustment clause has been the *bête noire* of defined benefit pension funds globally. [It is] based on assumptions and conditions that do not exist anymore, because these things were generally put in [place] 30–40 years ago.

So, that is my answer to that. I do not know when it is going to come back. It might come back, but I am not sure.

The Speaker: Thank you, Minister.
Yes.

Mr. E. David Burt: Mr. Speaker, I will move on to my third question.

The Speaker: Yes.

QUESTION 3: MINISTERS AND MEMBERS OF THE LEGISLATURE PENSION FUND 2014 ACTUARIAL REVIEW

Mr. E. David Burt: Mr. Speaker, previously in this Honourable House, the Honourable Minister has indicated that he believes that there should be major changes to the Ministers and Members of the Legislature Pension Fund.

Can the Minister please confirm to this Honourable House that Cabinet is still committed to reviewing the structure of the MMLPF insofar as the benefits that are received to former Ministers and Members of the Legislature?

The Speaker: Yes. Carry on, Minister.

Hon. E. T. (Bob) Richards: We are looking at both of these public sector pension funds to try to make decisions to help them to be more sustainable to people who have served the public of Bermuda.

The Speaker: All right. Thank you, Minister.

The Chair will recognise the Honourable Member Burt for a supplementary.

SUPPLEMENTARY

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

Mr. Speaker, as a supplementary, in regards to the changes, the Honourable Minister of Finance has indicated that they will be looking at changes.

However, there are no options presented in his Statement.

Will the Honourable Minister please enlighten this Honourable House as to what options the Government is considering of which may have come from the Pension and Benefits Working Group? We have got options in one Statement, but none in this Statement, Mr. Speaker.

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Mr. Speaker, I think generally, the options described for the PSSF are similar to the smaller fund. I mean, they apply. Just because they have not been outlined in the second paper does not mean that those options do not apply.

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

Thank you, Minister and the Member, the Shadow Minister of Finance.

That concludes the Question Period.

CONGRATULATORY AND/OR OBITUARY SPEECHES

The Speaker: We now move to congratulatory and/or obituary speeches. And the Chair will first recognise the Honourable Member from constituency 2, St. George's West, the Junior Minister of [Community, Culture and] Sport. MP Nandi Outerbridge, you have the floor.

Ms. Nandi Outerbridge: Thank you, and good morning, Mr. Speaker.

The Speaker: Good morning.

Ms. Nandi Outerbridge: Mr. Speaker, on Friday I had the opportunity to attend a charity fundraising event with the Premier. And it was put on by the International Woman's Club of Bermuda. Basically, what the art event did was women of Bermuda were donating pieces of artwork to this art show, and it was for sale. So the proceeds and the benefits from the art show went to the Kaleidoscope Foundation and the Phenomenal People Foundation.

I just want to send congratulations to all the women who put it together and donated the pieces. It was a very well-put-together show. And the Premier and I even had a little giggle because the most popular artwork for sale, or what sold first, was the chickens.

[Laughter]

Ms. Nandi Outerbridge: Pictures of chickens. We were coming back that evening to debate the Protection of Birds Amendment Act; so that was funny.

While we were there, we did run into Flora Duffy's mom, who said she was competing over the weekend. So I just followed that race, actually, and I would like to send congratulations to Flora, who placed third at the World Cup Triathlon. I would like to associate the Minister of Education—the whole House. I will associate the whole House with this, for placing third place in the World Cup Triathlon in Abu Dhabi. And I am sure that Flora is enjoying her experience as much as Bermuda is proud of her out there representing us.

Whilst on my feet, lastly, I would like to send congratulations to the gymnast, Ms. Tabytha Hofheins, on winning the Gold Medal in Montreal for the National Gymnastics Team in Bermuda. Tabytha is the captain of the team, and she has done very well.

Thank you, Mr. Speaker.

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

The Chair will now recognise the Honourable and Learned Member from constituency 31, Southampton West Central, the Minister for Tourism and Transport. MP Crockwell, you have the floor. Minister Crockwell.

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

Mr. Speaker, I would like to send congratulatory remarks to the most recent travel agency that officially opened up today, known as TRIP, Mr. Speaker, TRIP Bermuda. I had the pleasure of being able to cut the ribbon this morning. The company has been in existence for a little while now, but they were just doing sort of soft launches and getting the actual operation going. They had their official opening today. It is located there in the Washington Mall upstairs, and offers its clients services in various languages, in English and Portuguese. It provides sort of a balance of modern technology, because you know how the online travel agents have sort of taken over. But this is going to give the customers the opportunity to have your traditional travel agent, but be exposed to all of the modern technology that we find today with travel.

It is fully Bermudian owned, Mr. Speaker. And it was the dream of the late Ms. Lois Wilson, who passed away a year to this date, Mr. Speaker. And in honour of that, this is her family. It is a family-owned business, and they wanted to continue on with her dream and fulfilling her dream. And so I would like to congratulate them and tell them that it is good to know, as the Minister of Tourism, that Bermudians still have confidence in the tourism industry. I would like to associate the Honourable Member, Mr. Blakeney, with that. And I wish them much success, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency 29, Southampton East. MP De Silva, you have the floor.

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

Mr. Speaker, I would like this Honourable House to send congratulations to Mr. Collie Buddz. Well, you know I put my hand up, Mr. Speaker, he is my son-in-law. And just recently he was voted Artist of the Week in California by Cali Roots 2015. So, Mr. Speaker, he continues to excel in the sport of entertainment. And I associate Mr. Wayne Furbert, Jeff Sousa, Mr. Cannonier, Pat Gordon-Pamplin and, of course, MP Weeks would like to be associated. So thank you very much, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from Warwick West, constituency 28. MP Jefferson Sousa, you have the floor.

Mr. Jeff Sousa: Good morning, Mr. Speaker, and good morning to those in the House and those who may be in the listening audience.

The Speaker: Good morning.

Mr. Jeff Sousa: Certainly, a gorgeous winter day.

Yesterday, the Bermuda Classic Bike Club had their annual Charity Ride. And of course, we all enjoy to see these vintage bikes and also listen to them, because it brings back times of our youth. And of course, it depends on how old you are whether you had a Triumph, Zundapp, Mobylette or Peugeot.

In particular this morning, I would like to send congratulations to one particular gentleman. And that is Mr. Paul Martins, who has opened up a Vintage Transportation Museum in the Bermudiana Arcade. And I would like to associate Member of Parliament Glenn Blakeney with these comments. Here you have a gentleman who has put on display his personal collection. I went to see it a couple of weeks ago, and I must say it was quite impressive, that this person has done this. And of course, it is everything from vintage dinghies to things like Seagull engines. Of course, the Mobylettes, the Triumphs and stuff. Of course, in particular, I love the orange Mobylette that he had there.

The Speaker: Do not forget the Cyrus now, the Cyrus.

Mr. Jeff Sousa: A little older than me.

[Laughter]

Mr. Jeff Sousa: Mobylette and Peugeots.

And of course, I was informed that nothing was for sale. But it was a very impressive collection. And of course, it is great when private citizens take it

upon themselves to do this, because otherwise, these things would go missing. I mean, he even had a horse that was [used] on an attraction up on Khyber Pass you know, way back in the day in the 1940s. And of course, he had many artefacts from the Railway Trail and so on. It was really sharp. So I certainly would like to thank, again, Paul Martins for keeping this stuff, which is part of our history. Thank you, Mr. Speaker.

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

The Chair will now recognise the Honourable Minister, the Minister for Community, Culture and Sport, from Paget West, constituency 23. Minister Patricia Gordon-Pamplin, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker, and good morning.

Mr. Speaker, I noticed the Honourable Member never mentioned the Velosolex.

Some Hon. Members: Ooh!

The Speaker: Oh, that one hardly moved!

[Laughter]

Hon. Patricia J. Gordon-Pamplin: Mr. Speaker, I had the privilege on Friday night and again on Sunday to attend the soccer match that was organised by the BFA [Bermuda Football Association] at National Stadium, the *friendly* between Bermuda and Grenada. On Friday, unfortunately, I was not able to stay, but I had the opportunity to go and meet the teams, stay for the National Anthem and then we had to, obviously, come back to this honourable place.

But Bermuda was able to hold onto a 2–2 draw on Friday night. And on Sunday, again I had the privilege of going and watch a stellar display by our young people as they were able to grab a 2–0 win against Grenada. Mr. Speaker, I believe that our young people, our young men on our soccer national team deserve our thanks and congratulations, and the BFA for putting on quite a good event. It is a FIFA-sanctioned [Fédération Internationale de Football] event, and it was ever so professional. I was really quite proud to stand and to see how efficiently the whole programme was conducted. And I think the BFA deserve our hearty congratulations.

And I would also like to associate the Shadow Minister, Honourable Member Weeks, and the Junior Minister, Honourable Member Outerbridge, all of whom were also in attendance.

The Speaker: Did they have any Dandy Town players on the team?

[Inaudible interjections and laughter]

The Speaker: The Chair will recognise the Honourable Member, the Honourable Member from constituency 16, Pembroke East Central, the Shadow Minister of Community and Culture. MP Michael Weeks, you have the floor.

Mr. Michael A. Weeks: Yes, good morning, Mr. Speaker. Good morning, Honourable Members.

I too just rise to my feet because I want to give hearty congratulations to the coach of Bermuda's national team, as well as his staff. I think John Berry Nusum, the name of one, and Mr. Lowe, Coach Lowe, Maurice Lowe, a former Dandy Town player (whose name just left me for a minute). But, Mr. Speaker, I just want to add that in the FIFA, the world FIFA rankings, Grenada is about five to seven spots, I think, above Bermuda. So they came down with the understanding that they were just going to have a warm-up. But lo and behold, you know, our team was ready and rose to the occasion.

And I must say that I, too, like the Minister, had to leave on Friday. I was only there for the first half. But I must say that the players really deported themselves well, and on Sunday again. And I really want to say that, so often we only hear about our young men, especially young black men, with handcuffs, and through the negative things. But this was a group of men, even some teenagers, Berkleyites, and I must say Dandy Town products. They started, they were on the field, and they did, not only their club, but our country proud. So I take my hat off to the coaching staff and those young men. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

Would any other Honourable Members care to speak?

Yes. The Chair will recognise the Honourable Member from constituency 8, Smith's South, the Government Whip. MP Cole Simons, you have the floor.

Mr. N. H. Cole Simons: Thank you, Mr. Speaker.

Mr. Speaker, I rise this morning to send condolences to the family of Elizabeth Elsie Clark. She is the matriarch of the Clark family of Harrington Hundreds, Smith's Parish. She was a lively character, and she was known for not mincing her words. She told us how it was and what it was, with no hesitations or reservations. She loved animals, and that was the only thing that she really showed true compassion for, her animals, her cats and her dogs. But anybody, do not cross her. You will be cut dead in a minute. She was a long-time employee at Perot Post Office, the Flatts Post Office, and the Gibbons Company. So again, I would like to send my condolences to the family, Jennifer Clark and Tallent Clark, for the passing of their mother and grandmother, one lively character. Thank you, Mr. Speaker.

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

Would any other Honourable Members care to speak?

This is the end of the congratulatory and/or obituary speeches.

MATTERS OF PRIVILEGE

The Speaker: There are no matters of privilege.

PERSONAL EXPLANATIONS

The Speaker: There are no personal explanations.

INTRODUCTION OF BILLS

GOVERNMENT BILLS

The Speaker: **The Speaker:** We have no government Bills, but I believe there is an Opposition Bill?

OPPOSITION BILLS

The Speaker: Yes, Honourable Member.

Mr. E. David Burt: Mr. Speaker, good morning.

The Speaker: Good morning.

FIRST READING

DECRIMINALISATION OF CANNIBIS ACT 2015

Mr. E. David Burt: Mr. Speaker, I move for leave to introduce and read for the first time by its title the following Bill, so that it may be placed on the Order Paper at the next day of meeting, the Decriminalisation of Cannabis Act 2015.

The Speaker: Thank you.
Any objections to that?
The Bill will be laid.

NOTICES OF MOTIONS

The Speaker: There are no notices of motions.

ORDERS OF THE DAY

The Speaker: We move now to the Orders of the Day. We are going to resume in the Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for the Year 2015/16. And we will resume with the Home Affairs, Head 60.

I am asking if MP D. P. Lister would please take the Chair [of Committee].

House in Committee at 11:23 am

[*Hon. Dennis P. Lister, Chairman*]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

[*Continuation thereof*]

The Chairman: Good morning, Members. We are now in the Committee of Supply so that we can continue the Budget Debate.

As the Speaker said, we are on the Ministry of Home Affairs. And we are actually going to do the Department of Workforce. And it is going to be led by the, I believe, the Junior Minister. We are doing Head 60.

Junior Minister, are you ready?

Mr. Sylvan D. Richards, Jr.: Yes, sir.

The Chairman: We recognise the Junior Minister Richards. You have the floor.

MINISTRY OF HOME AFFAIRS

HEAD 60—DEPARTMENT OF WORKFORCE DEVELOPMENT

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

Mr. Chairman, I move that Head 60, founds on pages B-321 to B-326 of the Approved Estimates of Revenue and Expenditure . . . I will start over. I really have to get up close to this [microphone], I am so tall.

Mr. Chairman, I move that Head 60, found on pages B-321 to B-326 of the Approved Estimates of Revenue and Expenditure for the Year 2015/16 be now taken under consideration.

Mr. Chairman, it is my pleasure to present Budget Head 60, the Department of Workforce Development. Honourable Members can find the relevant budget information on pages B-321 to B-326, Current Account Estimates; page C-15, Capital Acquisitions; and page C-20, Grants and Contributions of the Estimates of Revenue and Expenditure.

The Department of Workforce Development is divided into four programmes:

1. 6001—General Administration;
2. 6002—Labour Relations;
3. 6003—Career Development; and
4. 6004—Training.

Mr. Chairman, Honourable Members will note that last year's budget brief spoke to the new direction that the National Training Board will take under this

Government. It was mentioned that the board will serve as the umbrella training organization tasked with bringing together representatives from existing training bodies and associations under one entity, as well as develop a National Training Plan.

The board is developing the plan in two parts. This decision was based on a desire for continuing stakeholder input and involvement and ensuring adequate time is allowed for further consultation and input before moving forward with our implementation strategy.

Mr. Chairman, it is my pleasure to report that the National Training Plan, Part I, was successfully completed and made available to the public for further consultation and feedback in June 2014. We view this plan as a roadmap aimed at strengthening Bermuda's competitive position in our local and global markets.

Part I of the plan is an analysis of the economic sectors that the board focused on, in the first instance, with the goal of understanding the current job market and determining how best to move Bermuda from its largely uncoordinated workforce training regime to the adoption of short-, medium- and long-term views. This approach will enable Bermuda to become more self-sufficient in the supply of human resources needed to support and sustain our economy and, more importantly, position us for economic growth. The plan details things such as the number of Bermudians versus non-Bermudians in various careers and highlights where the demand for Bermudians is greatest.

Part I has been issued with the full expectation that it is an evolving document that will develop over time as new opportunities and workforce needs arise. Part I of the plan remains available for viewing on the Government website, under the Ministry of Home Affairs.

The following highlights of the plan should be noted:

- It is a forward-looking document.
- The findings are based on industry input.
- It reviewed five key economic sectors, those being:
 - Government Ministries, Corporate Bodies and Agencies;
 - Financial and Insurance;
 - Hotels and Hospitality;
 - Development and Infrastructure; and
 - Sales and Services.
- The plan also identifies potential job opportunities.
- It highlights training, certifications and standards.
- It lists several recommendations and actions.
- It invites further input to ensure it continues to evolve.

Mr. Chairman, the plan, among other things, stresses the need for *soft skills* training and suggests how targeted soft skills training in schools could be successfully implemented. It also provides some unemployment figures and identifies the kinds of jobs that Bermudians are and are not attracted to, and why there is a perceived cultural bias against service industry jobs.

The plan notes that, while Bermuda has the facilities and the ability to provide many certifications on-Island, that service is not being provided to the fullest extent. The plan offers several recommendations, including the reintroduction of shop classes for carpentry at high schools, the introduction of numerous career *road shows*, the implementation of grass roots trades education in schools, the offering of tax incentives for hiring Bermudian apprentices in all sectors and the removal of the perceived stigma attached to technical trades.

Mr. Chairman, the plan is a tool to help mobilize Bermuda to a place of reducing our reliance on overseas labour because we will have carefully considered the future needs of the economy and developed our people accordingly.

The outreach programmes to communicate the National Training Plan consisted of:

- a presentation to members of the Government Senior Executive;
- a CITV interview with the Chair of the National Training Board and the Director of Workforce Development;
- an interview with the Chair of the National Training Board on the David Lopes morning show;
- a 10-part series radio programme with Gina Spence-Farmer of the Bermuda Broadcasting Company with the respective National Training Board committee members;
- town hall meetings held at Francis Patton School, Hamilton Cathedral and St. James Church;
- presentations at both the Berkeley and CedarBridge High Schools; and
- posting of the plan on the Government Portal.

Mr. Chairman, Part II of the plan is a continuation of Part I, and it will:

- build on the work and research already completed;
- incorporate feedback and ideas received from consultation;
- focus on implementation of the plan and identify the required resources; and
- propose a sustainable management and governance structure.

Part II will focus on the development and implementation of training and entry level positions

across industry sectors, as well as identifying the resources required to do so, and, where appropriate, policy considerations.

Ultimately, we see this plan as a tool to fulfil our goal of ensuring opportunities for all Bermudians in the market place.

Finally, as Bermuda moves to reposition itself as a top destination for business, it is hoped that the National Training Plan will be seen as the standard bearer for the coordination and forward planning of the training and development needs of Bermuda's workforce.

Mr. Chairman, the department will be issuing a request for proposal for selecting a vendor to work on new software development for the existing Job Board. This will allow the Job Board to display opportunities that may arise as a result of expiring work permits. This functionality will benefit the job seeker by being able to enhance and retool their skills and education. Further enhancements will include the creation of a report for employers to assist them with providing the Department of Immigration with information with respect to satisfying the criteria of the new work permit policy. The request for proposal process will begin in early March, with selection of a vendor by the end of April 2015. A Cabinet memo will be presented, with a potential contract start date in June. Development on the Job Board should begin in July 2015.

Mr. Chairman, on July 29th, 2014, the Department of Workforce Development and Bermuda Cablevision announced their partnership to provide a television channel dedicated to showcasing available jobs in Bermuda. By simply going to Channel 87, job seekers can view a scrolling display of all of the available positions from the Bermuda Job Board. This allows individuals the convenience of viewing available jobs and their closing dates (posted on the Bermuda Job Board) from the comfort of their own home. They can then go to the Bermuda Job Board to apply online.

Mr. Chairman, this supports the efforts of the National Training Plan in that it allows the maximum outreach of employment opportunities and assists in matching suitable candidates with the right employers.

Mr. Chairman, here are some specifics with respect to the budget. And this is from the Current Account Estimates for 2015/16, found on page B-322.

The Department of Workforce Development budget allocation for 2015/16 is set at \$4,776,000. The comparative budget figure for 2014/15 was \$5,200,000. This will result in an annual savings of \$424,000, or an 8 per cent decrease from the 2014/15 budget expenditure.

Mr. Chairman, as previously mentioned, the department budget consists of four programmes, as noted on page B-322, those being:

- 6001—General Administration;
- 6002—Labour Relations;

- 6003—Career Development; and
- 6004—Training.

I will now walk Honourable Members through these numbers and provide an overview of the planned expenditure.

Mr. Chairman, [line item] 6001 is the General Administration Section. This section is responsible for the overall management and administration of the Department of Workforce Development. Cost centre 70000, Administration, variance versus 2015/16, which is found on page B-322:

Mr. Chairman, the original estimate for 2015/15 was \$618,000. The estimate for 2015/16 is \$660,000, which represents an increase of \$42,000, or a 7 per cent increase. The original number of employees for 2014/15 was three. The estimate for 2015/16 is four employees, an increase of one.

Mr. Chairman, the Administration section is staffed by three full-time employees as indicated, consisting of the director, an administrative accounts officer and a receptionist. Included this year is also a two-year temporary additional IT system support officer. The total wages are \$352,745, which represents 53 per cent of the total cost for this programme. The other costs of \$308,018, relates to general expenses such as rent, local consultants, software maintenance, utilities, office cleaning, building security, photocopiers and general office supplies.

Mr. Chairman, the total variance is an increase of \$42,000, or 7 per cent, due mainly to including a temporary additional systems support officer post. This individual will be responsible for database and application support for PC users, software issues, and help desk support. During the recent restructuring, the department has commenced development and implementation of various computer software applications, such as the Bermuda Job Board, an electronic case management system, an amalgamated department website, and an improved computer training lab consisting of twenty computers and three smart boards.

These software applications are not supported by the government's Information Technology Office (ITO) and require enhancements, regular maintenance, troubleshooting and help desk support. It should be noted that these applications and systems are still being developed and customisations and enhancements are still taking place. The recruitment process for this post is currently underway.

[Line item] 6002 is the Labour Relations Section which includes three cost centres, found on page B-322.

- Cost centre 70010, Labour Relations Administration;
- Cost centre 70011, Labour Relations; and
- Cost centre 70012, Arbitration and Tribunal.

Cost centre 70010, Labour Relations Administration, variance versus 2015/16, found on page B-322. The original estimate for 2014/15 was \$222,000. The estimate for 2015/16 is \$200,000, which is a decrease of \$22,000, or 10 per cent. There are two employees; that will remain unchanged for 2015/16.

Mr. Chairman, the purpose of this funding is to provide for the management and administration of the operations and staff for the Labour Relations Section which consists of the labour relations manager and one administrative assistant. The total wages for this section is \$176,796, which represents 88 per cent of the total cost for this programme area. The other \$23,085, or 12 per cent, will be designated for certifying the labour relations officers as mediators, participating in the International Labour Organisation conferences and seminars to ensure that labour relations staff are conversant with international trends and for the ongoing education of the community to create awareness of good employment practice.

The labour relations manager is responsible for overseeing the administration of the arbitration panel and the employment tribunal. The schedule and organisation of hearing dates, notification to parties and general enquires related to the referral of matters to this stage fall under the manager's province. This has enabled the process to become more streamlined and allow panel members the freedom to prepare for upcoming hearings without being burdened by simple procedural queries.

The administrative assistant provides secretarial and clerical services to the section. The labour relations manager guides the staff in the section to ensure that existing policies and procedures are adhered to, that the section's operations are aligned with the current legal framework and anticipate international trends.

Mr. Chairman, during the course of the year there have been many changes in the Labour Relations Section. The section has experienced a complete overhaul of staff as three members of staff resigned to pursue careers in related areas. These changes have enabled the section to review its approach to labour relations in Bermuda, streamline its practices with international approaches to the challenges that labour relations experience worldwide in response to the continuing challenges of economic resuscitation and recovery. The need for officers to be adequately trained as mediators has never been more imperative with the number of labour disputes that continue to percolate in Bermuda. The wealth of the section has been identified in its ability to offer conciliation and mediation to opposing parties and enable them to come together. Recognising that disputes between labour and employers can only be resolved through cooperation and consultation.

The section continues to have its hand on the pulse of developments in employment. The need to share the view of good employment practices with

employers and employees has been recognised as an important means toward reducing the number of disputes. To this end the department has been engaged in offering seminars, workshops and presentations to selected groups, individuals and schools in an effort to broaden the understanding of good employment practice. This in turn will cultivate sustainable employment relationships and invite economic prosperity by bringing awareness to the methods in which disputes may be avoided through constructive cooperation and consultation. The section's activities and aims enable the labour relations manager to systematise the education process and help to encourage a systematic approach to investigations and advice disseminated by the labour relations officers.

Senator, the Honourable Mr. Fahy, has deemed it necessary that our labour laws be updated and adapted to be more responsive to 21st century labour issues. We welcome his discernment in the need to strengthen the legal framework that shapes the employment relationships in Bermuda. The Labour Section has shared and continues to share the challenges that they encounter daily as they assist in resolving the volume of disputes in their charge. The labour relations manager has attended the reform committee meetings and when this committee's activities resume will continue to render service in this regard.

Mr. Chairman, it is anticipated that amendments to the labour legislative framework for employment practices will be enacted during the coming fiscal year.

Mr. Chairman, [cost centre] sub-account 70011, Labour Relations, variance versus 2015/16, found on page B-322. The original estimate for 2014/15 was \$423,000. The estimate for 2015/16 is \$394,000, a decrease of \$29,000, which represents 7 per cent. The number of employees will remain at four; no change.

Mr. Chairman, the staff complement for this programme comprises four substantive labour relations officers. As explained earlier the section has undergone many changes in relation to its staff. At its lowest point during January and February of this year the section had only one labour relations officer. A recruitment drive revealed two suitable candidates and these new officers will take up office in March 2015. The total salary budgeted is \$368,618, or 94 per cent of the total allocation. The remaining funds of \$25,000, or 6 per cent, are allocated for professional development and refreshing certification and training in mediation and conciliation, educational outreach seminars and workshops.

The total variance is a decrease of \$29,000, or 7 per cent, due mainly to the reduction in the overseas training budget. The purpose of this funding is to provide for the general operations of Labour Relations Section. The resolution of disputes, providing employment practice advice to the plethora of queries

received and sharing and implementing the provisions in the Employment Act 2000, the Trade Union Act 1965, the Labour Relations Act 1975 and the Labour Disputes Act 1992.

These funds are allocated for the provision of the Labour Relations officers who service the Bermuda workforce, employers (including government), unions and private sector representatives in understanding their rights and responsibilities, executing these in accordance with the statutory provisions and international best practice standards and bringing awareness to avoiding conflict.

Mr. Chairman, during 2014 there were approximately 661 matters lodged with the Labour Relations Section of which 445 were consultations. [There were] 198 complaints filed pursuant to the Employment Act 2000 and 18 grievances (unionized) reported pursuant to the Labour Relations Act 1975 and/or the Labour Disputes Act 1992 with the breakdown as follows:

- Constructive dismissal—5;
- Layoffs—9;
- Maternity Leave—1;
- Vacation pay—7;
- Reduced work week/overtime—13;
- Redundancy—21;
- Sick pay—5;
- Terminations—114;
- Wages/pay—41;
- Total Disputes—216;
- Consultations—445;
- **Total—661.**

The term “consultation,” Mr. Chairman, refers to circumstances where advice and guidance are provided to either employees or employers and may include a telephone call, e-mail or meeting. These are to be distinguished from disputes as this process has proved to be invaluable in resolving dissension, strife or contention before it crystallises into a dispute. The labour relations officers suggest, to those who may enquire, advice based on current good employment practice guidelines. The premise being that the conflict between labour and [employers] can best be served through the peaceful and constructive methods of cooperation and of consultation.

The number of consultations continues to rise and the staff of the Labour Section are increasingly finding that many of their resources have been attributed to assisting the public in this regard. The Department of Workforce Development has identified this increase as an element of the success of the Labour Section in sharing with the community the importance of good employment practice and making them aware of the services that the section provide. This may also be attributed to the change in attitude of the community toward the employment relationship, realising that help can be sought before a relationship deteriorates into a dispute and effectively avoid conflict.

More and more employees and employers are seeking to avoid contention and dissension in the workplace and are instead seeking to create a more harmonious environment where employment rights are protected. Our records indicate that approximately 80 per cent to 85 per cent of complaints lodged with the section during 2014/15 were successfully resolved with the assistance of a labour relations officer.

Mr. Chairman, LRO's, or labour relation officers, are instrumental in creating a space where complaints in both unionised and non-unionised environments may be resolved through mediation and conciliation or referred to the appropriate statutory board or tribunals such as the Employment Tribunal, the Permanent Arbitration Tribunal, or the Essential Industries Disputes Settlement Board. Further, the department facilitates the management of the certification process, from the time of the application, through to any necessary ballots, to the final order of certification issued by the director. Additionally, where an employer may desire to end its relationship with a union, the decertification process must be undertaken with the supervision and oversight of a labour relations officer.

These budgeted funds enable the officers to keep their pulse on the labour market in Bermuda, advising the Government as to the current state of labour and any changes that have been suggested on an international level by the International Labour Organization (ILO). The benefits of the deployment of these funds are that the staff in the Labour Relations Section contribute to the stability of an efficient labour market. In the anticipation of the roll-out of new legislation the involvement of the labour relations officers is key as a resource to educate sectors of the community in their application and continuing the campaign for improving Bermuda's employment practices.

Mr. Chairman, to further demonstrate the application of the funds for the section it is necessary to note the pivotal role the labour relations officer occupies in the very public and recent labour disputes involving the Bermuda Industrial Union and the Fairmont Hamilton Princess, the Department of Marine and Ports, Department of Parks, the strike notice issued by the teachers of Whitney Middle School and the Ministry of Education, and, most recently, the dispute between the BTUC and Government of Bermuda.

Mr. Chairman, if I may, I will elaborate more on the dispute involving the teachers at Whitney Middle School and the Ministry of Education, where a strike notice was issued. The labour relations officers acted swiftly in inviting both parties to consult on the issues that were creating an impasse. Once consultation ensued, the matters of contention became areas of discussion and the school was able to begin the academic year with a full complement of teaching staff. The strike was averted.

Another notable success of the section was the publicised certification of the Bermuda Public Ser-

vice Union at the Clarien Bank Limited. This certification was historic in that it is the second bank in Bermuda to have its non-managerial staff unionised. The section offered both parties clarification on the issues, encouraged open and frank discussion around the effect and consequences, and ensured that the ballot process was clear to all involved.

Mr. Chairman, the Labour Relations Section continues to experience the after effects of a Supreme Court decision rendered in the last fiscal year.

Mr. Chairman, you may recall that this judgment clarified the manner in which matters were referred to the Employment Tribunal and offered helpful guidance to the section in terms of the role of a labour relations officer. The section has continued to adapt and evolve with the Supreme Court guidance stepping firmly into its position of an impartial third party enabling parties to reach a settlement and exhausting all opportunities to bring this about. This has enabled a shift in the perception of the services offered and widens the scope of assistance that is provided.

Mr. Chairman, over the past fiscal year, in addition to the certification of the BPSU at Clarien Bank Ltd, the Labour Relations Section facilitated the process for three other certifications: the BIU at Masters Home Centre Ltd, the BIU at DHL and additionally certification was attempted by BIU at Brown & Co though certification was not successful.

The Labour Relations Section ensures that the application process accords with the provisions of the Trade Union Act 1965, thereby systematising the application process for all those concerned. The assistance that the section provides benefits the entire process and enables the parties involved to be fully aware of the process and participate wholeheartedly. The section has been able to modify and improve the process of certification, learning from mistakes and omissions. This has resulted in a robust and constructive application process. Parties turn to the section for guidance, instruction and advice.

The time taken to facilitate the certification process involves a high volume of communication with the parties and their representatives. Mediation is key to ensure that the process is clear to all involved. The labour relations officer is responsible for the entire ballot process and this involves much behind-the-scenes activities devoted to ensuring a smooth process. The section works closely with the Ministry Headquarters where the certification process has not been successful. This has allowed for new learning experiences in terms of dealing with the appeals from the parties.

Mr. Chairman, the Labour Relations Section has been strengthening its public outreach efforts participating in eight such events during the year. The benefits to the public being aware of their human rights as it relates to employment and the best employment practice have been recognised as areas that need greater concentration and focus. With the

change of the staff in the Labour Relations Section, there has been a directional shift in the target populations as recipients for seminars and workshops.

The section has sought to be more creative and discerning in the delivery of its message and selection of the target audiences to maximise understanding.

Toward the end of 2014, the section began a campaign to educate school leavers and arm them with knowledge in respect of employment. This project has led labour officers to make presentations to the graduate classes at the senior schools on the Island, both public and private. This campaign is ongoing. The reports from the schools and students have been positive and encouraging.

The reasoning behind this campaign stemmed from a need to educate the future leaders of the Island about good employment practice to enable them to think about employment in terms of not merely jobs, but the development of an ongoing relationship that needs to be nurtured and preserved. The section has met with students at Mount Saint Agnes and Warwick Academy schools and aims to complete the remaining senior schools before the end of the current academic year.

The section has also committed to reaching out to the restaurant industry, construction industry and salons in an effort to improve these segments of employment infrastructure that is at the forefront of service on the Island. It is envisaged that a systematic approach will be adopted to safeguard the sanctity of the human rights of the individual in these working environments, be they employee or employer.

Mr. Chairman, I will now review cost centre 70012, Arbitration and Tribunals, variance versus 2015/16, found on page B-322 of the Budget Book. The original estimate for 2014/15 was \$136,000. The estimate for 2015/16 is \$140,000, which represents a \$4,000 increase, or 3 per cent. The number of employees remains unchanged, at one.

Mr. Chairman, this budget allocation will underwrite the cost of the salary of an administrative assistant of \$74,808, or 54 per cent, and the balance of \$65,000 will underwrite the associated costs for arbitration and tribunal hearings, the fees for the panel members' service and office supplies.

The variance is an increase of \$4,000, or 3 per cent of the total cost, due to the complex nature of matters that are being referred for resolution. Matters that are being referred for resolution include multiple complainants and several issues. The panel is often required to meet on more than one day to digest the issues, read the pleadings prepared by counsel and then to conduct the hearing. Following this, the decision is then drafted with input from the entire panel. Over the past fiscal year, we have seen the number of matters referred to a panel for resolution decrease percentage-wise in relation to the total number of disputes that are lodged with the section. However,

the factual and legal matrix surrounding disputes has intensified.

In 2014, 10 matters were referred to the Permanent Arbitration Tribunal, and one additional matter that arose in 2014 is due to be heard and completed this year. [There were] 26 matters referred to the Employment Tribunal.

Mr. Chairman, the purpose of this funding head is to offer the community an alternative to dispute-resolution process. When the labour relations officers are unable to effect a settlement in a matter, or it is the wish of the complainant to have the matter referred and an officer believes that the employer has breached the law, then the matter may be referred for resolution to such a panel. This resolution process is less formal than court proceedings and is accessible to the layperson. Additionally, there is no cost to the parties.

Referral to the Employment Tribunal or an arbitration panel is a process that ensures that all disputes reach a conclusion. Parties may wish to take their disputes further to the Supreme Court in the event that they are not satisfied with the panel's decision or there is a belief that the panel has erred in applying the relevant law to the issues before them. Appeals from the panel decision are few and far between, and on the whole the community accepts the decision of the panel. The Labour Relations Section has worked tirelessly in reducing the number of cases awaiting hearing before a panel and in moving matters to the panel once it is clear that conciliation and mediation have no effect on the position adopted by the parties.

Mr. Chairman, this section is supported by one administrator, who executes all administrative functions in support of the Employment Tribunal, the Permanent Arbitration Tribunal, and the Essential Services Disputes Settlement Board, including but not limited to the coordination of meetings, preparation and circulation of agendas, minutes, awards and general correspondence. This post also provides administrative support to the Ministry of Home Affairs and the Labour Advisory Committee.

This administrator has been instrumental in recording the proceedings for the panel members to have a record of reference when it is time to review the factual and legal issues before them. In the event that the panel decision is appealed, this record is formalised into a record for the Supreme Court. It is a necessity to keep accurate records of panel hearings for a more transparent and efficient dispute-resolution process.

Mr. Chairman, [line item] 6003 is the Career Development Section, which includes two sub-accounts, found on page B-322. Last year, this programme consisted of three sub-accounts, those being cost centre 70300, Career Development Administration; and cost centre 70400, Career Development (formerly named Employment and Placement, which

now also includes what was previously Assessments and Career Development, sub-account, [cost centre] 70200).

The Career Development Section continues to be restructured, with emphasis on providing professional services to both job seekers and employers in finding suitable employment and assisting with staffing needs. With the objectives of the department now modelled after the Career Centre concept, the focus of the Career Development Section is on client assessment, job readiness and job search, with an emphasis on soft skills. Where necessary, the clients will be referred for training and other support services that may be required to prepare them for suitable employment. The move to two cost centres more accurately reflects the functioning of the section.

Mr. Chairman, I will now review cost centre 70300, Career Development Administration, variance versus 2015/16, found on page B-322. The original estimate for 2014/15 was \$189,000. The estimate for 2015/16 is \$192,000. This represents an increase of \$3,000, or 2 per cent. The number of employees remains unchanged, at two.

Mr. Chairman, Career Development Administration is staffed by two full-time officers, consisting of a manager and one administrative assistant. The total wages are \$176,796, or 92 per cent of the total budget for this cost centre. The remaining budget of \$15,000, or 8 per cent, relates to the expense of staff training and office supplies.

Career Development Administration provides management and support for the day-to-day operations of the Career Development Section. It includes administrative support for the career development officers and manager, and scheduling of various job preparedness workshops, client appointments and job referral tracking. Also included is the maintenance and updating of the Career Information and Development System (or CIDS), the Job Board and the central filing system. Maintenance of the E-1 Accounting processes and procedures will also be carried out to ensure accurate monitoring of the budget throughout this fiscal period.

Career Development Administration is responsible for conducting research on various career options, including maintaining and utilising various databases on educational requirements and programmes, scholarships, labour market statistics, career paths and qualifications. Management supports the synergy between the Career Development Section and the Department of Financial Assistance for their unemployed clients, and the Department of Immigration in regards to new work permit policies.

Mr. Chairman, I will now review cost centre 70400, Career Development (formerly, Employment and Placement, which now also includes former sub-account, [cost centre] 70200), variance versus 2015/16, found on page B-322. The original estimate for 2014/15 was \$402,000. The estimate for 2015/16

is \$412,000, an increase of \$10,000, or 2 per cent. The number of employees remains unchanged, at four.

Mr. Chairman, the Career Development Section is staffed by four full-time Career Development officers. The total wages are \$350,056, or 85 per cent of the total cost for this sub-account. The remaining costs of \$61,750, or 15 per cent of the total cost, relates to the expenses for providing staff training, assessments, marketing and office materials to assist the section in performing its duties.

Mr. Chairman, Career Development officers conduct and administer comprehensive career and skills assessments to develop individual case management and career plans. Clients are referred to internal and external service and training providers or support services to minimise employment barriers and maximise employment opportunities. Support is provided to assist clients in identifying personal strengths and areas for development to facilitate decision-making around realistic career goals, developing a plan of action and ensuring job preparedness and suitability to access job opportunities. Clients are monitored to promote job retention. Career Development officers also build working relationships with employers to facilitate successful employment referrals and maintain current with industry trends.

Mr. Chairman, the Career Development Section has successfully participated and executed a number of initiatives to help those underemployed and unemployed to gain access to job opportunities as well as position individuals for successful outcomes with job search. In March, Career Development successfully hosted a job fair with the Royal Caribbean Cruise Line, with a number of young Bermudians given an opportunity to work with the cruise line in a variety of areas. Mr. Chairman, I am pleased to report that Che Augustus will board the *Enchantment of the Seas* within a month as a bar utility worker and Sherlina Thomas has already boarded the *Legend of the Seas*, in October, out of Quebec. Ms. Thomas is employed as a guest services officer. During her appointment, she will visit over 24 different ports.

Mr. Chairman, with the launch of the Bermuda Job Board and CableVision Channel 87 dedicated to posting job vacancies, access to information on current job opportunities has broadened. To date, the Job Board has 3,349 candidates registered and 502 employers registered, and currently, there are 135 available jobs posted. The Job Board continues to see considerable activity, with 10,034 job applications submitted to date.

Weekly Job Board training sessions are held in order to assist the general public and clients of the department to build their online profile and upload pertinent documents such as a résumé and written references. These sessions are listed on the department's Monthly Training Calendar. A technical officer is also available to meet employers with posting adverts or

addressing any queries to operating the Job Board. On March 1st, 2015, the new work permit policy went into effect, requiring employers to advertise available positions for at least eight consecutive days on the Job Board prior to applying for short-term or standard work permits.

Mr. Chairman, the King Edward Memorial Hospital Redevelopment Project Completion initially forecasted approximately 450 Bermudians and spouses of Bermudians to be displaced. There were 40 contractors/sub-contractors included in the KEMH Redevelopment Project. Of the anticipated 450 displaced workers, contractors identified and subsequently referred 146 individuals to register with our department.

During interviews and information gathering, it was identified that there were several potential labour issues, resulting in all the department's managers meeting with the 40 contractors in April of 2014. This meeting addressed several major concerns, particularly with contractual agreements. Due to the nature of the meeting, the responsibility of the 146 individuals rested back with the contractors to adhere to contractual agreements. Mr. Chairman, this was an excellent demonstration of the working synergy amongst all sections of Workforce Development and the assistance provided to these persons.

Mr. Chairman, Career Development has engaged in multiple outreach initiatives to both inform of the department services as well as assist Bermudians. The section hosted a joint initiative with the Bermuda Industrial Union to promote registration with the Department of Workforce Development and assist the general public with registering on the Job Board. Approximately 85 individuals attended, receiving services in résumé development, creating an e-mail account and completing a candidate profile on the Job Board. Recent university graduates and previous Summer Employment Programme participants volunteered their time to assist clients who had limited computer literacy.

Mr. Chairman, similarly, Career Development, Training and Labour Sections provided expertise and support for a job readiness event held at the Somerset Cricket Club in conjunction with Kim N. Wilson, JP, MP for constituency 34, Sandys South Central. Approximately 70 individuals participated in the workshops, which focused on interviewing skills, résumé writing, training, employability skills and a synopsis of the Employment Act. Breakout sessions also occurred for attendees to receive individual guidance from career professionals.

Career Development has participated in two events hosted by the Pembroke Parish Council—a Community Day event, as well as the Great Debate—manning a booth to disseminate information on department services. Team members from the Career Development and Training Sections attended the Mount Saint Agnes School Career Day, sharing ca-

reer, training and labour market information with high school students.

Mr. Chairman, research from the National Training Plan, as well as feedback from employers highlights the need for *soft skills training*. I am pleased to report that a career development officer was invited to present a series of workshops for those students pursuing the City & Guilds Employability Skills Award. [There were] 90 students who participated in the sessions, which were interactive and focused on Behaviour in the Workplace and Business Etiquette. Students were actively engaged and were required to prepare a report on the workshop as evidence for their City & Guilds Portfolio. We look to continue this partnership, as it is vital for ensuring that our young people understand appropriate work ethic and the skills and qualities employers seek in employees.

The department also presented the findings of the National Training Plan to the S4 students at Berkeley and CedarBridge Academy. This was a golden opportunity to speak to the students about real-life examples and convey the importance of learning, acquiring more education and advancing their skills to compete in a global market. Further, students learned how their choices will impact their respective outcomes in life. These students can utilise the plan for career development purposes.

Mr. Chairman, the Career Development officers facilitate monthly presentations at the Department of Financial Assistance for their clients. The presentations' emphasis is an orientation to services of the section, department initiatives, goal-setting and driving their personal career plan. These workshops have been well received by those in attendance, who are challenged to consider retooling to better position themselves for current employment opportunities.

Mr. Chairman, the Career Development's outreach extended to the radio waves where representatives from the Career Development Team participated in a promotional series which occurred weekly as a segment of the Gina Spence-Farmer Show, FM 89.1. The series highlighted and informed the listening public on matters relating to the National Training Plan and the department's services. The officers were accompanied by two clients. One client is currently receiving services, and the other is currently employed as a result of the department's referral. The officers shared information with the listening audience about services, as well as job search strategies. Each client represented their experience with the department. The listening audience were provided with an opportunity to ask questions and share concerns. The section had an outlet to showcase their success stories.

The Career Development also offers monthly in-house workshops for Keyboarding, Introduction to Microsoft Word and Introduction to Microsoft Excel for clients, at no cost. All sessions are a gentle introduction to technology and software to help clients gain confidence and encourage them to pursue formalised

training. Soft skills training will be a staple of the Monthly Training Calendars, with opportunity for mock interviews, interview skills, résumé critique and development, customer service, understanding what employers want, business etiquette and time management, to name a few.

Mr. Chairman, there was a joint initiative held between Workforce Development, the Housing Corporation, and the Department of Parks, which provided opportunities to 78 participants for a three-week rotational period, working along with the Department of Parks to clean up and maintain grounds and public areas throughout the Island. Participants also participated in activities within the Government Plant Nursery and performed clerical tasks in the Parks Office. The labourers also assisted with painting government facilities.

Mr. Chairman, the Summer Employment Programme is a major initiative for Career Development, which met with yet another successful year. A full 150 college and university interns received the opportunity to work, some in their area of study. Each intern received the maximum 10-week placement, with a \$5,000 stipend. Students were placed across government, private and non-profit sectors. The Minister of Home Affairs hosted a reception to showcase interns' work experiences. Supervisors were invited to attend and were acknowledged for their willingness to provide the career development opportunity and mentoring to each student. Mr. Chairman, you may recall Markus Raynor Brangman, a culinary arts student with pursuits of becoming a pastry chef, featured in the *Royal Gazette*, working at the Reefs alongside the executive chef. Kudos to him!

Mr. Chairman, the department has successfully tracked the summer employment applicants for the past four years, using the www.careers.gov.bm database. We now have sufficient data to assist employers in determining the future talent pool for Bermuda. This information will assist the National Training Board with implementation of Part II of the National Training Plan.

Mr. Chairman, as the Career Development officers work diligently to assist the underemployed and unemployed, it is important that the Career Development team remain current with trends, employment guidance, service delivery and labour market information. I am pleased to inform that during the year, all Career Development officers engaged in professional development and completed the Global Career Development Facilitator (GCDF) Training with the National Career Development Association. They are eligible for the GCDF certification, which is a globally recognised certification for Career Development professionals.

The Career Development team participated in multiple webinars to enable officers to remain current with the latest career development trends and research. The team to date has completed webinars for Understanding Code of Ethics in Career Develop-

ment, Winnowing Assessments in the Information Age, and training in the CareerScope Assessment tool for assessing career interests and aptitude. Scheduled training will continue for the year 2015/16.

Mr. Chairman, during the year, approximately 2,075 candidates came to the Department for Career Development Services, and currently, there are approximately 2,214 unemployed persons registered in the department's database to date. During the year, approximately 49 individuals were referred to employers per month, with an average of 10 individuals per month being hired.

Mr. Chairman, I will now refer to [line item] 6004, which is the Training Section, found on page B-322. There are three cost centres:

- cost centre 70014, Training Administration;
- cost centre 70015, Certification;
- cost centre 70016, Apprenticeship and Professional Development.

Cost centre 70014, Training Administration, variance versus 2015/16 numbers, found on page B-322, are as follows: The original estimate for 2014/15 was \$256,000. The estimate for 2015/16 is \$232,000, which represents a \$24,000 decrease, or 9 per cent.

Mr. Chairman, the section is staffed by two full-time employees, consisting of a training manager and an administrative assistant. The total wages are \$195,314, or 84 per cent of the total cost for this programme. The other costs of \$37,000, or 16 per cent, relate to general expenses such as advertising, board and committee meeting fees, materials and office supplies. The variance in this cost centre is \$24,000, or approximately 9 per cent less than the 2014/15 budget year. This is mainly due to the reduction in overseas consultant services.

Mr. Chairman, the purpose of this cost centre is to provide management and administrative support to the Training Section of the Department of Workforce Development. Additionally, administration and oversight of board activities is performed with specific guidance to ensure delivery of projects in a timely manner. All correspondence, payments and prescribed legislated exercises are carried out within this programme. Additionally, Mr. Chairman, the Training Section is responsible for executing and implementing directives and programmes as prescribed by Ministry Headquarters—

The Chairman: Minister, would you like to pause at the end of that paragraph so that the Premier can dismiss us for . . . be recognised?

Mr. Sylvan D. Richards, Jr.: Yes, sure.

The Chairman: Okay.
Premier?

Hon. Michael H. Dunkley: Yes. Good afternoon.

Mr. Chairman, I move that we rise for lunch and come back at two o'clock to resume in Committee.

The Chairman: We will rise now and resume at two o'clock.

Proceedings suspended at 12:30 pm

Proceedings resumed at 2:00 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

[Gavel]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

[Continuation thereof]

The Chairman: Good afternoon, we resume in Committee of Supply for Head 60. It is a two-hour debate. This debate ends at 2:54 this afternoon. I call on the Minister in charge, please proceed.

MINISTRY OF HOME AFFAIRS

HEAD 60—WORKFORCE DEVELOPMENT

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

Madam Chairman, I will resume and I will read the statistics for cost centre 70015.

The Chairman: Would you be kind enough to give me the page?

Mr. Sylvan D. Richards, Jr.: Yes, I am going to read that. It is on page B-322.

The Chairman: Thank you.

Mr. Sylvan D. Richards, Jr.: Certification, [cost centre 70015] formerly named Certification/Apprenticeships and Training. Its variance versus 2015/16 is found on page B-322.

The original estimate for 2014/15 was \$1,428,000. The estimate for 2015/16 is \$1,069,000 which represents a decrease of \$359,000 or 25 per cent.

The full staff complement for this section is two full-time standard and enforcement officers for a budget of \$197,862, or 19 per cent of the total cost of this section. This section is currently staffed by one standard and enforcement officer with one vacancy which was hoped to be filled prior to the completion of

this financial period. This process continues as a suitably qualified candidate has not yet been found.

Madam Chairman, the variance in this cost centre represents a decrease of \$359,000, or approximately 25 per cent less than the 2014/15 budget year. The reduction is mainly due to reduced budget allocations for scholarships, summer employment and local training programmes.

This allocation is to support government-funded training schemes, and national certification of designated trades programmes.

Madam Chairman, after carefully examining the 2012 Employment Survey provided by the Department of Statistics, it was apparent that there was a need to develop Bermudians in the automotive collision repair field. Further consultation with industry partners confirmed this assessment, and as a result, the department identified six young Bermudians to study at the New England Institute of Technology in Rhode Island, USA to obtain their qualifications and certifications in this trade. One of the selected individuals could not attend due to personal circumstances.

Four of these students have completed their studies and the remaining student is expected to complete her studies by summer 2015. During their summer vacations these students were placed on job rotations to allow industry partners to witness first-hand their skills. The automotive sector was impressed by all and we are proud to exclaim that all four are employed and will soon be writing their ASE (Automotive Service Excellence) Certification exams.

Madam Chairman, one of the department's most successful programmes is the Maritime Program. In September 2014, five students completed the Bridge and Engine Room Watch Certificates at Holland College, PEI, Canada. They went on to successfully complete their Security Awareness Certification, at the Maritime Professional Training Centre in Fort Lauderdale. This is a mandatory requirement to obtain the STCW (Standards of Training Certification and Watchkeeping) [which is a] internationally recognised certification. With this qualification these individuals can further their maritime studies in the UK and/or can apply to any shipping agency in the world as a deck-hand. Another five students departed Bermuda in January 2015 to follow the same pathway as those before them.

Madam Chairman, continuing on with Maritime occupations, the department is proud to showcase three recent graduates from Warsach, UK, who will be completing their "sea hours" on board ships—one is currently on a Carnival Cruise Line (passenger vessel), one will soon board the *Golar Grand* (oil tanker) and the remaining seaman will board the *Golar Winter* in Singapore. These individuals will spend four months on board the ships working as Bridge-watch Merchant Marines. They receive wages from the shipping agents during the time of their employment at sea.

Additionally, Madam Chairman, other students attending UK maritime schools are currently working part-time for the Department of Marine and Ports as Engineers. To gain broader experience one is awaiting word on a berth on board an NCL (Norwegian cruise line) ship, but will return to Warsach, UK, in May 2015. The other is scheduled to return to South Tyneside, UK, to complete his engineering studies with a view to graduate this summer.

Madam Chairman, this year the department placed one cadet, versus four the previous year, on board the barque *Picton Castle*, a three-masted tall ship based in Nova Scotia, Canada. It is best known for training programmes which allows cadets to explore some exotic tropical ports and islands while learning seamanship and navigational techniques. The time spent on board assist cadets in achieving the required sea time to receive the international maritime certification, or STCW mentioned previously. There remains a world-wide shortage of English speaking merchant mariners hence the motivation to continue with the programme as it offers opportunities for careers locally and abroad.

Madam Chairman, the number of certifications (outside of National Certification) amounted to the following:

- Appliance Technicians—2;
- Maritime Cadets with Officer of the Watch Certifications (Warsach, UK)—3;
- Power Engineers (4th class)—8;
- Private Investigators—9; and
- National Fire Prevention Association (NFPA)—17.

Also, Madam Chairman, National Certification (Designated Trades) continues with the following results:

- Welders—23;
- Electricians—15;
- Industrial Electricians—14; and
- Automotive Service Technicians—14.

Certification schemes will be ongoing through this period and into future financial periods. As promised in last years' brief, plans are currently underway to introduce regulations designating the power engineer as a trade requiring persons to be nationally certified.

Madam Chairman, the department attended the annual Interprovincial Power Engineering Curriculum Committee (IPECC) meeting in Vancouver, Canada, in June 2014. The Training Section is working towards receiving accreditation from this body to allow the department the rights and privileges related to Curriculum Documents and Syllabi for developing individuals in the occupation of Power Engineer. This committee is delegated by, and is responsible to, the Standardisation of Power Engineer Examinations Committee (SOPEEC). Its purpose is to reinforce the

relationships and collaboration between industry, educators, training providers and jurisdictional bodies. I am going to skip ahead, Madam Chairman, because I do not want to use up all my time.

The Chairman: What are you skipping ahead to?

Mr. Sylvan D. Richards, Jr.: Right now I am skipping to page B-322, cost centre 70016—Apprentice and Professional Development, variance versus 2015/16.

The original estimate for 2014/15 was \$1,526,000. The estimate for 2015/16 is \$1,477,000 which was a decrease of \$49,000, or 3 per cent. The number of employees remains unchanged at three.

Madam Chairman, the full staff complement for this cost centre is three full-time training and assessment officers. A budget of \$286,248, or 19 per cent of the total budget is for staffing. The remaining funds of \$1,190,835, or 81 per cent are to assist with apprenticeship instructional training, student scholarships, and local training programmes.

The purpose of this section is to provide financial support toward costs associated with training and development. Individuals who are 18 years or older wanting to expand their skills, knowledge and aptitude at varying levels of education are assisted by the department to realise their goals and objectives. Financial support is provided to individuals pursuing further education in both local and overseas institutions.

Madam Chairman, the training and assessment officers are responsible for assessing and coaching their apprentices on job sites and making recommendations to employers on training needs. In addition, they must manage a portfolio of students who are studying both locally and overseas to provide mentoring and career advice wherever needed.

The Training and Assessment Officers will assist management in maintaining and building relationships with industry partners of all sectors including relevant instructional institutions. They are also responsible to ensure programs are accredited and recognised internationally resulting in Bermudians being able to compete globally.

During the period April 1 to December 31, 2014, the training officers completed registration and oversight for the following:

- Overseas Scholarships—49;
- Local Scholarships—92; and
- Apprenticeships—10.

Madam Chairman, the Training Section expects to launch the City & Guilds, Employability Skills Training in March 2015 for an initial 25 individuals selected from the department's existing database. This programme is a continuation of activities to prepare and ready individuals for the workplace no matter the industry sector.

Additionally, Madam Chairman, in accordance with section 4A of the Private Investigators and Security Guards Act 1974 there is a requirement for all persons engaging in the two occupations (Security Guard and Private Investigation) to be certified to a standard approved by the Commissioner of Police.

The Commissioner approved the City & Guilds standard, and training is expected to commence in the spring, and continue until there are a favourable number of individuals certified to support national security. The successful individuals will undoubtedly be ancillary support for such projects as the America's Cup and the introduction of gaming.

Madam Chairman, tuition funding was provided for the Department of Works and Engineering apprentices to study at the New England Institute of Technology in the trade of automotive service technician (auto mechanics). This initiative was implemented as a result of careful inspection of the retirement and attrition rates within Works and Engineering. It is pleasing to announce that the six individuals who participated in this overseas programme were successful and have graduated—some with associate degrees and others with bachelor's degrees. All are currently employed and working towards achieving their ASE (Automotive Service Excellence) Certification.

Madam Chairman, the department continues to work with BELCO to assist with the payment of tuition for their apprentices who participate in industry specific training programmes at the Nova Scotia Community College and Swale [Skill] Centre in the UK.

Madam Chairman, the department has a great working relationship with the Fairmont Southampton Princess Hotel. They are committed to developing Bermudians in the area of culinary arts. In February 2014, three apprentices returned to Holland College, PEI, Canada to continue their culinary studies. Two of them will participate in the "Block 2 Programme." This learning activity is designed to allow apprenticeship training to begin after the completion of a programme at Holland College. Another prerequisite for eligibility is that the apprentice must be working full-time with a suitable employer.

There are a certain number of hours that an apprentice must complete before he or she can take block training and move up to the next level. Once an apprentice has completed the required number of blocks and worked the required number of hours, they can earn the Interprovincial Red Seal Certification by completing an exam. The remaining apprentice has completed the required hours and will return to Holland College in February 2015 to sit the Red Seal Exam. An Interprovincial Red Seal gives the apprentice the ability to work anywhere in the world. It is a mark of excellence for a chosen trade and a highly recognised designation by employers. The hotel chain has seen two Bermudians receive their Red Seal Certification in culinary arts.

Madam Chairman, a Memorandum of Understanding (MOU) continues between the Department of Workforce Development and the Bermuda College which establishes a cooperative working relationship in key areas to assist the department and the college in promoting their interests in ways that are consistent with their respective mandates, policies, priorities and resources. The general intent of the parties is to cooperate in professional certification and training initiatives for the underemployed and unemployed in Bermuda, specifically as it relates to professional areas where there are a significant number of guest workers in the job market, and new industries where there is a need for qualified resources.

Madam Chairman, as part of the Government's Workforce Development Strategy, the department has identified a need for training in the following occupations: accounting, information technology, secondary education, international business and nursing. This list is by no means exhaustive.

There are currently four individuals in the associate's nursing programme. This is a two-year programme which started last year with the first cohort of students set to complete their education in December 2014. We are looking to increase this number in the September 2014 registration.

The Associate of Science in Nursing Degree (ADN) will deliver quality innovative nursing education, and typify excellence in nursing practice. It has been developed and endorsed in collaboration with the Ministry of Health, the Bermuda Hospitals Board, and other key stakeholders in nursing throughout the Island.

The curriculum was developed utilising the American Nurses Association Standards and the National League of Nursing Accrediting Commission's Standards. It integrates a strong liberal arts core, a nursing core, alongside sound clinical practice, ensuring graduates receive superior instruction and deliver high quality care, along with critical skills that respect the dignity of all patients.

The ADN Programme includes clinical opportunities both locally and overseas; hence, students must commit to travelling to obtain clinical exposure with key clinical partners overseas. Prior to being accepted into the programme, students need to submit the following annual drug screening results; current immunisation record; and police vetting report.

Students must maintain a cumulative GPA of not less than 2.6 in the pre-nursing core to be admitted into the Associate of Science in Nursing Programme. Upon successful completion, graduates will be competitively equipped with the knowledge and competencies to function as a professional nurse, and have the ability to apply for licensure through examination.

Madam Chairman, in the professional accounting programmes, there are (and I will read the funded students for 2015):

- Certified Professional Accountant, CPA (Canada)—3;
- Associate of Chartered Certified Accountant, ACCA (UK)—15;
- Certified Public Accountant, CPA (USA)—3.

The total amount dispersed so far for accounting certifications is \$240,000.

I will now refer to the Teacher Certification Programme at the University of the West Indies (UWI).

Madam Chairman, this is a pilot programme that offers a postgraduate diploma in education for teacher certification in mathematics at middle and high school levels. It began in February 2014 and ran through December 2014. Students spent 12 teaching weeks in three middle schools and one secondary school to complete practical training and active research projects. This pilot programme was judged a success. A new cohort of students began on February 9, 2015.

Madam Chairman, Miami University is offering a two-year master of education in special education with certification and licensure. Students can choose to complete licensure without the degree or a masters without certification. Courses are asynchronous, by online face-to-face classes, followed by meetings with a mentor. A local mentor is also assigned to assist students. For students who seek certification, a 15-week practicum will occur in spring 2016. Nine students began the programme in September 2014, one withdrew in December 2014.

It is anticipated that both programmes will continue for a second intake, but indications are that students will continue to need financial assistance in order to complete them. The total amount dispersed so far for teaching certifications is \$77,000.

The department continues to provide full funding to assist individuals in obtaining their GED at the Adult School of Education, Care Computer Services and other community schools as required. Individuals aged 18 and above are eligible. They must achieve passing grades to obtain subsequent funding. Requests for funding in this program, has increased as a result of more stringent eligibility terms and conditions for financial assistance funding.

Madam Chairman, the Annual Summer Employment Programme which was previously included in Wages and Expenses is now captured under Grants and Contributions. You have already heard that this programme remains popular amongst our young adults.

I will now provide an accounting of the training budget for 2015/16 for the Department of Workforce Development under [line item] 6004—Training Section, [found on page B-322]. The training funds are classified under Grants and Contributions expenses and are found on page C-20.

For Scholarships, the original for 2014/15 was \$400,000. The estimate for 2015/16 is \$239,000 which is a difference of \$161,000.

For Apprenticeship Scheme, the original for 2014/15 was \$430,000. The 2015/16 estimate is \$418,000, a difference of \$12,000.

For Sponsorship-Trainees, the 2014/15 original figure was \$500,000. The 2015/16 estimate is \$400,000 a difference of \$100,000.

For National Certification Training, the 2014/15 original was \$350,000. The 2015/16 estimate is the same, \$350,000, there is no difference.

The Summer Student Programme for 2015/16 is \$600,000.

Therefore the total for the 2014/15 original was \$1,680,000. The 2015/16 estimate is \$2,007,000, for an increase of \$327,000.

This fund represents government-sponsored training programmes which represents a [14] per cent decrease over last year. In previous years funding for the Summer Student Programme was classified with Wages.

Madam Chairman, the capital acquisitions budget for the department is as follows: And I am referring to the Capital Acquisitions Schedule found on page C-15.

[Cost centre] 76818, Capital Projects—Bermuda Job Board and Department of Immigration (Work Permits) interface; variance versus 2015/16:

The original estimate for 2014/15 was \$60,000. The estimate for 2015/16 is \$130,000, an increase of \$70,000.

The purpose of this budget is to provide \$130,000 for development of the Bermuda Job Board Phase 2. The Phase 2 system's specifications and request for proposal documentation are being developed and will be finalised shortly. The vendor will be tasked with integrating the Bermuda Job Board with the Department of Immigration's work permit system. This will allow the Job Board to display expiring work permits and link the position details to the employer's previously submitted job advertisement.

Madam Chairman, the revenue budget for the Department of Workforce Development is as follows, as found on page B-323, variance versus 2015/16:

The original estimate for 2014/15 was \$20,000, and the estimate for 2015/16 is \$20,000—no change.

The purpose of this budget is to show revenues expected from fees charged to applicants for national certifications during 2015/16. The statutory application fee for each applicant for certification is \$251.00. The National Training Plan will consider how the department will move forward in this area.

Madam Chairman, the Department of Workforce Development continues to focus on preparing the unemployed and underemployed to re-enter the workplace. The department is working hard to ensure that Bermudians are not disadvantaged and that they

are prepared to meet the needs of the ever-changing economy.

Madam Chairman, as I conclude my presentation, I would like to take this opportunity to acknowledge the hardworking staff of the Department of Workforce Development led by Director, Mr. George Outerbridge, [and] his management team; Mrs. Pandora Glasford, Training Manager, Mrs. Oonagh Vaucrosson, Labour Relations Manager; and Mrs. Judy Teart, the Acting Career Development Manager.

This group is at the forefront of assisting Bermudians during these challenging economic times.

Madam Chairman, this now concludes my budget presentation for Head 60.

Thank you.

The Chairman: Thank you, Minister.

Are there any other Members that would like to speak to Head 60?

The Chair recognises the Member from constituency 21, Pembroke South East, the Shadow Minister of Home Affairs, Mr. Rolfe Commissiong.

You have the floor.

Again, the debate concludes at 2:54 pm.

Mr. Rolfe Commissiong: Thank you, Madam Chairman.

I just want to note to the Chair that I will be conceding some of my time to my honourable colleague, Mr. Derrick Burgess, who will speak primarily to [line item] 6002, Labour Relations.

Madam Chairman, I am certain that most Members who have taken note of the cuts to the respective Ministries will assert that it is always in the national interest, or it is in the national interest that the respective cuts be overturned and that the funds be restored.

In the case of funding cuts to Grants and Contributions afforded to Workforce Development, previously I, too, can make—

The Chairman: Do you happen to know what page that is on, just for me?

Mr. Rolfe Commissiong: —these are just my opening remarks.

The Chairman: Oh.

Mr. Rolfe Commissiong: Previously, I took . . . with respect to page B-322, the General Summary, I am getting to that.

Previously, I could make the case that cuts along with others that have taken place are somewhat myopic and counter-productive in light of significant structural changes that are occurring to the global economy even as we speak.

Notwithstanding that, Madam Chairman, we know that the Workforce Development Department is

going to be critical in helping Bermuda to maintain and enhance its global competitiveness as we move forward, not only in terms of providing the necessary training and expertise to assist Bermudian workers, but also to position Bermuda in terms of how it can produce a more synergistic relationship between companies and their labour forces.

As I said, we have a significant challenge, Madam Chairman, in respect to the changing nature of the global, and ultimately local, workforce as we deal with the challenges represented by things such as robotics, artificial intelligence, 3-D printing, and the continuing development of automated systems as we speak. I would like to just also take note here, again, of [page] B-322, Workforce Development, Madam Chairman. And just give me one second here to arrange these notes.

The Chairman: Okay.

Mr. Rolfe Commissiong: We have taken note of the fact that Assessment & Career Development here on page B-322 has seen—

The Chairman: And that would be [line item] 6003, [cost centre] 70200.

Mr. Rolfe Commissiong: [Cost centre] 70200 has been eliminated, is down. The 2015/16 estimate is showing zero. Those funds, I assume some of those funds, and their staff have moved over to Career Development, and I am sure the Minister has touched on that.

The other query we have on this page [is] in terms of certification. The certification budget has been declined by \$359,000 from its original estimate of \$1,428,000. This represents a 25 per cent decline. Contrast that with Apprenticeship/Professional Development which would have the original estimate for 2014/15 at \$1.526 million and is also showing a decline to \$1.477 million, a decline of \$49,000 and/or 3 per cent. The Minister may have touched on that. I would like for him to, again, give us more clarification on why we have seen these declines in areas which we think are critical for the running of Workforce Development and the ability to service the clientele probably much more than ever with respect to the economic challenges that are out there.

We see, again, talking about the overall decline in terms of numbers, including the Labour Relations piece (which my honourable colleague will speak to) revised figures for the department are . . . not the revised, I am sorry. The original figure is \$5,200,000. This year or for this fiscal year they are estimating \$4,776,000—a \$424,000 decline (in terms of dollars), representing 8 per cent.

The question I have there . . . I heard the Minister talk about the Summer School Programme, which is a new programme that has been taken on by

the department, as I have been made to understand. I mean, that represents in and of itself \$600,000, and I believe that the department will now be the coordinating body for the summer school programmes that are being made available throughout all the ministries. In other words, all respective ministries had their own summer internship or summer school programmes, and now that is not the case?

I would like to get some clarification on that because I thought that that was what was taking place, that those summer school programmes that were once under the respective purview of the various ministries had been consolidated within Workforce Development and the monies that would have [gone] to fund those summer programmes for the students have now been placed into this budget. That is the understanding I have. In other words, if it was not for that half a million dollars being placed there with respect to the summer school students and to make provisions for their hiring throughout the respective Ministries, the respective cut may have been far deeper than what we see here now.

Just going over to Subjective Analysis of Current Account Estimates, in terms of Salaries we see a \$2,059,000 original estimate in 2014/15. The estimate for 2015/16 is \$2.179 million—an increase of \$120,000. Again, in terms of the Subjective Analysis (I am on page B-323), we see an increase overall of \$326,000, or 19 per cent. The Grants and Contributions were at \$1.681 million. They are now reflecting a \$2.007 million for 2015/16—again, representing a \$326,000 increase, or 19 per cent. Again, how much of that is due to the half a million dollars that came from the summer school budget for summer students?

Just going to [page] B-324, Employee Numbers. I think the Minister explained this. My major highlight here has to do with Assessment and Career Development. That is showing now—

The Chairman: That would be [cost centre] 70200?

Mr. Rolfe Commissiong: [Cost centre] 70200, my apologies, Madam Chairman.

The Chairman: That is okay.

Mr. Rolfe Commissiong: That particular head had represented two employees there. Nothing has been budgeted for there at all in terms of employees. And we have seen a concomitant increase, or a doubling, of the numbers of employees or staffers under Career Development. I guess then that the tasks that were formerly taken over by, or were performed by Assessment and Career Development have now been melded into the overall Career Development in [cost centre] 70400, as I thought I heard you say, Junior Minister.

Page B-325, my main highlights here are under [cost centre] 70015, Certification. We have the

original forecast of 2014/15 of 200 persons sponsored for training. We also are seeing a similar target for 2015/16. However, I am just noting the revised forecast of 119, which shows a significant drop from what the target was for 2014/15. You may have explained that, so maybe if you have time you can just reiterate on why the variance there.

The number of certifications, moving down still with [cost centre] 70015, the original forecast for 2014/15, the target figure was 75 and the same for this year as well, 2015/16—75, I repeat. The revised forecast for 2014/15 shows a figure of 31. The number of apprenticeships, 25 for 2014/15. The expectation for the targeted outcome in 2015/16 is, in contrast to that, 15. The revised forecast notes a figure of seven. I would appreciate some explanation of that, again.

Moving down to [cost centre] 70016, the number of persons sponsored for training, the original forecast for 2014/15 has been maintained in terms of the targeted outcome for 2015/16. In terms of the revised forecast for 2014/15, we see 119 persons, which is coming under the targeted outcome forecast for this year and, of course, under the original forecast of 2014/15.

Moving onto Capital Acquisitions, page C-15, again, under the Department of Workforce Development, [cost centre] 76818, National Training Board Management Systems. I heard the Junior Minister give some explanation for that. The estimate has gone to \$130,000 here. I think it had something to do with software that is being implemented. And I just wanted to also pose the question, the National Training Plan talked about the . . . in terms of the Information Technology Pathway, one of the recommendations was that the department was enjoined to, “Employ an information technology (IT) ‘career champion’ (within the Department of Workforce Development framework) whose role it is to support mandating career counselling, in the IT space, by going out”—I am quoting here, Madam Chairman, sorry about that—

The Chairman: That is fine.

Mr. Rolfe Commissioning: —from the National Training Plan that was published or came online last year. Again, “[an] information technology (IT) ‘career champion’ . . . whose role [it is] to support mandating career counselling, in the IT space, by going out to all schools and providing IT teacher counselling, curriculum advice and encouraging teachers to stay current on new technology.”

I would like to know what the status is of that initiative, if it has gotten off the ground. Have there been any provisions in the budget made for this individual for this post? I think it is going to be critical that we do move forward with that.

Over to Grants and Contributions, on [page] C-20. I believe that the Minister did address this, but we note that under the heading of Scholarships the

original estimate was \$400,000. We have seen the decline here to \$239,000—that is the estimate for 2015/16. That gives us some concern.

The Sponsorship of Trainees, the estimate for 2014/15 was \$500,000. Similarly, we have seen a dip here to \$400,000—the estimate for 2015/16.

Again, the Summer Student Programme, one of my major queries here, of course there were no entries in any of the previous years going back to 2013 as evidenced by this on page C-20 and, of course, we see \$600,000 representing a new expenditure here for 2015/16.

Those are my few questions. I think I have one or two more before I concede or give way to my colleague. Just give me a second . . .

There was some talk, I think, in the Minister’s . . . the substantive Minister had made a claim that the department had organised a number of career development outreach initiatives designed to promote registration. How has that important initiative been progressing with respect to its stated aim of encouraging people to register with the department? Again, if the Minister touched on that I would appreciate it if he could just reiterate.

I talked about the consolidation of various summer programmes under the Workforce Development Department. I would like to get some clarity on that.

Also, the Junior Minister in his presentation talked about the great work . . . and I will acknowledge the great work that was done in terms of the National Training Plan. We know that it is anticipated that there will Part 2. I would like to get some idea on when we can expect Part 2 of the National Training Plan to be published or made available and brought to this House, for example.

I will leave right there, Madam Chairman, with those questions. I would just like to finish by, again, congratulating the officers and staff of that Department of Workforce Development. They are doing some great work over there. We stand committed to supporting the effort. We know that this is a great initiative that began under the previous Government.

The present Government does deserve credit for keeping the spotlight on Workforce Development and moving ahead with the implementation as they have. And, just like I said, I just want to reiterate again that we need to be cognisant of the tremendous changes that are taking place in the global economy which will affect Bermuda particularly in the areas of stem training—stem learning—we need to get our students to be able to take these 21st century jobs and take their place in a new competitive environment.

[There are also] many jobs that we have gotten used to [which] will no longer be there for many, particularly in the blue collar and even some in the white collar professions, and we need to be cognisant of these tremendous changes which are having a significant impact.

I will just leave you with this thought that over the last few years in America we have seen tremendous growth in productivity, but we have not seen a concomitant growth in wages. Some are saying that that is largely because of the advancement of technology within the work place. So many jobs now . . . robotics and the like are replacing human labour. And we will not be immune from those trends.

At this time I would like to thank you, Madam Chairman, I wish we had more time but that is the reality of what we are dealing with today. We have to take note and try to get more time next year. At this time I will take my seat in favour of my colleague, the Honourable Derrick Burgess.

The Chairman: Thank you.

So I am assuming the questions will go to the end; correct? Your questions? Thank you.

The Chair recognises the Member from constituency 5, Hamilton East, the Deputy Opposition Leader and Shadow Minister of Labour and Seniors, the Honourable Derrick V. Burgess.

You have the floor, if you could guide us where you are going to start.

Hon. Derrick V. Burgess, Sr.: Thank you, Madam Chairman.

I will be on Head 60, page B-322, cost centres 70011 and 70012. Pardon?

[Inaudible interjection]

Hon. Derrick V. Burgess, Sr.: It is [page] B-322.

Madam Chairman, I just want to briefly talk about the certification. Certification of unions by employers came as a result of employers refusing . . . well, acting contrary to the ILO Conventions 1987. And it was a fight always for union recognition even though we had the majority of employees that wanted to belong to the union. So that Act—the [Trade Union Act] 1965—was amended in 1998, piloted through this Honourable House by the Honourable Quinton Edness, and we were able to get that.

Madam Chairman, I am going to race because there is not much time. There is a law in place, the Labour Relations Act, and the Minister (and I say this in all due respect) does not follow the Act. For example, before you as a Minister can appoint a panel you must consult with the employer and the employee reps. That has not been done. I can tell you, I have checked that. That is in the Act. It says, *It shall*. It does not say “may,” it says “shall” consult.

The Chairman: But Member, we are not discussing the Act right now, we are actually discussing the budget.

Hon. Derrick V. Burgess, Sr.: No, no, that is all part of Labour Relations. It is all a part of labour relations and all we got to do—

The Chairman: I am just pointing it out.

Hon. Derrick V. Burgess, Sr.: —because if you do not get that right you can get in trouble.

Mr. Sylvan D. Richards, Jr.: Point of order, point of order.

The Chairman: Sorry, the Chair recognises the Junior Minister from constituency 7.

POINT OF ORDER

[Misleading]

Mr. Sylvan D. Richards, Jr.: The Honourable Member is misleading the House. The Minister has indicated to me that he always consults.

The Chairman: Thank you, Member.

The Chair recognises the Member from constituency—

Hon. Derrick V. Burgess, Sr.: Madam Chairman—

The Chairman: Uh-uh, I have not recognised you yet.

Hon. Derrick V. Burgess, Sr.: Okay.

The Chairman: From constituency 5.
Please proceed.

Hon. Derrick V. Burgess, Sr.: My statement stands. I just spoke to one of the presidents of a union less than 15 minutes ago. All right? He does not consult.

The other thing is when you have a dispute that goes to the Labour Department, they must conciliate. That is in the Act.

The Chairman: Member, do you have an issue with the amount of funding that has been going to that line—

Hon. Derrick V. Burgess, Sr.: Madam Chairman, I know—

The Chairman: Excuse me, which is [cost centre] 70015, I believe. Certification?

Hon. Derrick V. Burgess, Sr.: Madam Chairman—

The Chairman: Yes, sir.

Hon. Derrick V. Burgess, Sr.: I am following [page] B-322.

The Chairman: Yes.

Hon. Derrick V. Burgess, Sr.: I know the rules, now I do not want you—

Mr. Sylvan D. Richards, Jr.: Point of order, Madam Chairman.

The Chairman: Thank you.

The Chair recognises the Member from constituency 7.

POINT OF ORDER

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

The Minister has indicated that guidelines have been put in place and what the Honourable Member is saying . . . he is referring to a particular dispute. Which dispute is he referring to?

The Chairman: The Chair recognises the Member from constituency 5.

Hon. Derrick V. Burgess, Sr.: That is not even a point of order. I am not referring to any dispute. I did not say any dispute. I am telling you when you . . . as far as what the Minister has to do, as far as what the particular Labour Department has to do, they *shall* conciliate. Conciliate means that you meet with both parties—

Mr. Sylvan D. Richards, Jr.: Excuse me, Madam Chairman.

Hon. Derrick V. Burgess, Sr.: No, Madam Chairman—

The Chairman: Member, Member, have a seat. I have the Junior Minister on the floor.

The Chair recognises the Member from constituency 7.

POINT OF ORDER

[Misleading]

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

The Honourable Member is misleading the House. He is speaking in generalities—

Hon. Derrick V. Burgess, Sr.: Point of order, Madam Chairman.

The Chairman: Have a seat.

Mr. Sylvan D. Richards, Jr.: —he has to be clear on what he is saying.

The Chairman: Thank you, have a seat.

Hon. Derrick V. Burgess, Sr.: Point of order—

The Chairman: The Chair recognises the Member from constituency 5.

Hon. Derrick V. Burgess, Sr.: I am not misleading the House, and I am very clear. I am quoting from the Act. I know the Act quite well, and I know they are trying to stop me. They do not like when you speak the truth. They do not like that, I understand that. They are not—

Mr. Sylvan D. Richards, Jr.: Point of order, Madam Chairman.

The Chairman: The Chair recognises the Member from constituency 7.

POINT OF ORDER

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

In all respect to the Member, he is speaking in generalities—he is talking about not speaking the truth—

The Chairman: The Honourable Member.

Mr. Sylvan D. Richards, Jr.: The Honourable Member is speaking about not speaking the truth. If he is speaking the truth, then be specific about what he is speaking about.

The Chairman: Member, have a seat.

The Chair recognises the Member from constituency 5.

Hon. Derrick V. Burgess, Sr.: Madam Chairman, you can have all the points of order you want. Right? It is okay. I understand. I am speaking on fact. There are not any allegations, no innuendos, it is from fact and I do know they do not like that. All right? It is understandable. It is understandable.

You must follow the Act because if you do not follow the Act none of these cost centres can matter . . . anything. You are guided by this Act, the Labour Relations Act—

Mr. Sylvan D. Richards, Jr.: Point of order, Madam Chairman.

The Chairman: Thank you.

The Chair recognises the Member from constituency 7.

Mr. Sylvan D. Richards, Jr.: I have been advised by the Minister that he does follow the Act, Madam Chairman.

The Chairman: Thank you.

The Chair recognises the Member from constituency 5.

Hon. Derrick V. Burgess, Sr.: Mm-hmm. Madam Chairman, you know, when you conciliate, you must bring the sides together. And the other thing is when you send the case to arbitration or to a tribunal, before you do that you must get terms of reference. Terms of reference are worked out between the parties.

You cannot send the case to court and expect the judge to set the charge. It does not happen like that. So what normally happens is the Labour Relations Officer in conjunction with the parties will meet to put a terms of reference together because most arbitrators will not start a case without a terms of reference. And the reason for the terms of reference is so you do not go all over the place in the actual case—you save time. The arbitrator can only deal with the issue that is before them, they cannot act outside of that issue.

Mr. Sylvan D. Richards, Jr.: Point of order, point of order.

The Chairman: Thank you.

The Chair recognises the Member from constituency 7.

POINT OF ORDER

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

I have been informed by the Minister that the arbitration tribunal sets the frame of reference when there is a dispute.

The Chairman: The Chair recognises the Member from constituency 5.

Hon. Derrick V. Burgess, Sr.: You know, those responses only show the incompetence and their understanding—

The Chairman: Member—

Hon. Derrick V. Burgess, Sr.: —of the Labour Relations Act, that is all it is. You know, that is—

The Chairman: I just want to remind the Member he has until 2:54.

Hon. Derrick V. Burgess, Sr.: Mm-hmm. And most times when you go to a tribunal or arbitration and terms of reference is not signified, the arbitrator would say, *You two have to work it out*, and they will leave the room until you come to an issue. And that is because they need to know what the issue is for them to deal with. If you are dealing with a dismissal, you can-

not bring in lateness for the same case—it is either dismissal or you are there for lateness. That is the reason for terms of reference. And conciliation is historical. It just did not start. It has been there over many, many years. And if they want to know what conciliation is, just look in the dictionary and that would tell you.

Mr. Sylvan D. Richards, Jr.: Point of order, Madam Chairman.

The Chairman: Sorry.

The Chair recognises the Member from constituency 7.

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

I think the Honourable Member is referring to the Kentucky Fried Chicken case and that case changed the rules, Madam Chairman.

The Chairman: Member, we are going to stick to the budget debate—

Hon. Derrick V. Burgess, Sr.: Point of order, Madam Chairman.

The Chairman: The Chair recognises the Member from constituency 5.

Hon. Derrick V. Burgess, Sr.: That is not a point of order. I did not say any case.

The Chairman: That is correct.

Hon. Derrick V. Burgess, Sr.: I did not say any case. But, you know, it is understandable.

Now, Madam Chairman, every case that goes to the Labour party does not go to the tribunal. There are some cases that should not go. For example, if you were working in a dynamite factory and you are smoking in the dynamite factory, you will not take that to arbitration. If you assaulted your supervisors, that does not go to arbitration. So you cannot tell me that every case goes to the tribunal, it does not. There has got to be some common sense that prevails when a case goes to the Labour Department to investigate. They must make a call. You do not do that. And that . . . an because, you know, in the—

The Chairman: It is at 2:53, one more minute.

Hon. Derrick V. Burgess, Sr.: I will sit because I want to give him time to use some more points of order.

The Chairman: Thank you. Are there any other Members that would like to speak to Head 60?
There are no other Members.

The Chair recognises the Junior Minister. Minister, you have less than a minute.

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

The Chairman: I am sorry, that comes to the conclusion of Head 60—Workforce Development.

[Gavel]

The Chairman: Minister, please move the Head.

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

I move that Head 60 now be approved.

The Chairman: It has been moved that Head 60 be approved.

Are there any objections to that motion?

No objections.

Agreed to.

[Gavel]

[Motion carried: The Ministry of Home Affairs, Head 60, was approved and stands part of the Estimates of Revenue and Expenditure for the year 2015/16.]

The Chairman: Honourable Members, we continue in the Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for the year 2015/16.

We are moving to Heads 21, 22, 24 and 91. This portion of the debate will be for 4.5 hours.

I call on the Minister in charge to please proceed.

MINISTRY OF HEALTH

HEAD 21—MINISTRY OF HEALTH, SENIORS AND ENVIRONMENT HEADQUARTERS

Hon. Jeanne J. Atherden: Madam. Chairman, the current account estimates for Head 21, Ministry of Health, Seniors, and Environment Headquarters begin on page B-119 of the [Budget] Book.

A total of \$13.345 million has been allocated for the Head. This represents 7 per cent of the budget allocated for the Ministry as a whole and is a decrease of \$2.233 million, or 14 per cent, under the previous year. The decrease is mainly due to the reduction in the FutureCare capital injection and the freezing of several posts. Madam Chairman, Head 21 is charged with providing strategic direction, policy guidance, management and coordination of services operated by the Ministry of Health, Seniors and Environment.

There are three programmes; however each programme is subdivided into cost centres, totalling

nine cost centres within Head 21. The programmes as seen on page B-119 include:

1. [Line item] 2101—General;
 - [Cost centre] 31000—General Administration;
 - [Cost centre] 31015—Grants Administration;
 - [Cost centre] 31020—Corporate Services.
2. [Line item] 2102—Office of the Chief Medical Officer;
 - [Cost centre] 31030—Administration and Research;
 - [Cost centre] 31040—Epidemiology and Surveillance.
3. [Line item] 2103—The National Office for Seniors and Physically Challenged;
 - [Cost centre] 31140—Office of the Physically Challenged;
 - [Cost centre] 31145—National Office for Seniors;
 - [Cost centre] 31150—Orange Valley Centre;
 - [Cost centre] 31155—Opportunity Workshop.

The Ministry Headquarters' long-term objectives are set out on page B-119 and include:

1. Ensuring that the residents of Bermuda have the ability to secure affordable health insurance which enables access to essential health services.
2. Addressing quality by ensuring that our health services are safe and effective.
3. Working to ensure that our health system is efficient to improve its financial sustainability and population health.
4. Holding the Ministry accountable in assuring effective and transparent leadership.

General Administration, cost centre 31000. Madam Chairman, the General Administration budget has decreased by \$1.933 million, or 29 per cent, when compared to the original budget for 2014/15.

The FutureCare capital injection was reduced by \$1.9 million. However, the implementation of a transfer from the Mutual Reinsurance Fund, which provides a prescribed sum each month to FutureCare and the Health Insurance Fund has significantly assisted in sustaining the funds.

The remaining \$33,000 decrease and the \$189,000 decrease in Corporate Services, cost centre 31020, is from the freezing of four posts. The posts include two policy analyst, one accounts assistant post, and one accessibility intake worker.

The General Administration budget provides the following:

- funding for eight Headquarters staff ;

- administrative and utility expenses for the Ministry Headquarters (\$1,000,000); and
- funding of \$3.1 million for capital injections into the Health Insurance Fund and the FutureCare Fund.

Madam Chairman, the Grants Administration, cost centre 31015. The Ministry Headquarters provides funding for various organisations that deliver services to the community. On page C-17 is the list of the grants awarded for 2015/16 and [they are] as follows:

- LCCA for overseas medical care (\$3 million);
- The Nursing Council (\$48,000);
- Bermuda Health Council (\$842,000);
- Age Concern (\$40,000);
- Admiralty House Senior Islanders Club (\$44,000);
- The Sexual Assault Resource Team (\$10,000);
- Public Health Scholarships (\$72,000); and
- Tomorrows Voices (\$14,000).

Madam Chairman, these organisations provide valuable services, in some cases essential services, to the community and the Ministry of Health, Seniors and Environment. Unfortunately, we were not able to provide all the funding that was requested.

Bermuda Health Council

Madam Chairman, the Current Account Estimates for the Bermuda Health Council (BHeC) can be found under Head 21, Grants, on page C-17.

The Bermuda Health Council is a relatively new entity established in 2006 to regulate, coordinate and enhance the delivery of health services on our Island. It has broad mandates, but a small operation which contributes most efficiently to the stewardship of Bermuda's health system.

The grant for the Health Council in 2014/15 was \$886,000. For the 2015/16 fiscal year, the grant provided to the Council will be \$842,000. This is approximately two-thirds of the Council's annual operating costs of \$1.3 million, the budget required for the Council to operate at minimum capacity. Since April 2014, the balance has been raised through a \$0.67 (cent) transfer from the Mutual Reinsurance Fund.

Madam Chairman, fiscal year 2014/15 was a highly productive one for the Health Council. Significant among its achievements was the tabling of its audited financial statements and Annual Report 2013/14, within three months of the fiscal year ending, and in the first Parliamentary Session following year-end.

I take this opportunity to highlight to Members and the public, that this achievement is evidence of the Health Council's excellent track record with respect to its finances and operations. The Council has

had consecutively clean audits since its inception. And this year's tabling of the Council's audited financial statements in June, is a standard that is rarely seen locally, and which took close collaboration between the Council and the Auditor General to achieve.

Madam Chairman, in the fiscal year 2014/15 the work of the Bermuda Health Council was centred around four strategic areas:

- Care quality and standards;
- Regulation;
- Health system economics; and
- Audit and governance.

Some highlights of the year's achievements are as follows:

Care Quality and Standards

Madam Chairman, we all know that the quality of care is what matters most about the health system in any community. It is the real bottom line. Accordingly, the Health Council places this imperative at the top of its priorities, and much of its work places care quality and standards at its heart.

The Health Council has a mandate to regulate health professionals by monitoring licensing, certification, standards and codes of practice to assure quality controls by professional boards. The Council monitors professional statutory boards and produces an annual report of their performance with respect to registers, licensing and complaints handling procedures. The report assists the Ministry in determining annual board appointments.

In addition, Madam Chairman, the Council publishes professional registers on its website, which provides the authoritative record for the public of registered health professionals on the Island. The Health Council's pages for professionals are among the most visited on its website.

Following extensive discussion on pre-certification, this year the Council fulfilled the Ministry's request to develop policy guidelines for the Health Insurance Department to outsource and implement a centralised pre-certification contractor for select diagnostic tests covered under the Standard Hospital Benefit (SHB). The report was published as part of the Ministry's RFI, and outlines what procedures may benefit from pre-approval to contain utilisation and health costs.

Madam Chairman, to further improve the quality of health care in Bermuda, the Health Council collaborated with the Bermuda Dental Board and the Bermuda Nursing Council in rolling out the new Standards of Practice for dental practitioners and for nurses, respectively. Establishment of standards of practice for our local providers is a long-awaited and much-needed shift, and the public will be the beneficiaries of improved quality of care.

There have been long-standing concerns about the variation in clinical practice locally, given the diverse backgrounds of our health care providers. While overall the standard is generally sound, there is variation in whether a professional follows best practice clinical guidelines from the United States, the UK, Canada or elsewhere, depending on their training.

To eliminate this variation and improve standards for local patients, this year the Health Council collaborated with the medical community to identify and agree on one set of international screening guidelines to be applied locally.

The United States Preventative Services Task Force guidelines were selected and the Council continues to work with all relevant stakeholders to advance their rollout and implementation. Application of these guidelines is expected to improve screening where too little is done currently, and reduce it where our screening rates are unwarranted.

In addition, Madam Chairman, this year the Health Council has worked with stakeholders to try to improve the processes for overseas referrals and co-ordination, to address known deficits in communication that, at times, can prevent the best outcomes for patients. Given the unregulated nature of this work, and the diverse stakeholders involved, this is a work in progress, which we would like to see completed in 2015.

Regulation

Madam Chairman, at this point it is worth reminding Members, stakeholders and the public that the regulatory powers of the Health Council are not as extensive as they are often believed to be.

While it has sound powers with respect to the Health Insurance Act 1970 and the Standard Hospital Benefit Regulations, which it enforces in full, the Health Council has no authority over health professionals, health care businesses, or the Bermuda Hospitals Board.

Here I report on the aspects where the Council does have authority.

The Health Council monitors employers' compliance with the Health Insurance Act 1970 to assure employees and their spouses receive the mandated health insurance coverage. Through collaboration with health insurers, the Department of Social Insurance (DOSI), and the Department of Public Prosecutions, the Council tracks and follows-up on errant employers. Hundreds of employers were contacted in 2014 to ensure compliance, and the Health Council is grateful for their collaboration. Three employers were successfully prosecuted last year.

The Council will continue to step up its enforcement actions to ensure employees are aware of their policy status and receive their coverage entitlements. A more efficient deterrent has been identified and approved, and in 2015 the Health Council will be

granted authority to publish the names of employers with inactive health insurance policies for their employees. This measure is expected to reduce the need for prosecution and enable employees to stay abreast of any irregularities in their coverage.

Madam Chairman, the Health Council is tasked with enforcing the Health Insurance (Health Service Providers and Insurers) (Claims) Regulations 2012, which abolished upfront charges and introduced requirements for timely claims processing.

Monitoring of compliance indicates good co-operation from providers with respect to upfront charges. However, there remain significant concerns with the completeness of claims data provided. This year the Health Council has worked with stakeholders to ensure standard hospital benefit claims, in the first instance, are fully compliant with the Claims Regulations. This will enable timely adjudication of claims and proper monitoring of health system trends. From April 2015, incomplete claims will be rejected by insurers.

Madam Chairman, in 2013 the Health Council introduced a new Home Medical Services (HMS) benefit per the Health Insurance (Standard Hospital Benefit) Regulations. This has enabled patients to receive select medical procedures such as IV therapy and wound care in their homes, payable by all private and public insurers. This service helps to ensure patient safety and to contain health costs, by providing care in more appropriate settings.

Preliminary evaluation indicates that over the first six months of implementation the Home Medical Services benefit yielded savings of over \$103,000 to the health system and was successful in enabling care to be delivered outside the acute care setting. This is an encouraging start, and the Health Council will look to expand this programme in the future. The Health Council would like to note its gratitude to the Bermuda Hospitals Board, private HMS providers, and referring physicians for making this benefit a success.

Health System Financing and Economics

Madam Chairman, a major contribution from the Health Council each year is the annual National Health Accounts Report, which details Bermuda's health expenditure and financing over time.

This report is highly valued by stakeholders across the system, as it enables monitoring of trends to identify the policy direction needed to contain health costs. We know from this report that in the fiscal year ending 2013 our health system cost \$705 million, or \$11,297 per person. While total costs increased by 5 per cent, a 3 per cent decrease in Bermuda's population meant that per capita health spending increased 8 per cent overall. The main contributors to health spending increases were overseas care and health insurance administration. The amount of funds spent on local physicians declined again last year. With

sound knowledge of health spending drivers, we can make policy decisions to contain costs.

In addition, every year the Health Council conducts the actuarial review of the Standard Premium Rate, inclusive of premiums for the Mutual Reinsurance Fund and the Standard Hospital Benefit. The Health Council publishes the Actuarial Review Report annually, which provides a measure of accountability as we pursue sustainable financing of the mandated, basic health insurance package.

Lastly under the health economics priority, Madam Chairman, I have to note the great strides that have been made by the Health Council to develop a way to move Bermuda's health care fees to a transparent and objective standard.

There have been long-standing concerns about the use of various fee schedules locally, and the Council has identified a way to apply an internationally recognized Resource Based Relative Value methodology to set fees locally, with an appropriate conversion factor to take account of the local cost of doing business.

The Council will pilot the methodology with a small set of diagnostic service providers this year. It is expected that this will set a standard for other regulated fees in the future, to bring stability to health costs and ensure fair payment to providers.

Public Education

Madam Chairman, public education is vital in curbing the Island's health costs, and the Health Council is acutely aware of this. For this reason, in 2014 the Health Council conducted a new and highly successful information campaign called **SnapFacts**.

This was in addition to the Council's other public awareness initiatives, including news articles, a quarterly newsletter, and social media outreach.

I take this opportunity to remind my honourable colleagues and the public that the Health Council's reports, and more, are available on their website. Publication of these reports enables transparency and public dialogue about health costs and outcomes, so that our whole community can be engaged in finding solutions for our health system.

Madam Chairman, looking forward to 2015/16, the Bermuda Health Council is well placed to continue to achieve its mandate and add value to the health system through regulation, monitoring and quality improvement.

In particular, the Health Council has been tasked with coordinating implementation of the Bermuda Health Plan, and it will work collaboratively with the Ministry to drive health system improvements to safeguard the sustainability of the health system and improve quality and equity for all our residents.

Madam Chairman, I would like to acknowledge the 2014 Bermuda Health Council board

members whose expertise and dedication contributed to these achievements:

- Mrs. Simone Barton—Deputy Chair;
- Mr. Richard Ambrosio;
- Mrs. Naz Farrow;
- Ms. Alison Hill;
- Ms. Katura Horton-Perinchief;
- Dr. Wesley Miller;
- Mrs. Jane M. "Jasen" Moniz;
- Dr. Joanna Sherratt-Wyer;
- Mr. Andrew Simons;
- Mrs. Venetta Symonds;
- Chief Executive Officer of BHeC, ex officio;
- Financial Secretary, ex officio;
- Permanent Secretary, Ministry of Health, ex officio;
- Chief Medical Officer, ex officio.

To conclude, I would like to express my sincere gratitude to all of the outgoing Council Members, but in particular to Dr. Joanna Sherratt-Wyer, who resigned this year having handed over presidency of the Bermuda Medical Doctors Association. Her excellent work and dedication to the betterment of Bermuda's health system is greatly appreciated. We look forward to continued collaboration with her successor, Dr. Henry Dowling.

The Corporate Services Unit (CSU), cost centre 31020, budget can be found on page B-119 of the Budget Book.

Madam Chairman, you will note that the budget for Corporate Services will decrease by \$189,000, or 36 per cent. This is the difference between the prior year's original budget of \$531,000 and the approved 2015/16 budget of \$342,000.

Madam Chairman, you will have also noted that I mentioned the decrease in this budget when I spoke of the General Administration budget, [cost centre] 31000. The reason being is that the two frozen policy analyst posts which fall under this cost centre are interlinked with the General Administration section and it is important for me to make that connection with the two sections.

There is currently one policy analyst who is mandated to address the policy needs across the Ministry which is very critical to the Ministry.

Corporate Services' responsibilities include:

- programme and policy development;
- programme evaluation;
- research and analysis;
- legislative review; and
- direct service delivery.

Office of the Chief Medical Officer

Madam Chairman, in its second year of operation as a programme within the Ministry Headquarters, the Office of the Chief Medical Officer [CMO] has

been fully engaged in implementing all aspects of what are universally termed the "Ten Essential Functions of Public Health."

You will recall that, among other responsibilities, these functions include:

- monitoring the health status of the community to identify problems and target resources;
- investigating health problems and hazards in the community, such as outbreaks of infectious disease;
- educating, and empowering people about health issues; and
- mobilising community partnerships and collaborating with public health partners to address complex health problems such as preparing for the threat of Ebola and improving management of chronic non-communicable diseases.

These four critical functions have been particularly demanding in the past year. The other essential public health functions, are of a more routine nature, but are equally important to maintaining a healthy community. They include:

- developing policies which support individual and population health;
- enforcing legislation to assure public safety;
- linking individuals to personal health services when required;
- assuring a competent and professional health care workforce;
- evaluating personal health and population health services; and
- conducting research to identify new solutions and inform policy decisions.

Madam Chairman, these 10 essential public health functions are undertaken in the Office of the CMO by a staff of six full-time employees and one part-time pharmacy consultant. The budget for the Office, is contained under two cost centres:

- 31030—Administration and Research; and
- 31040—Epidemiology & Surveillance.

The total budget for the 2015/16 fiscal year for the Office of the CMO is \$922,000 which represents a 2 per cent increase over the previous fiscal year to support the necessary complement of staff in keeping with the reorganisation of the office. This information can be found on page B-119 of the Budget Book.

Madam Chairman, to clarify the activities of the office, they can be categorized into five functional areas:

1. Registration and regulation of health care professionals and facilities;
2. Epidemiology and surveillance;
3. Drugs and pharmaceutical product control;

4. Statutory and public service consultative functions; and
5. Public health focal point for national and international collaboration.

Madam Chairman, I will briefly highlight the activities, achievements and challenges faced in the past year in each of these functional areas of the Office of the CMO.

Corporate planning identified and prioritised the major areas of focus during the year, within each functional area of the Office of the CMO.

In the area of registrations and regulations of health care professionals and facilities, the activities focused on continuing the effort to create and update the electronic database of over 2,600 health care professionals on the Island, representing 23 professions.

The process of registration and re-registration for these professionals is currently a paper-based manual process, and is managed by a single staff member, the registrations manager. With increasing demands for registration of new professions, the need for reliable authentication of credentials, and for continuous monitoring of professional competence and conduct, the current resources are inadequate.

In 2014, the registrations process was assisted by an administrative assistant in the office, allowing progress in creating the electronic professional database. The administrative support also facilitated the re-registrations of approximately 230 medical practitioners, 70 pharmacists and over 300 allied health professionals. It is anticipated that by the end of the fiscal year, the first-ever re-registration of the 100 dental professionals will be accomplished.

The value of enhanced record keeping for registration is that it verifies a competent health care workforce, including documenting continuing professional education and assuring adequate liability coverage.

Refining the processes for all registered professions will remain a priority for the Office of the CMO, and efforts will be made to advance automation of these registration processes so that the regulatory responsibilities of the office can be afforded more attention.

In this regard, the Office of the CMO has been kept busy receiving and addressing concerns from the public and from health care professionals. As the primary administrative support for the 10 statutory boards and six councils, the office received and investigated complaints and oversaw the management of these within the respective professional conduct committees.

Madam Chairman, this past year there were over 25 substantial complaints received by the Office of the Chief Medical Officer. The CMO serves as executive officer for the Bermuda Medical Council which addressed 17 complaints, a significant increase over the previous two years.

As anticipated, the level of regulatory activity remained high due to the rising number of requests from health entrepreneurs, both locally and abroad. Health related business endeavours are a fact of life. An increase in requests for new clinical laboratories, health care and diagnostic imaging facilities occurred this year.

It is the responsibility of the Office of the CMO to assure that all these endeavours maintain an optimal level of safety, and that they are appropriate additions to the health services on the Island. Fortunately, this weighty regulatory role is supported by the Department of Health's Environmental Health Section and by the National Office for Seniors and the Physically Challenged [NOSPC].

The Office of the CMO aims to enhance standardisation of its regulatory processes, and increase compliance monitoring and enforcement in the area of health care professional and facility regulation. This is required to assure the safety and well-being of the population and to protect the Island's health system reputation in the world community.

The current resources within the Office of the CMO do not match the broad scope, diversity and quantity of health care regulatory responsibilities. Creative means of increasing resources and regulatory capacity will be sought in the coming year, including streamlining and automating some administrative processes and creating secondment opportunities within the office.

Madam Chairman, one key resource required to uphold the Office of the CMO's regulatory role is funding to provide legal support for the work of statutory bodies, as needed. Resistance to regulations set by statutory bodies and to efforts to enforce legislation and regulations is an increasing reality. The complaints management process requires investigation and legal expertise.

Respondents to complaints often engage a legal defence. Likewise, the regulatory bodies must be prepared to stand their ground to protect the public interest. Contingency funds must be identified to enable the execution of this regulatory mandate.

Madam Chairman, the Office of the Chief Medical Officer also had responsibility for executing multiple legislated processes including: approving applications for burials, disinterment, and custom duty exemptions and drug import licences.

The Office also gives consultation and advice to the public service in several areas. The Staff Medical Board is chaired by the CMO, as are meetings of the GEHI [Government Employees Health Insurance] Appeals Tribunal. Decisions made in these domains affect public service workplace efficiency and impact insurance benefits for public service employees.

In addition, the CMO serves as an ex-officio member of the Bermuda Hospitals Board and the Bermuda Health Council.

Madam Chairman, the third functional area of the Office of the CMO is Epidemiology and Surveillance. The Epidemiology and Surveillance Unit (or ESU) of the Office upholds the most critical health protection function in public health. It identifies health threats and garners the resources to address them. The ESU has had an exceptionally active year.

This unit receives information from the general public, the hospital, and from health care practitioners notifying them of occurrences of infectious disease or other health threats. The ESU investigates and responds to these reports by coordinating with public health partners, both within the Department of Health and in the wider community, to prevent and control outbreaks of contagious disease.

The capacity of the ESU to respond to public health incidents must at all times be maintained at a high level. Preparedness exercises and collaborative agreements with public health partners is an essential component of response capacity, and in 2014 the ESU exercised these skills continuously.

Although the ESU consists of just three professionals: an epidemiologist (or assessment officer), the nurse epidemiologist, and a surveillance officer, it is the front line of coordination of the response to public health threats for the Island.

These threats can range from familiar diseases such as influenza, measles, mumps and other vaccine-preventable diseases, to more unusual diseases such as Chickungunya and Middle East Respiratory Syndrome-Coronavirus (MERS-CoV).

As you are well aware, 2014 also saw the introduction to this region of the world a most unfamiliar and chilling threat: the threat of Ebola Virus Disease. In August 2014 the World Health Organisation's International Health Regulations Emergency Committee designated the Ebola outbreak in western Africa to be a Public Health Emergency of International Concern (PHEIC). This unique designation requires immediate international public health response.

In Bermuda, the Office of the CMO receives notification from the World Health Organisation as the Island's focal point for international public health communications. The response of the Office and its ESU was prompt and has been sustained.

The response has been multi-faceted and included outreach to a vast array of public health partners. Collaboration with the acute care hospital, the Emergency Medical Services, Airport Operations, Civil Aviation, Customs and Immigration, Fire Rescue Service, Police [Service], the US Consulate and others, has been ongoing from January 2014.

More intense collaborations have occurred since the August 2014 designation of Ebola as a PHEIC. The ESU has engaged multiple sectors of the community in scenario planning, preparedness self-assessments, and coordinated problem solving.

These activities included multi-sectorial "tabletop" exercises, collaborative meetings, and policy

development. In October 2014 the ESU hosted experts from the Pan American Health Organisation (PAHO) to assist with these collaborative meetings and with public health capacity-building.

These coordinated efforts resulted in implementation of new procedures, such as screening of travellers at ports of entry, as well as new national policy documents such as the "Public Health Management of Ebola and other Viral Haemorrhagic Fevers" and Bermuda's national "Public Health Emergency Response Plan." All the ESU's collaborative efforts are aimed at identifying public health threats early and coordinating an effective, multi-sectorial response to mitigate the threat.

Madam Chairman, we are extremely grateful for the spirit of collaboration and cooperation shown by our public health partners. Many professionals, from health care to housekeeping, and many government departments and private health care professionals have welcomed our team, and worked with dedication alongside us, to protect the Island from the introduction of serious health threats.

Madam Chairman, we recognize that it has been by the grace of God that our Island has thus far been spared direct impact from the Ebola outbreak or from other deadly infectious disease outbreaks. Nevertheless, the ESU and its public health partners will be maintaining vigilance and will continue to create and refine our public health policies and practices in preparation for worse case scenarios.

Even while the activities of the ESU focus on the threat of infectious diseases, the unit must also maintain attention on the increasing threat of chronic non-communicable diseases (or NCDs).

Madam Chairman, this year the work of the ESU included implementation of the *STEPS to a Well Bermuda* population survey. The research and community assessment public health functions required the cooperation of several community partners, as well as support from the Caribbean Public Health Agency (CARPHA) and PAHO.

The STEPS survey aims to determine the prevalence of high-impact chronic diseases such as diabetes, hypertension, and obesity, as well as their risk factors. The prevalence of chronic disease risk factors such as obesity, poor diet, tobacco use and inactive lifestyle, are good predictors of the chronic disease burden in the future.

The STEPS survey was launched in November 2013, and the small group of interviewers concluded their field work in late December 2014. The data from over 1,200 detailed interviews will be analysed and interpreted in the final months of this fiscal year by the ESU with the assistance of the CARPHA team of experts. The findings of the survey are eagerly awaited and will surely inform public health policy and action in the months ahead.

Madam Chairman, I would like to take this opportunity to offer a sincere note of appreciation to the

dedicated STEPS survey interviewers and technical staff who persevered to the end. Also, I offer thanks to our many colleagues, especially the Bermuda Hospitals Board's Chronic Disease Management Unit, the Department of Health staff, our public health partners such as the Bermuda Diabetes Association, and a very special thanks to the Bermudian public for their willing participation.

Madam Chairman, the Epidemiology and Surveillance Unit continues to routinely collect information on the prevalence of communicable diseases such as influenza, gastroenteritis, tuberculosis and many other reportable diseases. Its responsibilities of reporting to PAHO and WHO are taken very seriously and are carried out by this unit on a weekly basis.

In the year ahead, we intend to expand this surveillance to chronic NCDs. The goal of establishing chronic disease registries will be a top priority. This will allow for ongoing community health monitoring assessment, and tracking of Bermuda's health system outcome over time. Trends in the health system and in our health outcomes will be able to be compared internationally, and appropriate interventions chosen to address our many problems. The aim of all this assessment is, of course, a reduction in preventable illness, disability, and premature mortality.

Enhancement of mortality coding reporting has occurred in the year due to the special efforts of our surveillance officer. As a result the lag time for mortality data has been reduced from three years to one year. Our capacity to track changes in causes of death has been improved, and preventive action must follow.

Finally, Madam Chairman, the fourth functional area within the Office of the Chief Medical Officer is Drugs and Pharmaceutical Product Control.

This area is tasked with monitoring the importation and exportation of pharmaceuticals; documenting the use of controlled drugs according to the requirements of the International Narcotics Control Board (INCB); and reporting to the INCB to confirm Bermuda's adherence to mandatory quotas. The Office of the GMO also issues licences for personal and commercial importation of drugs and pharmaceutical products.

Monitoring of compliance to the Pharmacy and Poisons Act 1979 and the Misuse of Drugs Act 1972 is executed with the expertise of the pharmacy consultant. The pharmacy consultant post is currently part-time. It has long been identified that this arrangement is inadequate for the expanding volume of regulation required in the realm of drugs and pharmaceutical products control.

In the past two years, there has been an increase in drugs and pharmaceutical control issues, and the emotive debates surrounding the importation of Cannabinol-containing products continues.

Justification for more policy development and pharmacy professional expertise is apparent. It has

become a priority to increase support in the Office of the CMO to address public demands for improved drug control and/ or reform.

Madam Chairman, as with all Ministry departments, staff in the Office of the Chief Medical Officer has laboured tirelessly, and with slim resources, this year to address a multitude of routine, long-standing, and emerging problems in the health sector. The Office has relied on the support of many public health partners, within and outside of government. It is deeply grateful for these collaborations and for the many individuals who work daily to positively impact the health and well-being of the people of Bermuda.

The coming year promises no relief in the public health challenges, locally and internationally. However, we are confident that with the collaborative arrangements here in Bermuda, and with regional and international public health authorities, we will meet these challenges.

Madam Chairman, the Current Account Estimates for the National Office for Seniors and the Physically Challenged (the Office) [cost centres 31140 and 31145] can be found under Head 21 on page B-119. The Office has four programmes:

- the Office for Ageing—[cost centre] 31145;
- the Office of the Disabled—[cost centre] 31140;
- Orange Valley Centre—[cost centre] 31150; and
- Opportunity Workshop—[cost centre] 31155.

The combined budget for the Office is \$3.136 million which is essentially unchanged from the previous year due to furlough days being reinstated.

The vision and mission for the Office are:

Vision: A caring and inclusive Bermuda that supports the well-being of seniors and persons with intellectual and physical disabilities.

Mission: To facilitate improved quality of life for seniors and persons with intellectual and physical disabilities through assurance, coordination and delivery of programmes in collaboration with a public/private network of stakeholders.

Disabilities, [cost centre] 31140. Develops and coordinates programmes and services that promote improved quality of life for persons with disabilities. The Disabilities section has a budget of \$358,000 and has three full time staff.

Ageing, [cost centre] 31145. Develops and coordinates services for seniors and their families in addition to providing case management. The Ageing section has a budget of \$514,000 and employs four staff.

Orange Valley, [cost centre] 31150. Orange Valley is designed to facilitate training and guidance for developmentally challenged clients to strengthen, support and/or maintain levels of independence in the areas of functional life skills, pre-vocational, recrea-

tional, social skills and community awareness. The total budget for Orange Valley is \$972,000.

Opportunity Workshop, [cost centre] 31155. Opportunity Workshop provides training and coaching services for young adults with physical and/or cognitive disabilities with the intent of maximising each client's level of independence in the areas of living, vocational and social skills. The budget for the Opportunity Workshop is \$1.292 million. There is a total of 22 staff who work collaboratively between the Opportunity Workshop and Orange Valley.

The Disability and Ageing sections have four themes under which they operate: case management, compliance, policy development and enhancing awareness.

Case Management is the process of providing assessment, coordination, monitoring, follow-up and evaluation of the services provided by and through various agencies. This process occurs in conjunction with the client and the client's support network.

Compliance relates to enforcing the provisions of the Senior Abuse Register Act 2008, the Residential Care Homes and Nursing Homes Act 1999 and the Commercial Building Code.

Policy Development requires the Office to research new international trends and programmes and make recommendations for implementation of programs for seniors and persons with disabilities in Bermuda.

There are many in the community who are not aware of their rights as seniors or the rights of persons with disabilities. The National Office gives presentations on both topics as well as advocating on behalf of seniors and persons with disabilities in order to enhance awareness.

Disabilities, cost centre 31140. Disabilities is aligned with cost centres 31150, Orange Valley Centre, and 31155, Opportunity Workshop.

The work within Disabilities is not a single agency effort. The Office works with many other stakeholders to ensure that initiatives and programmes geared to persons with disabilities are successful.

First of all, they are establishing research to investigate needs:

- While NOSPC has no legal responsibility with respect to the Building Code, the Accessibility Officer sits with technical officers within the Department of Planning to review building applications. At this time input is provided regarding the new building code adopted as of January 12, 2015.
- With the integration of Orange Valley and Opportunity Workshop, case management was tasked with the responsibility of testing each client to formulate an action plan to launch new initiatives. Data collected determined the types of services clients received, which included functional, creations of goods or em-

ployment training. The merger of the two facilities has seen better utilisation of staff expertise and as a result, clients have benefitted greatly.

- NOSPC Disability section in collaboration with Workforce Development has increased the proportion of persons with learning disabilities who are seeking employment or a career change.
- The transition team, a multi-agency taskforce, assisted with self-sufficiency of people with physical and sensory disabilities by providing researched information and support for coordinated services.
- The National Accessibility Advisory Council (NAAC) has a new chairperson; she and her team are tasked with looking at amendments to the Human Rights Act 1981 to include "mental/intellectual" disability.

Increased employment for persons with disabilities:

- Adopting the International Labour Organisation report (2013); Employment Training Division at Opportunity Workshop linked clients to various business resources. To date, 95 per cent of the clients have day-release jobs.
- Through the Training/Employment and Production initiatives, clients are acquiring workforce skills, and productive community partnerships are being developed with respect to job opportunities.

I would like to thank those companies and government departments that have assisted with giving our more advanced clients the work experience that they need to improve their socialisation skills and their employability.

Awareness:

- The Disabilities Section surveyed parents to determine unmet needs. A comprehensive study determined a community home is needed. A team consisting of a social worker, case worker and administration was formed November 2014 to address this request.
- NOSPC will hold a one day Accessibility Seminar on March 12, 2015 promoting Bermuda's new building code 2014. Mr. Richard Duncan, Executive Director Universal Design Institute, will discuss marine and dock access, restrooms guidelines outlined in the American Standard Institute.
- The Disability Section has been very intentional about speaking at awareness seminars including the Department of E- Commerce's safe Internet day and the Bermuda Economic Development Corporation Small Business Seminar—both held in February 2015.

- In 2014, CITV began highlighting Opportunity Workshop clients working in their day release business settings, utilising their skills and job training. This joint venture will continue throughout 2015.
- NOSPC introduced, in November 2014, Ride Share for seniors and persons with disabilities for special community events.
- The UN International Day of Persons with Disabilities was held December 2014. NOSPC's new acting manager and coordinator for disabled marked this occasion by speaking with the media to raise awareness of disability and accessibility.
- To strengthen local efforts to ensure equal participation in our society, Opportunity Workshop/Orange Valley had an exhibition showcasing and selling their handcrafted candles and bags at the Washington Mall and Hamilton Market Place. This was the Workshop's second annual exhibition/craft market.

Cost centre 31145, Ageing. The primary functions of this cost centre are case management, compliance, advocacy and awareness.

Case Management and Compliance: There are two areas of Compliance within the Ageing cost centre: Residential Care Homes and Senior Abuse.

Case Management of a senior or person with a disability can occur without a report of abuse; however, there are times when these two functions are closely intertwined.

A complaint regarding a senior in the community or a residential care facility for abuse could result in the senior being case managed. Or vice versa, a referral for assistance may indicate that some form of abuse may be occurring.

Case Management:

- In 2014 the Case Management team managed 243 cases. Not all case management cases are abuse cases. Some of the cases are complex and require constant monitoring. Others are resolved once the client's concern has been addressed, a short-term need is met, or long-term placement has been secured.
- In 2014 there were 129 persons who were referred to the Community Assessment Referral Team (CART) for additional support (resources) in the home or placement in a residential care facility.

Compliance: The Senior Abuse Register Act 2008 is designed to bring awareness to Bermuda regarding senior abuse, protect seniors from abuse, provide for the mandatory reporting of abuse, initiate investigation of alleged senior abuse; and establish a register of persons who have been convicted of abusing a senior.

- In 2014 there were 25 investigated abuse cases, abuse types being defined as psychological/emotional, physical, sexual, and financial exploitation. These cases were either investigated and subsequently case managed by the Case Management Team alongside the registrar for the Senior Abuse Act, or referred to the Bermuda Police Service for further investigation.

The Residential Care Homes and Nursing Homes Act 1999 refers to the Chief Medical Officer as the responsible officer of this Act and the regulations. However, NOSPC acts as the agent for the CMO with regards to complaints and inspections.

All homes have to be inspected and registered annually, and the number of inspections will be increased in 2015 on an ongoing basis. The inspections are performed by a multidisciplinary team of health care professionals. A separate inspection is conducted by the Bermuda Fire and Rescue Service. Fire safety is an area of concern as some homes are challenged to meet the required standards.

- Excluding the Continuing Care Unit at KEMH, there are 19 care facilities, including Summerhaven (a facility designed specifically for persons who have disabilities but are able to manage their own care). Two of these facilities are government operated. All of these facilities are at maximum capacity.
- The senior population is expected to be [22] per cent of the Bermuda population by 2025. This has been seen as a business opportunity by some entrepreneurs. There has been an increase in applications to open and register new residential care home facilities, adult day care centres, and private home care provider agencies. These entrepreneurial pursuits have highlighted challenges and service gaps, as many wish to convert buildings designed as family homes into care facilities, and we currently do not have regulations or standards to guide adult day care centres or private home care providers.

Advocacy and Awareness: A significant function of the Office is to bring awareness to the public in general on matters concerning seniors.

- In 2014, NOSPC partnered with Department of Health's Health Promotions team and participated in their Annual Expo held in Victoria Park. The office provided information and interacted with the community through an engaging pop quiz to test their knowledge of Senior's matters on the Island.
- NOSPC also participated in a health fair hosted by Department of Health in the western end of the Island in 2014.

- In January 2015, NOSPC hosted in-service training with Attorney General's Chambers on the Residential Care Homes Act and Regulations for the residential care home administrators.
- On February 10, 2015, NOSPC staff participated in the first annual Safer Internet Day hosted by the Department of E-Commerce. This event was held at Somersfield Academy and was an opportunity for NOSPC to bring awareness to seniors in the community about their rights, the importance of future planning and the services provided at NOSPC. Those in attendance asked many questions and 89 per cent rated NOSPC's presentation in the top ranking and found the information useful.
- On February 19, 2015, NOSPC collaborated with the Bermuda Economic Development Corporation (BEDC) and participated in a senior care matters in-service training for those interested in opening a business related to senior care. Our accessibility officer and coordinator for seniors were able to give helpful information to possible future business owners regarding the new building codes, and the areas to look at when considering opening a residential care home facility or private home care provider agency.

Madam Chairman, that concludes my remarks on Head 21.

HEAD 22—DEPARTMENT OF HEALTH

Hon. Jeanne J. Atherden: Madam Chairman, the Department of Health mandate is to protect and promote the health of the Island's residents and to assure conditions where people can be healthy and thrive. Each day, 262 Department of Health employees (see page B-128) work hard to address the many threats to health and wellness for our population.

An ageing population, the burden of chronic diseases, the economic recession, substance abuse, violence and injury, social tensions and other stressors are presenting formidable challenges to the health of our Island. Bermuda cannot afford to take the physical, psychological or social health and well-being of our population for granted.

The Department of Health's vision for Bermuda is "Healthy People in Healthy Communities." As simple as the vision sounds, the population of our Island home will be challenged to improve our health outcomes. Implementation of the Well Bermuda Strategy is a major priority for the department to achieve our vision. Well Bermuda's projects and action plans are intended to result in healthier individuals, healthier families, and a healthier environment. I would like to take this opportunity to thank all the Well Bermuda

partners and encourage your increased collaboration in 2015/16.

This year the public will see a re-launch of Well Bermuda—The National Health Promotion Strategy. Look out for the campaign “One Voice for a Well Bermuda.”

Madam Chairman, the department's mission “To promote and protect the physical, psychological and social wellbeing of the community to enable the island's residents to realise their optimum quality of life,” reveals to everyone that the Department of Health is questing for more than just the absence from physical infirmity amongst Bermuda's residents. Optimal physical, mental and social wellness for Bermudians is what is sought. Socio-economic, cultural and environmental factors deeply affect lives. The department seeks to influence the social determinants of health to have the most impact.

Madam Chairman, chronic disease epidemics, such as diabetes, have their origins at young ages and take decades to become established. In other words, the risk factors of today (especially in our children) are the diseases of tomorrow. Chronic disease epidemics require long-term systematic approaches to bring them under control.

Given their long duration, there are multiple opportunities for prevention. Common preventable risk factors underlie most chronic diseases. The most significant risk factors include raised blood pressure, tobacco use, raised total cholesterol, and unhealthy diet. Harmful alcohol consumption, physical inactivity, obesity and raised blood sugar are additional behavioural and biological risk factors.

Human behaviour is at the root of most premature deaths and illness. The bad news is that Bermuda is not achieving satisfactory health outcomes for the population. When a population slides towards a tipping point of chronic sickness, it is a health catastrophe. A recent report in the *British Medical Journal* flagged poverty and income inequality, declining educational achievement, an unhealthy food culture, high-risk behaviours involving drug use, reckless driving and violence as root causes for these trends.

A surge in chronic diseases such as diabetes is not a health problem that can be solved directly by legislation, but rather should make us question our way of life. The Department of Health must therefore focus on building capacity for citizens to make healthy choices and to adopt healthy lifestyles. Health is the choice that we want the entire community to make its priority, and to approach decision-making through the lens of health.

When making decisions, it cannot be acceptable to think of the impact on population health as a second- or third-tier consideration. This approach is embodied in the mindset of health in all policies (in other words the health impact must be assessed in policy making across the board—in all Ministries) and this concept is one that the department continues to

advocate for. Policies can be designed to make it easier for citizens to choose health options. Policies that do the reverse can be rejected and not implemented.

The current account estimates for the Department of Health begin on page B-125 of the Estimates Book.

A total of \$27,066,000 have been allocated for the Department of Health. Because furlough day is accounted for in column 4, (2014/15 Original), the bottom line of column 7 reports a \$30,000 decrease on the previous year, which shows that the budget is nominally unchanged from the savings made by furlough. Another way to view the numbers is to consider a scenario as if there had not been a furlough day in 2014/15 and make a year-to-year comparison. In this comparison, the budget has been reduced \$936,000, or 3.3 per cent from 2014/15.

Madam Chairman, unfortunately, the savings that could not be realised when the furlough was stopped had to be found through freezing selected posts, because it is the fact that most programmes only have marginal operating budgets above salaries.

In short, there was no fat to cut in the department—only posts. The department took the difficult decision to freeze 14 posts in order to make its cash limits. In the last fortnight, a comprehensive freeze on hiring has come to pass for the Public Service making the staffing of the department in the next financial year a serious concern.

Madam Chairman, the performance measures for the Department of Health begin on page B-129. These measures, developed by the programme managers, may be used to help determine the effectiveness and impact of the programme activities.

Revenues for the department are projected to reach \$3,431,000 [for 2015/16]. These estimates can be found on page B-127.

These revenues come from the sale of medications, vaccines and biologicals, fees for clinical services, patient fees from the two long-term care facilities, as well as fees for licences and permits issued by the Environmental Health Section of the department.

Madam Chairman, the Health Promotion Office develops policies, products and programmes that promote health and wellness in the community, in collaboration with health partners. The Health Promotion Office facilitates the advancement of the goals of the Well Bermuda, Health Promotion Strategy along with our Well Bermuda partners.

In the interests of the time, because I want to obviously make sure that I have some time, I am going to just . . . in some cases condense.

The Health Promotion Office develops policies that will promote health and wellness in the community, in collaboration with persons like the Bermuda Hospitals Board, the Bermuda Diabetes Association, the Bermuda Heart Foundation . . . and the Bermuda Police Service.

The Health Promotion Office recently produced and distributed the 2015 Health Promotion Calendar. I hope many members of the community have actually seen the calendar. The calendar highlights health and related observances that are recognised through activities, and are most relevant to Bermuda's population from the perspective of prevention and promotion. The calendar, which is important, highlights application of the *EatWell PLATE* and features locally grown fruits that can be part of a healthy diet.

I definitely want to highlight the *STEPS to a Well Bermuda* survey launched in November 2013. As I said, it was completed in December 2014.

It is the intent to deal with this (in terms of the survey) in getting a better picture of the chronic disease risk factors relevant to our population.

Last year was the fourth year for Celebrating Wellness, promoting the importance of physical activity and healthy eating in Victoria Park; nearly 1,000 persons were in attendance.

Research is showing that investing in workplace wellness programmes reaps positive impacts on workers' health. Workplace wellness efforts help employers contain health care costs; as the SAGE Commission reminded us, the cost of sick leave is significant.

The Department of Health knows that prevention makes good business sense, and led by example in 2014 as 135 staff signed up for and participated in the "Shaping Up for Me—100 Day Challenge," organised by the Health Promotion Office.

It is hoped that lessons learned by the Department of Health may be transferrable to other government departments—those in the challenge decreased their fat percentage by 10.1 per cent, average waist circumference by 3.9 inches and overall inches by 115.1 inches.

Madam Chairman, the Health Promotion Office has partnered with the *Community Voices* monthly radio programme to highlight the partnerships of the Well Bermuda Strategy National Health Promotion Strategy. The Health Promotion Office continues to use the web and social media to bring awareness of the programs and initiatives of the department, as well as using Facebook and other media.

Madam Chairman, the Health Promotion programme employs two full-time equivalents and is listed as cost centre 32240, on page B-126, and the 2015/16 budget estimate is \$329,000. Performance measures are on page B-135.

In March 2015, the Department of Health Promotion Office [and Nutrition Services] are partnering (and I say this because it is coming up and I hope people will take advantage of it) with Lindos, the Market Place, Miles, Pizza House, Butterfield & Vallis, and the Supermart to highlight Nutrition Month and the Bermuda *EatWell PLATE* theme, "Eat More Vegetables."

Madam Chairman, Nutrition Services is a core public health service which provides consultative and promotional services to the population to foster optimal nutrition practices.

The total compliance with the nutrition policy for schools is 88 per cent. The compliance level of all schools exclusive of preschools is 93 per cent. Delivery of nutrition education resource materials was provided to parents, students, teachers and foodservice personnel to assist with compliance of the nutrition policy (61 schools inclusive of preschools) both government and private [schools] received information.

And I also think I want to highlight this, because this is not something that persons are aware of: Inspections of 18 rest homes have seen a Medical Nutrition Therapy (MNT) diet compliance for nursing homes and rest homes at 85 per cent. Visits with inmates for medical nutrition therapy diets and menu revision have seen 100 per cent in MNT compliance within the three prison facilities.

Nutrition Services provided anticipatory guidance to high risk community groups (prenatal infants, children, seniors). Consultation services are extended to those who are underinsured or not insured to give access to services. Last year 141 persons were seen for initial appointments. The largest percentage of clients seen came from adults (63 per cent) and school students [34 per cent]. The highest percentage of the conditions seen for these two groups was overweight. There were 403 follow-up appointments—66 [per cent] followed up were adults and 29 [per cent] were school students.

Madam Chairman, in an effort to combat the trends of obesity and promote good health, Nutrition Services continues the promotion of the New Dietary Guidelines for Bermudians inclusive of partnering with Well Bermuda partners to focus on the prevention of non-communicable diseases.

The number of Well Bermuda Partners adopting and utilising the *EatWell PLATE* and Dietary Guidelines has gone from 20 per cent to approximately 33 per cent. The ultimate goal is to have within the next two years, 100 per cent of Well Bermuda partners in compliance with adopting and utilising these tools to encourage a collaborative effort of a consistent nutrition message within the community. Currently the website www.eatwell.gov.bm provides accessible website information for the public with supportive dietary guideline information.

Health promotion activities continue with approximately 400 per year inclusive of monthly radio talks, school or general talks, health screenings, leaflet development, committee representation, inspections, et cetera. Nutrition Services continues to strive for new, innovative and cost-effective ways to educate the public by partnering with community agencies, committees and staff to obtain the common goal of optimal nutrition.

The Nutrition Services employs two full-time equivalents, is listed as cost centre 32110, and has an annual budget of \$189,000. This small but busy programme is critical for addressing obesity, chronic disease and collaboration and partnership in the food security strategies [for Bermuda].

Madam Chairman, the Healthy Schools partnership between the Ministry of Education and the Department of Health continues to go from strength to strength and is vital in ensuring that the link between education and health is maintained. Healthy Schools lies at the middle of this partnership, providing support to schools with focus on holistic health and the whole child.

Healthy Schools is a part of Well Bermuda, and thus engenders partnership with government departments and community partners that provide activities and services to schools. These partnerships make sense in Bermuda, due to our small size. Resources are shared, thus reducing costs, manpower needs, time, and duplication and gaps in services.

Virtually every school in Bermuda is a *Health Promoting School*, which means that health is a part of their culture. In some schools health is a larger, more obvious entity, while in others it is happening in the background. Health Promoting Schools consistently demonstrate their understanding of what holistic health looks like through numerous activities and programmes that focus on their students' personal and physical health, socio-emotional health, environmental health and healthy connections to the community. In addition, these schools consistently comply with school health policies and health-related Bermuda laws.

At the heart, is ensuring that schools safeguard and promote the health of everyone in the school population, students and teachers alike. Healthy Schools, aka, Comprehensive School Health, cost centre 32265, employs coordinator, Marie Beach, as the only full-time equivalent but she establishes relationships and partnerships to achieve results (if you look at page B-135 you can see her performance measures) and has an annual budget of \$111,000. A new student fitness initiative and standard is being collaboratively planned, which will be piloted in the new school year.

Madam Chairman, the Community Health Section of the Department of Health can be found on page B-125 of the Budget Book. This section provides many personal health services and community-based services. Services include medical, nursing and supportive services, delivered through the clinics, schools and delivered directly in people's homes including: community health nursing, child health; maternal health and family planning and communicable diseases control. Therapy services are delivered in people's homes, through the clinics, schools and at the Child Development Programme Building at Tynes Bay and

include occupational therapy, physiotherapy, and speech and language pathology.

Madam Chairman, the Community Health nursing programme provides home and community health care services for all mothers and their newborns, guidance, support, and breast feeding support. Health education, nursing care and treatment is provided for clients with chronic non-communicable diseases (diabetes, strokes, heart disease) and those with communicable diseases (TB, HIV and AIDS). District nurses collaborate in the investigation of illness outbreaks and provide recommendations for containment and prevention. Community health nurses provide comprehensive care to clients within their homes, at organised events such as health fairs, in the Department of Health Clinics and at shelters—such as the one established during the passage of Hurricane Gonzalo.

Community health nurses have a significant role to play in enhancing quality of life and providing the right care in the right setting especially helping the elderly manage any chronic health problems while remaining cared for in the setting of their own homes.

Providing assistance with the activities of daily living is the remit of the Community Health Workers, and these humble services provided to the ageing population along with the aforementioned nursing services will prove to be a crucial piece of the puzzle when meeting the long-term care needs of our seniors in Bermuda. There is no more cost-effective method.

Madam Chairman, Health Visitors are qualified registered nurses with advance training in community health. Their focus is on prevention, health promotion and education and they work to ensure that expectant and new mothers have the resources to appropriately care for themselves and their children.

Our community has need for this expertise especially since Health Visitors have particular responsibility for supporting the health needs of families. Their current remit is children under five and seniors, both populations with unique, multi-faceted needs. Health Visitors also supervise and guide the important, hands-on work of our Community Health Nurses and Community Health Workers.

In 2015, the Department of Health will be collaborating with Bermuda Education Network (BEN) to provide a springboard for nursing and other health sector careers. The programme will be aimed at Berkeley and CedarBridge students.

Community Health Nursing, cost centre 32060, employs 22 full-time equivalents including six health visitors, six community health nurses and 10 community health workers. Results are recorded on page B-130 and the programme has an annual budget of \$1,909,000.

Community Health Administration, cost centre 32010, employs six full-time equivalents including two stores officers, a community social worker, a secre-

tary, the senior medical officer and the chief nursing officer. Results are recorded on page B-129, and the programme has an annual budget of \$1,022,000.

Madam Chairman, Child Health, [cost centre 32030], is a clinic and school delivered programme that provides preventive and curative health services including assuring conditions for optimum health for infants, children and adolescents. This is conducted through health and developmental assessments, screenings, referrals, treatment of minor ailments, health education, health promotion and anticipatory guidance. The programme assures conditions for optimum learning of children.

Asthma education, management and monitoring are provided for preschool and school age populations. Travel health provides consultation and vaccination for travel abroad to high risk areas. The Expanded Programme on Immunization assures universal access to routine childhood immunizations for all infants and children through public and private sector services. An information system provides data on the health of the infant and young child.

Madam Chairman, for 2014, the child health programme operated with 80 per cent of its established full-time equivalents. The focus has been on staff development and training. Education topics include: vaccines and vaccine safety, physical assessment and outbreak investigation. The annual Expanded Programme on Immunization workshop for public and private sector participants was deemed a success.

Maintaining school health services through preventive health screenings was realised despite human resource constraints. The percentage of primary one students screened according to the established protocol was 74 per cent. The Asthma School Policy continues to await approval by Department of Education.

There were 1,128 travel clinic consultations and 314 travel follow-up visits in 2014. In addition, there were 449 adult immunizations, exclusive of seasonal influenza.

The Flu Express is well-established, with attendance doubling this year at each of the Flu Express sites held throughout the Island. This was successfully held immediately post Hurricanes Fay and Gonzalo. The staff showed resilience in maintaining preventive health services in the aftermath of the storms.

Madam Chairman, there have been significant challenges with vaccine procurement related to production issues and global market demands. As a result, country estimates for infants and children aged 0–24 months appropriately immunized was 81 per cent. Calculations have been further impacted due to major problems with the information system associated with technology, human resource and network issues. National immunization coverage is anticipated to correct itself by the first quarter of 2015. Despite the

challenges, there has been an absence of indigenous cases of serious vaccine preventable diseases affecting children in Bermuda during this fiscal reporting period. Bermuda cannot be complacent and the measles outbreaks in Europe and North America illustrate the value of this programme that is facilitated by the department in partnership with local paediatricians and general practitioners.

Child Health, cost centre 32030, includes the Expanded Programme for Immunization and the Travel Clinic and employs 15 full-time equivalents including the school nurses and two medical officers.

Vaccine procurement for Bermuda requires a materials budget in excess of \$250,000, and vaccines are provided at cost to private practitioners to ensure access and uptake at the lowest possible cost.

Maternal Health, cost centre 32040. Madam Chairman, the Maternal Health and Family Planning Clinic service seeks to achieve a reduction in unplanned pregnancies through the availability of family planning consultation visits, affordable contraception, and emergency contraception. We serve Bermuda in three locations. Our main clinic [is] in Hamilton [and] operates from Monday to Friday. We also have two satellite clinics—St. George's Clinic operating on Mondays from 9:00 am to 11:00 am and Somerset Clinic operating on Tuesdays from 9:00 am to 11:00 am.

We aim to reduce unhealthy sexual behaviours and promote healthy choices through public education and health promotion. We provide screening and treatment for sexually transmitted infections for our clients and referral of their partners to the appropriate services.

Maternal Health uses current research trends to guide our program. This includes guidelines for the promotion of cervical health and the prevention of other female-related cancers. Maternal Health collects and provides data on various aspects of clinic services to agencies within Bermuda and to organisations in the Caribbean.

Madam Chairman, we aim to promote safe motherhood and healthy outcomes for newborns through the availability of antenatal care for underinsured and uninsured women, collaboration with other members of the obstetric and health care teams, as well as offering free childbirth education, nutritional advice and support, promotion of breastfeeding, and appropriate immunization for all pregnant women. We recognise that women in Bermuda have a right to choose their birthing experiences and are on an ongoing basis collaboratively working with other members of the health care team to facilitate a safe delivery for both mother and baby when the avenue of home birth is chosen. Maternal Health is seen on page B-125.

Madam Chairman, the Occupational Therapy, [cost centre 32120], and Physiotherapy Services, [cost centre 32080], programmes aim to provide quali-

ty rehabilitation service interventions to clients in the community setting.

Therapy primarily focuses on the rehabilitation and/or habilitation of people with physical or functional impairment of movement that negatively impacts their ability to lead a normal healthy lifestyle. Occupational therapy and physiotherapy services are provided to maximise the functional potential of individuals with delays in normal motor development or with physical movement challenges. It is intended to achieve functional independence for self-sufficiency of activities for daily living inclusive of families and caregivers. The programme also promotes health and wellness for individuals and the general public to take ownership for their own health and well-being for active community living. Lastly, the programme works to prevent and limit the development of physical deformities through adaptive equipment prescription and anticipatory guidance.

This summer, the Aquatic Therapy programme for paediatric clients with special needs was again a highlight. Aquatic therapy achieves functional goals with the advantage that water reduces the effect of gravity and allows children to move more freely and strengthen muscles in a way they are not able to on land. Plus, most children find the pool to be fun, making the potential for progress even greater. Aquatic exercises benefit client posture and alignment, balance, gait and breathing.

Madam Chairman, therapy's senior's team conducts home safety assessments for all seniors who are referred, with the intention of minimising the risk of falls at home. The team also collaborated in interdisciplinary rest home inspections to assure that all licensed facilities are in compliance with rest home standards.

Physiotherapy Services, cost centre 32080, employs nine physiotherapists, a secretary, and a co-ordinator.

Occupational Therapy Services employs nine occupational therapists. Results are recorded on page B-132, and the programme has an annual budget of \$944,000.

Madam Chairman, Speech and Language Therapy Services, [cost centre 32100], aim to reduce the number of clients with speech/language or feeding/swallowing challenges in the community. A lot of people do not realise that swallowing challenges actually can be assisted by the Speech and Language therapy providers.

Speech, language, and hearing disorders are common disabilities. However, unlike many other disabilities these disorders often are reversible and even preventable with early intervention. In young children early treatment can help prevent them from falling behind academically, socially and in other key areas at a critical time in their development.

All parents can familiarise themselves with the signs of these disorders and seek an assessment

from a certified speech language pathologist if they have any questions.

Parent training has been provided to increase speech and language facilitation in the home. Best practices facilitate improved collaboration with parents, caregivers and educators regarding intervention goals.

Occupational therapists and physiotherapists, working with speech language pathologists, stress the importance of the parents playing, moving and interacting verbally and directly with their children. The service delivery model in use, promotes collaboration and communication with families and teachers, as well as Department of Health and Department of Education staff. Joint therapy sessions are provided in many cases.

Madam Chairman, speech and language screenings are provided for Primary 1 students to facilitate early identification of potential clients, and to ensure consistency of service throughout the school year.

These services have proven to be one of the best health promotion activities performed by the school-based team. It provides an opportunity for the parents of the children to talk directly with a pathologist about any concern that they might have regarding their child's communication skills.

In turn, the speech language pathologist is prepared to provide some preliminary information about a communication issue, as well as some suggestions for parents to try at home while waiting for services to begin. Having completed the screenings prior to school entry, it is possible to initiate services earlier in the school year, and for these services to be more consistent throughout the year.

Madam Chairman, last year early intervention speech language pathologists at the Child Development Programme collaborated to deliver a variety of training workshops. One group of parents whose children were receiving speech therapy participated in a Workshop entitled "Clearly Speaking—How to Help Your Child be Better Understood." Another training workshop was provided for staff at Lefroy Care Community and Sylvia Richardson Care Community regarding the causes of communication, swallowing and feeding problems as well as ways to support and maintain these skills in adults and seniors in these facilities.

Speech and Language Services, cost centre 32100, employs 15 speech language pathologists as full-time equivalents. Results are recorded on page B-131 and the programme has an annual budget of \$1,561,000.

In 2014, the Speech and Language Programme won the Bermudian Magazine's Best of Bermuda Award for Best Government Service and they deserve praise and recognition for that achievement.

Madam Chairman, the Department of Health's long-term care facilities such as the Lefroy House

Care Community, [cost centre 32000], and the Sylvia Richardson Care Facility, [cost centre 32015], provide skilled residential care for seniors as well as day care and essential respite care for families whose senior members reside at home.

Both facilities provide comprehensive medical, nursing, environmental and recreation services to the eligible elders of Bermuda. The Eden model of care practiced by the Department of Health is a non-medicalised model that aims to offer the elder quality of life and choice in a home-like setting; for example, wearing ones' own clothes, choice of time to wake and go to sleep, choice of activities, and open visiting times.

Very simply put, relationships are more important than the tasks. Elders are regarded as individuals who deserve to have meaningful lives that are free from loneliness, helplessness and boredom. It is a home for the resident elders and not an institution.

The Department of Health has a capacity to care for 41 elders at Sylvia Richardson and 36 elders at Lefroy Care Facility. Accommodations at each site include some respite accommodations and day care.

Nursing assessments, personal care, house-keeping and laundry services are provided 24 hours per day, seven days per week. Services of nursing, environmental, recreation and other supporting health care workers are coordinated through the joint efforts of nursing, environmental and recreation programmes and led administratively by an administrator.

The Care Community also provides medical and pharmacy services through a private physician and pharmacist consultant. Each Care Community is supported by the Department of Health with rehabilitation (physiotherapy, occupational therapy, speech therapy), nutritional and dental services. The care and services are designed and delivered to reflect purposeful life to the elders, their families, and the caregivers.

Madam Chairman, Hurricane Gonzalo tore the roof off the Annex Building on the low-lying southern side of the Lefroy campus. Luckily the staff had already evacuated the residents and bunkered down in a more sheltered part of the building. We are fortunate that staff and elders escaped a long night of ferocious winds unscathed. We are also fortunate to have such dedicated staff at both facilities who forsake their own families and homes to stay with and watch over our elders.

This is the pinnacle of dedication and service and I would like to recognize the sacrifice of the Department of Health staff. At the height of a ferocious hurricane, when self-preservation is the norm, they were looking after our seniors, our mothers and fathers, and putting themselves and their families second.

Since Gonzalo the Estates Department has been facilitating repairs at Lefroy House that, although not completed, are fully planned and are financed

through insurance. The staff have shown their incredible adaptability by converting the dining room into a dormitory, and have had to compensate for the lack of accommodation through natural attrition.

Madam Chairman, it is evident from the damage sustained from Fabian in 2003 and Gonzalo in 2014 that the Lefroy House is situated in a location not suited for safely accommodating our vulnerable elders during a storm. The department is actively exploring other options that will properly reduce the risk to the elders in our care from future natural disasters and give them the protection they deserve.

Madam Chairman, long-term care is very expensive because of the convergence of medical, social and care needs required to service elders. There is very limited home care service on the continuum of care for elders. Therefore, informal care is underutilised, limiting options and choices for care to facility-based care or independent living.

Long-term care facilities must be operating 24/7. This is at least three times more intensive than running a nine to five business in payroll alone. There are three shifts to cover the day and it must also operate on weekends, public holidays and throughout hurricanes. These hours are manned by Department of Health staff that are unionised employees. The business units must be managed within the collective bargaining agreements with established benefits for sick leave and vacation, which often increases the need for overtime coverage.

The operation of a residential care facility requires managers, nursing, catering, housekeeping, and facilities management teams; meaning that it is a complex and diverse operation in a health care setting that must be sanitary and safe and provide quality care. Compared to a school building that is used for 35 weeks of the year for eight hours a day which is 1,400 hours, long-term care facilities operate for 52 weeks for 24 hours a day which is 8,736 hours a year. In other words, a long-term care facility building is used 625 per cent more intensively than a school.

Madam Chairman, Lefroy Care Community, cost centre 32000, employs 58 full-time equivalents. Results are recorded on page B-129, [and the programme has an annual budget of \$4,856,000].

Sylvia Richardson Care Facility, cost centre 32015, employs 48 full-time equivalents, which is less than Lefroy as fewer domestic staff are employed. Results are recorded on page B-129 [and the programme has an annual budget of \$5,387,000].

Madam Chairman, to do the math, divide the annual budget of either facility by 12, and you will calculate the monthly operating budget, which is approximately \$400,000 each. (Also there was some maintenance included in that.)

If each facility accommodates approximately 40 residents, it is apparent that the cost of caring for elders is in the region of \$10,000 [per resident per month].

[Inaudible interjection]

Hon. Jeanne J. Atherden: As I indicated . . . well, it will come up in your discussion.

Not many, if any, of the elders that we care for can afford \$10,000 per month and as a consequence the fees are heavily subsidised. These high-running costs may not be financially sustainable and other options will be explored.

Madam Chairman, if elders live in precarious care situations, families (the informal caregivers) may lack support and may not be able to cope. As a result, their elder deteriorates more quickly, and the demand for placement in care homes increases. In short, the lack of quality community-based care is the gap that causes the elder to require a higher cost of care sooner than if he/she had the benefit of community based care support and services.

Increased, and better coordinated community care services, as mentioned in my prior remarks on Community Health Nursing is one option to empower families and caregivers of elders to assist them in the enjoyment of a vibrant and meaningful life.

If additional resources and support could be dedicated to caring for elders at home it can preserve the quality of life, the family unit and community. Otherwise, elders choose the services they can afford as opposed to the services they actually require.

The lack of in-home care can reinforce elders defaulting to the security of a centre-based setting for their care and services, albeit, at a higher cost to the public purse. Low availability of long-term care “beds” creates a scarcity mentality among elders and their families who are anxious to secure a bed and “get in.” Better adherence to the mantra “the right care in the right setting” is needed as we go forward.

Madam Chairman, the Oral Health section provides dental health services for school-aged children, special patients, prisoners, and seniors. The Oral Health Section delivers both clinical services and school-based prevention services. Oral health prevention maintains and monitors the fluoride programme and a Screen and Seal programme for 6,000 school-aged children. Screenings, which are conducted at schools, have been greatly accelerated by the section's use of digital pen technology.

Decayed, missing and filled teeth [DMFT] results show that Bermuda successfully maintains low levels of decay that are below the targets set by the World Health Organisation. The World Health Organisation goal is DMFT of less than one; Bermuda's DFMT is 0.66, which is less than one.

Madam Chairman, preventive programmes are better value for money for all age groups, and early prevention and intervention with children and adolescents has the greatest effect. The Oral Health Section provided fluoride supplementation in all nurseries, preschools and primary schools as well as individual supplements for those choosing to take supplements

at home. Participation in this programme was greater than the target of 95 per cent.

The bulk of the current clientele are uninsured children, working poor, seniors, and special patients. Among very young children, in particular, a costly problem—

The Chairman: Yes, the Chair recognises the Member from constituency 34, the Shadow Minister of Health.

You have the floor.

[Inaudible interjection]

The Chairman: Can you turn your [microphone] on please?

Ms. Kim N. Wilson: Excuse me. I did not mean to interrupt but I appreciate that the Minister in truncating certain sections, but I am trying to follow where exactly we are right now.

The Chairman: Thank you.

I know it has gone back between B-127 and B-129, but—

[Inaudible interjection]

The Chairman: Would that be the dental fees for children? That would be revenue source, sorry. The oral health, which is on B-126, which is [line item] 2202, Oral Health, [cost centre] 32150, Control, Administration and Prevention.

[Inaudible interjection]

The Chairman: That is B-126.

Member, your [microphone] is not on, I am sorry.

Hon. Jeanne J. Atherden: Cost centres at the top are . . . if you see Oral Health, it is [line item] 2202, and the cost centres—

The Chairman: Yes.

Hon. Jeanne J. Atherden: —32150, 32155—

The Chairman: Correct. That is it.

Hon. Jeanne J. Atherden: Yes.

The Chairman: And that is on page B-126.

Hon. Jeanne J. Atherden: Yes, and I apologise . . . if I do skip over I will try and make sure that I at least say the page.

The Chairman: That is fine.

Is that helpful?

Ms. Kim N. Wilson: Yes.

The Chairman: Thank you.
Please proceed.

Hon. Jeanne J. Atherden: So it just indicates that the World Health Organisation has a goal of decayed, missing and filled teeth of less than one, and Bermuda's numbers come up to 0.66.

Preventive programmes are better value for money for all age groups and I was just indicating that some persons take supplements at home, and participation in this programme was greater than the target of 95 per cent. And I think in some cases, sometimes, I am referring to some of the performance measures.

The bulk of the current clientele are uninsured children, working poor, seniors, and special patients. Among very young children, in particular, a costly problem is Early Childhood Caries (Decay), which is caused by frequent exposure to natural or refined sugars such as sleeping with a bottle of beverage or juice. We try and make this point to especially our parents because there is a tendency to give a child a juice and let them go to sleep with it, not understanding the impact on the cavities. The Oral Health Section adjusted the Screen & Seal Programme to identify these and other dental decay problems. This effort includes a cost-saving collaboration with private dentists to provide screening and treatment prior to entering primary school.

Prevention for patients with chronic diseases is critical, as poor oral health can affect a number of conditions including causing higher risks of premature birth, exacerbation of diabetes and increased risk of heart disease [which] has been clearly linked to poor oral health. Along with these increased risks come higher health care costs.

Madam Chairman—

[Mr. Walton Brown, Chairman]

Hon. Jeanne J. Atherden: Sorry, Mr. Chairman.

Prior to 2007/08 the only seniors seen by the Oral Health section were those at Lefroy and Sylvia Richardson. The Bermuda Hospitals Board has many seniors as inpatients request appointments, but they could not be accommodated. Seniors have been now added to the population to be served, but there is an issue with respect to being able to keep up with the supply of individuals that can help, to meet the service demand.

There has been a continuous backlog of unmet service which spills over into the care of all other groups. Special patients are seriously underserved and children must wait much longer for appointments. It will be necessary to change services provided to

seniors so that they do not excessively displace children or displace special patients entirely.

In the performance measures for 2014, the number of seniors treated increased while all other groups decreased. It must be noted that while seniors had more appointments the impact is mostly caused by the length of the appointments required to treat seniors with medical issues and their time-consuming tertiary dental care problems.

No eligibility requirements were previously in place other than being over the age of 65 years. It is apparent that primary prevention will be displaced which will increase the risk of oral health issues in the younger population. And therefore it is essential that the issue of eligibility is examined as we face the next financial year with reduced staff.

Mr. Chairman, the Oral Health Section, cost centres 32150, 32155 and 32160, employs 17 full-time equivalents which includes four dental officers, a senior dental officer, two hygienists, an administrative assistant and eight dental assistants (page B-128).

One of the frozen posts was lost last week and several more posts are under threat because temporary staff has been employed at Oral Health for some months. It is challenging to compete against the salaries that are paid in the private sector, and as a consequence dental officers are primarily recruited from abroad.

Careful planning and delivery of public health oral health services is needed going forward as the limitation in human resources will make it impossible to operate the programme in the same manner as before. The Oral Health Section's performance measures are on pages B-132 and B-133.

Mr. Chairman, information on the Environmental Health Section, [line item 2203], can be found on page B-126 and incorporates cost centres 32170, 32171, 32172, 32173, 32175, 32180, 32190 and 32270.

This section of the Department of Health works to assure food and water safety, sanitation, occupational health and safety and environmental health protection. It provides a wide range of services designed to protect the public against environmental health hazards and potential threats.

These services are delivered through eight sub-programmes and if you are reading the Budget Book you can see them: Institutional hygiene and safety; public health nuisances and pollution, et cetera. And in the interest of time, I am going to then skip to the ones I am going to discuss a little bit.

Vector Control, [cost centre 32190], continues to shine as a responsive and free service that aims to keep our island mosquito and rat free, thereby protecting health and allowing us to enjoy our time outdoors.

Bermuda has had four imported cases of the mosquito-borne disease Chikungunya that has spread throughout the Caribbean region. Bermuda must remain on its guard because of the presence of the

mosquito vector for Chikungunya, *Aedes albopictus*, is well established in Bermuda. The scale of the Chikungunya outbreak in the Caribbean shows that it is not a disease to be taken lightly, as the joint pain can persist chronically in some sufferers. Also some countries were so afflicted (for example, Jamaica) that school districts were known to be closed because there were so many cases and large parts of the population were bedridden.

Mr. Chairman, preventing diseases of international public health significance from entering Bermuda is the goal of inspecting vessels, commodities and port facilities and ensuring the maintenance of safe and sanitary conditions. Port health is a developing area for public health officials worldwide, and Bermuda is no exception.

The focus for 2014 was collaboration with the Department of Airport Operations to assure airport capacity for the oversight of the health of travellers, and the hygienic condition of airplanes, airports and commodities.

Port health workshops that were conducted in January 2014 with airport stakeholders served as good preparation for the summer's Ebola outbreak in West Africa, though at the time it could not be foreseen that a Public Health Event of International Concern was brewing that would fast forward the department's need to provide a port health presence at the airport, performing traveller screening and risk assessments.

The department has an ongoing international obligation to strengthen its port health presence under the International Health Regulations which require core competencies and capacities at ports of entry. The department will do its best to meet our obligations at a time of shrinking human resources.

Vector Control and Port Health employs 20 full-time equivalents and its results are recorded on page B-134.

The Occupational Safety and Health Office, [cost centre 32270], aims to reduce the risk of injury and illness arising from workplace activities. The Occupational Safety and Health programme remained active in training and certifying workers in asbestos abatement procedures and in issuing abatement permits. Workplace accidents were investigated and various work sites inspected. The office also worked on radiation safety improvements. Because of budget freezes, the office now only employs one occupational safety and health officer and an administrative support person.

Environmental Health Officers, [line item 2203], work diligently to ensure the maintenance of hygienic and safe conditions of health care and related premises by monitoring the operation of pharmacies, hairdressers, barbers, cosmetologists, piercers, tattooists, nursing homes, day care centres, and by inspecting spas and schools.

These officers ensure the provision and maintenance of uncrowded, safe and sanitary housing conditions by monitoring and licensing rooming houses and responding to general housing fitness complaints, providing advice, and seeking compliance from owners and occupiers.

In collaboration with the Tourism Authority, the inspection and monitoring of hotels and guesthouses is performed to assure safe and sanitary tourist and temporary accommodation. Drinking water supplies and food operations Island-wide are also overseen. Officers collaborate in the investigation of illness outbreaks and provide recommendations for containment and prevention.

The Environmental Health Programme also aims to reduce the risk of foodborne illness by monitoring food and beverage importation, storage, preparation and sale by licensing all types of food businesses and establishments and ensuring hygienic conditions and operations. Services ensure food is fit for human consumption by sampling milk, frozen desserts, foods and beverages and inspecting locally slaughtered meat.

Mr. Chairman, following the Burden of Illness Study performed in 2012, which focused on gastrointestinal illness in Bermuda, the Department of Conservation Services, BIOS and the University of Laval, Canada, partnered with the Department of Health in research to locate the environmental source of *Salmonella Mississippii*—a pathogen identified in Bermuda gastrointestinal outbreaks but not associated with the food chain.

Environmental reservoirs for *Salmonella Mississippii* were researched and found to be feral chickens and feral pigeons which points to the need to keep these potential vectors of illness under control to prevent them from polluting drinking water catchments and tank water. It is also important to remind people to boil their tank water especially if they are immune-compromised or using tank water to make up infant formula. Point-of-use treatment, including filtration and ultra violet disinfection, form part of the Department of Health's recommendations for assuring potable tank water supplies.

Mr. Chairman, Bermuda's tank water systems are an important example of sustainable management and use of precious rain water resource that many countries are envious of.

The Environmental Health Section reviews every planning proposal to ensure that adequate tank capacity is included in proportion to catchment area.

Environmental Health education stresses that catchments and tanks are open systems and heavy road traffic, and other pollution sources make them vulnerable to pollution. Existing health laws require that the sediment in the tank be cleaned out every six years. We must not be complacent and assume that our water tanks are maintenance free, because they are not.

Mr. Chairman, Environmental Health has been instrumental in performing sea water sampling (results are posted at www.health.gov.bm) and overseeing the installation of grease traps in City of Hamilton food establishments in collaboration with the Corporation in an effort to abate the grease balls that were washed up on Grape Bay Beach in April 2014.

Environmental Health Programmes for Institutional Hygiene, Pollution Control, Food Safety, Water Safety & Sanitation, Administration and Housing Conditions, cost centres 32170, 32171, 32172, 32173, 32175, 32180 employs 12 full-time equivalents, two administrative staff, eight environmental health officers (EHOs), and two environmental health managers. The programme has an annual budget of \$1,512,000 (page B-126).

Mr. Chairman, the Central Government Laboratory, [line item 2204], provides a range of analytical services and scientific advice to a number of Government and non-Government agencies. It operates three programmes: Water and Food Analysis, Urine Drug Testing and Forensic Analysis.

The Water and Food programme, [cost centre 32220], provides a laboratory service for the analysis of water and food to assist in reducing environmental threats to health, improving drinking water quality and food quality, and maintaining a low incidence of waterborne and foodborne disease.

During 2014, the laboratory continued to work closely with the Environmental Health section to meet their testing needs for licensing and regulatory purposes, and to enhance some routine monitoring programmes.

The laboratory regularly tests water from the piped water distribution systems in Bermuda, water producers, schools, restaurants, and other premises licensed by the Department of Health. A service for bacterial testing of residential waters is also offered to members of the public through Environmental Health.

It is important to remember that Bermuda tank water is open to contamination from any foreign matter that lands on the roof, and may contain disease causing bacteria, so it is important to disinfect tank water before using for drinking and cooking.

There was enhanced sampling and bacterial testing of seawater from the most highly used beaches, following the US Environmental Protection Agency (EPA) guidelines for recreational water use. These bacterial results were published weekly on the government portal, and more recently in a graphical format for easier viewing and interpretation by the public.

In August 2014 scientists from the Caribbean Public Health Agency (CARPHA) visited Bermuda to assess and verify the Department of Health's recreational water quality sampling procedures, analytical methods and results. Their conclusion was that the seawater quality results generated by the Central Government Laboratory are reliable, and that the

bathing beaches of Bermuda meet the US EPA requirements for safe recreational use.

Mr. Chairman, in addition to water testing, routine testing of milk, ice cream, and frozen yogurt is also performed to ensure that bacterial and other regulated standards are met. Food testing services are also available for routine monitoring, as well as in reported cases of suspected food poisoning.

Water and Food Analysis Services, cost centre 32220, employs two analysts and one lab technician.

Mr. Chairman, the Urine Drug Testing programme, [cost centre 32210], provides a laboratory service for drugs-of-abuse testing of urine specimens to agencies such as drug treatment programmes, the Department of Corrections, the Department of Court Services, doctor's offices, workplace and sports drug programmes.

These agencies receive accurate test results on which to base their treatment or disciplinary proceedings. The Central Government Laboratory is the only facility on the Island with the analytical equipment and expertise to provide confirmatory testing, which is essential where there are any legal, disciplinary or any other serious implications.

Urine Drug Testing Services, cost centre 32210, results are recorded on page B-150.

Mr. Chairman, the Forensic Analysis, [cost centre 32200], programme provides laboratory services to the criminal justice system and toxicology services to the hospitals and general practitioners. Services include:

- analysis of drugs seized by the Bermuda Police Service;
- forensic toxicology analyses in cases of sudden death;
- fatal road traffic accidents;
- impaired driving;
- suspected drug facilitated sexual abuse;
- general toxicology services and other criminal cases;
- evidence recovery and preservation of trace biological and non-biological evidence in cases of suspected assault, sexual assault, murder, burglary et cetera; and
- miscellaneous chemistry analyses and assistance in chemical or biohazard emergency.

Forensic Analysis Services employs three analysts as full-time equivalents, though one relief employee soon will be lost due to attrition from the hiring freeze policy.

Mr. Chairman, the Clinical Laboratory services, [cost centre 32090], are provided to the general public through the Maternal Health, Child Health, Community Health and Oral Health programmes.

Blood tests for communicable diseases, cultures and antibiotic testing for bacterial infections, di-

agnostic tests for sexually transmitted infections, and screenings for diabetes and HIV are performed.

The Chairman: Honourable Minister, could you just advise us where you are in terms of the Heads?

Hon. Jeanne J. Atherden: I am sorry. I just went . . . I am just dealing with the Clinical Laboratory right now, which is . . . this is [line item] 3224 the Central Laboratory, and that is on page B-126.

The Chairman: Okay.

Hon. Jeanne J. Atherden: And I just talked about the Forensic Analysis Services, cost centre 32210.

The Chairman: Okay, thank you.
Proceed.

Hon. Jeanne J. Atherden: And now I am dealing with . . . sorry, the Clinical Lab, cost centre 32090, employs—

The Chairman: Honourable Minister, if you could just cite the page reference along with the head that would be easier.

Hon. Jeanne J. Atherden: Page B-125.

The Chairman: Okay. Thank you.

Hon. Jeanne J. Atherden: I will try and make sure that I do that.

The Clinical Lab, cost centre 32090 (page B-125), employs two full-time equivalents and has an annual budget of \$277,000.

This small but busy lab is critical for the functioning of the Victoria Street Clinic (aka, the Hamilton Health Centre) and is also tasked with processing and shipping exotic samples (including Ebola) for analysis at overseas labs.

In 2015 the clinical laboratory of the Department of Health will work toward achieving adequate antimicrobial resistance laboratory surveillance in the community. Antimicrobial stewardship is critical in combating the emergence of resistant bacteria in the community. This business unit, though critical to delivery of services is particularly vulnerable to the hiring freeze policy as the laboratory supervisor is in her 65th year.

Mr. Chairman, our public health workforce helps prevent epidemics by limiting the spread of contagious diseases, protects against environmental hazards and preventable injuries, promotes and encourages healthy lifestyles

It is most important to recognise that the true value of the Department of Health should not and cannot be measured in dollars and cents but rather in the health and well-being of our population.

Healthy people, strong families, a fit and capable workforce help to create a strong economy, and ultimately a healthy community.

On page B-128, you will see that the Department of Health and its services will be impacted in the months ahead by the hiring freeze as fewer staff will remain to provide services.

On page B-128, it can be seen that the Department has already been downsized by 9 per cent, or 26 posts. Projections of attrition indicate for this financial year that the department will shrink 15 per cent overall.

Department programmes will do their best to minimise the impact on essential public health services. All services are being closely evaluated for opportunities to merge, restructure, streamline or undergo business re-orientation. Communication on service changes will be announced as far in advance as possible so that the impact on clients and the health sector can be mitigated.

Though there are indications that it will be a challenging year ahead, the department will continue to strive for its vision of *Healthy People, In Healthy Communities*.

Mr. Chairman, this concludes Head 22.

HEAD 24—HOSPITALS

Hon. Jeanne J. Atherden: Mr. Chairman, the current account estimates for Head 24, Hospitals, can be found beginning on page B-137 of the Estimates Book.

These estimates reflect grants and subsidies provided to the Bermuda Hospitals Board:A) to pay the King Edward VII Memorial Hospital (KEMH) for 100 per cent of the hospitalisation cost for children and the indigent, 70 per cent of the cost of patients between the ages of 65 and 75 years of age, and 80 per cent of the cost of care for patients over the age of 75 years; and B) to fund the net cost of operating the Mid-Atlantic Wellness Institute (MWI).

The cost estimates for 2015/16 are shown on page B-154—Hmm, that is not right.

The Chairman: It would not be—

Hon. Jeanne J. Atherden: Are shown on [page] B-138.

The Chairman: Thank you.

Hon. Jeanne J. Atherden: Thank you. Sorry about that. (Just a minute.)

It should be shown on page C-17. And it should be the estimates for 2015/16 are shown on C-17 and amount to a figure of \$146.835 million, which is the same budget received in the previous fiscal year. And then if you go back to [page] B-138, a subsidy of \$109.491 million has been allocated to pay for

the billed acute care services of the young, aged, indigent and geriatric at the King Edward VII Memorial Hospital. That is actually for 2015/16.

The Mid-Atlantic Wellness Institute is provided with a grant of \$37.344 million.

Mr. Chairman, I would like to start by noting that the budget under debate today, as has historically been the case, is simply the MWI grant and the amount budgeted by Government for the hospital subsidy. The latter is the estimated cost of hospital services for the youth, aged and indigent populations. It forms less than half of revenues for the Bermuda Hospitals Board, with the rest coming from private health care insurers, FutureCare, GEHI and private individuals.

Mr Chairman, the subsidy listing in the budget represents the amount paid by Government for the aged, youth and indigent in response to the services used by these groups. In and of itself it simply states the estimated amount Government expects to pay Bermuda Hospitals Board for people covered by the subsidy. This number is impacted by increases in hospital fees, changes to eligibility criteria, increases in the number of services accessed by these groups, new fees and services being added, and increases in the numbers of people in these groups.

At this time, we are not changing the criteria for subsidy eligibility, nor the amount covered. No new fees and services have been approved by the Bermuda Health Council other than some technical adjustments for the opening of the new acute care wing, reflecting the new standards of care on the inpatient unit, and the implementation of the East West Ambulance Service.

The Bermuda Hospitals Board, in its entirety, makes up 44 per cent of the health care systems costs, according to the latest Bermuda Health Council statistics. While this means the majority of the costs are from outside the Bermuda Hospitals Board, this still represents the largest single portion of the health care system. This is because the Bermuda Hospitals Board provides the largest portion of services—both in breadth and depth—and is the only 24/7 provider of health care services in Bermuda. It includes a wide range of acute medical and psychiatric care services, including emergency, surgery, inpatient care, pathology and diagnostic imaging. It also provides a large range of non-acute care services including chronic disease management, cancer care, dialysis, physiotherapy, occupational therapy, speech pathology, long-term care, wound care, day hospital, substance abuse, learning disability, acute mental health, and vocational rehabilitation services, as well as a number of community services that aim to keep people out of the hospitals, from home care, to community mental health outreach teams and group homes for mental health and learning disability.

Bermuda Hospitals Board's scope and scale often brings more focus to how much it costs the

country to run, than any other area of the health care system. The hospital subsidy is certainly the largest portion of the health budget for the Ministry of Health, Seniors and Environment.

As we review the Bermuda Hospitals Board budget, and what is being done to improve services and turn their financial situation around, we need to understand the context. There are international costs of drugs, equipment and supplies that we cannot control in Bermuda, but which make hospitals more expensive to stock and equip, even before you look at staffing.

Where we can make a difference is in how the entire health care system interacts and cooperates and how individuals can improve their health and well-being. If we can begin to improve this, we will be able to deliver the one thing I believe everyone in our country wants—health care services that are accountable, high quality, available and affordable for all who need them, and financially sustainable.

You cannot cure diabetes by treating its symptoms, even though symptoms need urgent treatment as they arise. A foot ulcer can heal, a heart condition can be treated, but unless the individual and his or her health care providers address the underlying condition through improved diet, more exercise and potentially drugs, he or she cannot manage the disease, and symptoms will continue to get worse.

So what is the underlying condition that ails the Bermuda health care system—and for this debate—critically, how is Bermuda Hospitals Board going to address them? The answer is in modernising the system and our hospitals, ensuring maximum efficiency and effectiveness.

The per capita cost of health care in Bermuda is one of the highest in the world. Public health statistics related to life expectancy and the burden of non-communicable chronic diseases demonstrate poor value for this investment. The growing prevalence of non-communicable chronic diseases such as obesity, diabetes, cardiovascular disease, hypertension, end-stage kidney disease, asthma, cancer and poor mental health urgently demands a more proactive, effective, efficient and integrated model for organising, managing and funding Bermuda's health and well-being.

Furthermore, Bermuda is facing an ageing demographic, and medical inflation driven by both unit cost and volume of services in excess of growth in the economy.

Bermuda Hospitals Board, as the Island's only acute care facility, has responded to the community's medical and psychiatric needs through the provision of services which in the past 40 years have grown well beyond its original mandate.

Demand for services continues to grow but the rapidly rising costs of health care, in line with local and global trends, means the ability of the commercial insurers, Government, and private individuals to pay

for these services is diminishing. If left unchecked, Bermuda Hospitals Board will not be able to meet its medical and financial obligations, which will negatively impact an already poor health position. This is not acceptable for anyone.

In February 2013, the new board of the Bermuda Hospitals Board determined that the clinical and financial concerns along with well-publicised legacy issues were impacting public confidence, and committed to addressing the issues. Financially, expenses were outpacing revenues and the construction and completion of the new acute care wing placed an additional unsustainable financial burden on the organisation. A wide range of cost containment initiatives were implemented, and a detailed independent review commissioned to fully understand the hospital's clinical and financial position.

Bermuda Hospitals Board, operating within the current Bermuda health system, is challenged with unnecessary duplication of services, old and ineffective processes, and complicated patient journeys which increase patient risk. Patients cannot be discharged easily from acute care beds as the community does not have sufficient beds, duplicate tests are carried out and there is no consistency in care—all leading to delay and adverse health outcomes.

To become a high-performing, high-quality hospital within the Bermuda health care system requires an integrated and patient-focused health care approach. This needs teamwork by the full range of medical professionals across the system. Such teams would work with shared information and engaged patients, abetted by electronic health records and chronic disease registries, to move the locus of care from hospital to home and community, at lower cost and with improved outcomes.

As a reminder, much of our legislation and structures were established almost 50 years ago, when our population was just over 50,000 people, 23 per cent lower than today, and when chronic diseases such as diabetes, kidney disease, and hypertension were much less common. It was a time when there was relatively little competition in the health care market; there was no, mammography, CT or MRI equipment, and very little access to specialty services on the Island.

At [that] time very few controls and safeguards existed in the system as there was much less to regulate, lower incidence of chronic disease to manage, and with fewer providers available it was easier to coordinate a patient's care journey.

Unfortunately, regulation, accountability, safeguards, controls and care plans have not evolved as the system changed to manage chronic disease. There are no adequate checks and balances in the system to ensure consistently high quality and to ensure clinically proven best practices are being followed, whether inside or outside the hospital. This is not just about accessing diagnostic tests. It includes

more basic things like whether all community doctors are following the diabetes and hypertension guidelines with their patients. Are there adequate safeguards to ensure a doctor refers someone for the most clinically appropriate test for their symptoms at the right time? Are payers, including insurers, protecting clinical best practice and patients by paying providers based on volume—how many tests they do—rather than if they are improving patient outcomes?

This outdated structure and legislation is the reason our hospitals and all other health care providers have grown so haphazardly—responding to needs with more services, but without any guiding structures in place. It is how the private and public sector service has grown without any review of what the Island actually needs, and without thought as to how healthy competition that encourages quality and improves efficiency becomes a business-driven push to increase volume and improve revenues rather than meet local clinical needs.

All of this unplanned growth leaves patients exposed. Tests and procedures always come with risks—whether it is radiation exposure, or reactions to contrasts or anaesthesia, or surgical wound infections or complications. When they are clinically necessary, the risks are worth it. But if it is duplicative or unnecessary, then the risks most certainly are not. Certainly the increase in costs, a burden that is borne by us all, is hurting us too much.

Bermuda needs a system-wide solution. And this will be the focus of the Bermuda Health Plan, which is currently being finalised, and which will address the system as a whole.

For the purposes of this debate, however, we must be limited to the issues related to the hospital subsidy for the Bermuda Hospitals Board. As the major provider of tests, services and procedures, Bermuda Hospitals Board has a big role to play within the plan and it highlights the complexity of managing the system issues too.

The Bermuda Hospitals Board situation is exacerbated by its size, its legislated mandate of running a 24/7 service, unlimited access, and because when needed by the people on-Island, it provides more specialised services because they are needed even if they do not always make a profit. A private provider does not have 24/7 overheads, can pick and choose the most lucrative services and tests, and does not have to maintain a wide spread of services. However, everyone in the system will need to become a part of the solution and it will not be easy as the experience of Bermuda Hospitals Board highlights.

The Bermuda Hospitals Board has already voluntarily put in place guidelines around clinically appropriate testing that ensures only clinically appropriate testing takes place.

It has caused a reduction in diagnostic testing that has seriously impacted its revenues. It is the right thing for patients and for the country, but it is causing

further strain. Additionally, as the Bermuda Hospitals Board is the only one implementing these quality control measures, it is not yet helping cost control in Bermuda. The business is simply going elsewhere. We have seen this on the MRI side. When Bermuda Hospitals Board reduced its hours, a competing practice simply extended its hours to fill in the gap.

On the blood testing side, Bermuda Hospitals Board discontinued three tests for general physician referral, although made them available if directed by a specialist. The tests simply appeared at a competing lab. This highlights the issues facing Bermuda Hospitals Board and Bermuda as a whole. Bermuda Hospitals Board put itself in a more challenged position in order to do the right thing for the system and patients. But there was no benefit to the system. The money that would have helped control costs for everyday Bermudians struggling with rising health care premiums simply went into private hands.

Quite simply, squeezing Bermuda Hospitals Board alone does not necessarily save the system money and does not resolve the challenge of controlling rising health care premiums which all Bermudians currently face.

Financial Context

Bermuda Hospitals Board has two major financial challenges. Last year the Minister reported on the dire financial situation being faced by Bermuda Hospitals Board. It was, at that time, predicted that Bermuda Hospitals Board would run out of money in the current fiscal year. Action had to be taken.

A number of measures were taken rapidly. A 10 per cent reduction in operating expenses was successfully implemented in the last fiscal year, and a 15 per cent cut was put in place for this fiscal year. The Bermuda Hospitals Board is well on its way to achieving this.

All items of discretionary expenditure have been reviewed and spending which is not necessary, or does not have a benefit which contributes to better patient outcomes, has been eliminated. An ongoing review of vendor contracts is producing good results and is expected to help save up to 20 per cent in contract costs. Smarter and more effective procurement practices have been established. Value for money procedures including enhanced business case justifications combined with post project review procedures have been implemented. Strict rules and approval mechanisms are now in place.

Spending on capital improvements has been curtailed to only the expenditure necessary to protect life and safety within the built environment. All these measures have helped push back the danger by nearly a year, and we must pay tribute to the staff and management of our hospitals for making these cuts without damaging services. But these actions, albeit very welcome, are not a long-term solution.

Hospitals around the world are struggling with the same issues as Bermuda Hospitals Board. Patients expect the latest medical advances to be available to them. Ageing populations and increasing costs of community care result in longer waiting times in Emergency. Hospitals have challenges discharging patients back into the community, causing longer than necessary length of stay. Hospitals also have to balance double-digit year-on-year increases in the cost of drugs, treatments, staff and equipment, with reduced budgets. Economic difficulties in the community also result in increases of the underinsured and those that are not insured, who still have to be cared for.

Bermuda Hospitals Board is not alone in facing these pressures. What is different is that the Bermuda Hospitals Board delivers Bermuda's only medical and mental health hospital services. It has to provide a wider range of services to the community than most other hospitals as there are no other options, and it is the place of last resort for people who cannot get access to health care anywhere else. Worldwide trends are for health organisations to consolidate, build large capacity, become dominant in their market segment and have pricing power and cost advantages due to scale of operations. They know their business and often invest only in those areas which are profitable to them, concentrating on the specialties they are best in, even when the world around them is changing.

Bermuda has no such advantages. The Bermuda Hospitals Board as the Island's only acute care hospital has to operate within a difficult and often fragmented health care system which does nothing to enable it to exploit the advantages and reduce costs that other systems around the world are able to do.

The financial pressures are only increasing. On top of monthly payments of over \$2 million per month for the new acute care wing, Bermuda Hospitals Board has responded to the national financial crisis the Government is dealing with, even though this has significantly reduced its revenues.

The Geriatric Subsidy was withdrawn two years ago. This subsidy paid over \$16 million per year for the continuing care services. Instead Government this year agreed to pay \$10 million per year for this and the next two years towards this service. This only partially covers the costs of the current service which cares for about 70 residents, with the Bermuda Hospitals Board making up the rest from its other revenue streams. The Bermuda Hospitals Board is calculating how many beds the \$10 million does pay for, and is seeking ways to save costs within the service, as I will speak to directly.

Finally, Government has instructed Bermuda Hospitals Board to keep the urgent care centre running for the national good, despite this being a loss-making venture. The two hurricanes we experienced this year highlighted the benefits of the facility for the East End, and as part of Ebola preparedness this fa-

cility could potentially be used if more than one person was infected. However, while these are nationally beneficial, they do not make up the shortfall in running the facility, for which Bermuda Hospitals Board has to pay. Bermuda Hospitals Board is working to find ways to utilise the facility more effectively, but it is not expected to break even in this or the coming fiscal years. And simply ramping up the number of people accessing the existing service will not help the cost of health care services on-Island. It will simply drive costs up more.

Financial Review

Mr. Chairman, last year my predecessor and colleague gave a very full account of the reasons why our hospitals are under financial pressure. I do not feel it necessary to repeat that explanation, but now that we are a year further on I do want to offer some additional comments by way of background.

Mr. Chairman, let me start with the revenue which the Bermuda Hospitals Board earned during the year ended 31 March 2014. At a little over \$300 million, including Government grants and subsidies, total revenue decreased by around 8 per cent from that reported for the fiscal year 2012/13.

Inpatient fees held steady for the year, but outpatient fees fell by around 10 per cent largely as a result of measures taken by the Bermuda Hospitals Board to manage utilisation of diagnostic testing and laboratory services.

This trend continued into the fiscal year 2014/15 with revenue falling 5 per cent under budget for the year-to-date. It is a classic example of the Bermuda Hospitals Board doing the right thing for the country as a whole but in turn suffering a negative impact on its own financial position. That is what I call revenue spin, and going forward we need to be careful to avoid this.

The Bermuda Hospitals Board is entitled to be paid fairly for all the services which it properly provides, but it has continued to provide care even when payment has not been possible and this impacts its revenues. In addition, it has incurred costs due to the inability of people to pay for services. Services for inpatients and emergency patients have also been provided without payment, when the Bermuda Hospitals Board believes they are in the best interest of the patient and their care. On many occasions during the last year the Bermuda Hospitals Board has also provided skills and experience, facilities and equipment, to assist with national issues at no charge, and it will continue to fulfil this public commitment. But to do so, the Bermuda Hospitals Board has to carefully manage its resources to ensure that its core mandate of providing acute care services is not endangered. In short, choices will have to be made and if the funds are not there, these additional "free of charge" services will no longer be able to be provided.

The issues surrounding chronic disease management, in particular diabetes, continue to put enormous strain on the Bermuda Hospitals Board. Dialysis services are projected to grow, and on the hospital's current best estimates, at a rate of 9 per cent by the end of the current fiscal year and by up to a further 10 per cent in the year 2015.

Mr. Chairman, the Bermuda Hospitals Board has estimated that taking into account the increasing demand for its services from the public that it needed a minimum of \$114.825 million in the fiscal year 2015/16 to pay for the billed services of the youth, aged, and indigent, including a \$10 million grant for the Continuing Care Unit. This amounts to an overall increase of 4.9 per cent from the approved 2014/15 subsidy, modest when compared to annual medical inflation rates approaching 10 per cent. The budget proposal before you today provides for no increase over and above the level of the 2014/15 subsidy means that we will have to work extremely hard to reduce utilisation at the hospital if the subsidy is to come in on budget.

So the question must be, How can the Bermuda Hospitals Board continue to provide the level and of service expected of it, whilst delivering on the Government commitments of increasing access and quality, when it has less money to start with?

Before I attempt to answer that question, let me make a few comments about how the Bermuda Hospitals Board has sought to manage its costs over the past year.

The Bermuda Hospitals Board fully recognises that like any large well-run organisation it needs to be efficient in the delivery of its services. In the current financial year, the Bermuda Hospitals Board has implemented a 15 per cent reduction in administrative and overhead costs, this is on top of the 10 per cent achieved last fiscal year, and is on track to achieve this by the end of the year. Employee costs however remain above budget, despite a number of measures being put in place such as hiring freezes, implementation of adjustments to physician compensation packages, and better management of sickness and absence levels. The increase in employee costs is due to service demand which impacts employment numbers and extensive use of overtime, locums, and interims and is being addressed as part of a larger plan to address financial sustainability.

Mr. Chairman, with regard to the next year, one of the biggest challenges that the Bermuda Hospitals Board faces is in regard to its liquidity and working capital needs. Put simply, it is not generating enough cash to pay for all the demands that are being placed on it and at some time it will run out of cash resources. Until the changes which are being planned start to deliver cashable savings, the Bermuda Hospitals Board will have to find ways to finance its operations.

During the autumn of last year, a comprehensive refreshed view of the financial position was completed to confirm the trajectory of the Bermuda Hospitals Board cash flow, and identify the potential size and timing of any funding requirements. A refreshed forecast was built from the bottom up and incorporated the additional incremental costs now being incurred since the new acute care wing became operational. It is important to note that any forecasting has a certain amount of judgment involved in it and must be updated from time to time to take account of the impact of changing assumptions and actions implemented. Last year, the Bermuda Hospitals Board forecast [that it] was going to run out of money at the end of 2014. This clearly was not an acceptable position so it worked hard to manage its cash and prolong, as far as possible, the time when it would become cash delinquent. It has taken all the steps it can, and while it has been able to postpone this day, at some point in the near future cash will be exhausted.

In the coming year there are some uncertainties which will have to be managed. The coming on stream of the new acute care wing is a very welcome event for the country as a whole, but as we all know the facility will have to be paid for. The additional costs per annum of the new acute care wing to the Bermuda Hospitals Board will be in the order of \$40 million. This amount is too great to be absorbed by the Bermuda Hospitals Board and it is unfair for the public to expect to benefit from the new facilities without any additional charges. The Bermuda Hospitals Board, the Bermuda Health Council and my Ministry are carefully examining the options with a view to bringing forward proposals shortly.

Finally, Mr. Chairman, I am very conscious of some of the revisions my Ministry is making, for example to the Standard Hospital Benefit and Fee Regulations. While positive for the country as a whole, these changes have the potential to inflict negative consequences on the Bermuda Hospitals Board. My officials will keep this situation carefully under review and work closely with the Bermuda Hospitals Board to ensure that any adverse effects are mitigated.

One final word on this subject. The Bermuda Hospitals Board makes a very important contribution to the life of our community, and while it receives Government Grants and Subsidies, it contributes as much and even more back to the Bermuda economy through the employment of local workers, purchase of supplies, goods and services, payment of Government taxes and fees for permits, and licences.

Bad Debt at the Bermuda Hospitals Board

A topical issue in this fiscal year was the issue of people not paying their hospital bills, and ending up in prison for bad debts.

Not surprisingly the amount owed to Bermuda Hospitals Board by uninsured private patients on un-

paid hospitals bills is increasing. It was over \$8 million in December 2014, a rise from \$6 million the previous year. This is a reflection of difficult financial times.

First and foremost, it must be stressed that people must seek ways to be covered for health care services, no matter what their situation. Whether it is through a private insurer or through Government schemes such as HIP and FutureCare, or whether someone applies for Financial Assistance, or seeks indigent status. Even if you are healthy, you do not know what is [around] the corner, whether an unexpected illness or accident. There are options for people who are out of work, retired, or who find themselves in severe financial distress. So individuals should check out what their options are before something happens and they find themselves in debt.

For those who do find themselves without insurance or coverage by Government subsidy, and with hospitals bills they cannot pay, the first call should be to the Bermuda Hospitals Board Credit Department.

The Bermuda Hospitals Board Cash Collections and Credit Control Procedures are a well-established and normal process that reflects the legislation under which the Bermuda Hospitals Board operates, namely the Hospitals [Board] Act 1970.

Bermuda Hospitals Board has every sympathy with people who are struggling to pay their bills and is very mindful of the difficult economic climate. If an uninsured patient is unable to pay for services provided, payment options are discussed with them, including referral to government agencies, including Financial Assistance. Payment plans can and do accommodate these challenges, and can be changed should circumstances improve or deteriorate. This is why there is sometimes a lengthy process before any individual account is passed to a credit collection agency. An individual is given every opportunity to establish a payment plan that reflects his or her circumstances, and we cannot stress enough the importance of people remaining in communication with the credit department, especially if circumstances change, to minimise the need for an outside agency to assist. Bermuda Hospitals Board only passes accounts to a credit agency when all other avenues have been exhausted.

No individual is ever denied care by the Bermuda Hospitals Board due to their inability to pay.

Collection Process

Mr Chairman, given the prominence of this issue, my honourable colleagues might find it helpful to know the process that is followed. On admission, patients are asked the name of their insurer or other method of payment. If patients are covered by insurance, then the bills are sent to their insurer (government or commercial). The Bermuda Hospitals Board has an Insurance Liaison Administrator who monitors

commercial and government accounts to facilitate timely receipt of all insurance payments. If, and only if, an insurance company rejects coverage, the account is forwarded to the patient, who is notified that his or her insurance carrier will not pay and that he or she is expected to settle the bill. This process is no different [than] going to your local dentist, et cetera.

If patients are uninsured and cannot pay for their care, they are referred to the Bermuda Hospitals Board Outpatient Credit Clerk in Admissions to be interviewed. The Credit and Collection Clerk will inform the patient of their obligation and discuss how best to arrange payment. The possible options are:

- Agreeing on a special payment arrangement which is normally agreed over a 12-month period. Depending on the specific nature of the case, BHB may assent to a longer period;
- Temporary indigent status, explained later; or
- Referral to the Department of Financial Assistance for long term assistance.

For inpatients, each day the Inpatient Clerk reviews the Admissions Separation Form from the previous day/night. These admissions are also checked to confirm the nature of their insurance coverage, demographics, and payment method. Uninsured patients are visited by the clerk who will then inform the patient of their obligation to the BHB, discuss and outline the various payment arrangements.

The Bermuda Hospitals Board adopts a lenient approach in that patients deemed responsible for their bills are not required to provide any security to support their debt with the exception of a special payment arrangement, where patients may, if they wish, provide a guarantor. Bermuda Hospitals Board will work with patients as much as possible to help them resolve their indebtedness in an amicable and sensitive manner, even though this increases the possibility of defaults and decreases the possibility of collection of the full debt.

There are sometimes patients unable to pay their bills which Bermuda Hospitals Board is not able, despite strenuous efforts, to contact so they can be assessed for indigence. Also on occasions patients default on their agreed special payment arrangement, and this often happens more than once. Bermuda Hospitals Board has no option in such circumstances but to refer these patients, once all attempts at resolution have been exhausted, to outside collection agencies and to absorb the resultant losses if the monies cannot be collected.

In the year ended March 2014, the Bermuda Hospitals Board wrote off over \$1 million of bad debt related to patients' inability to pay.

Hon. Jeanne J. Atherden: In the interest of time, I am just going to go through—

The Chairman: Would you like to know how much time is left, Honourable Member?

Hon. Jeanne J. Atherden: Yes, please.

The Chairman: About two hours.

Hon. Jeanne J. Atherden: Two hours?

The Chairman: Yes.

Hon. Jeanne J. Atherden: Okay. I am going to try and—

The Chairman: But if you want to pause and allow a fulsome debate, you are happy to do so.

Hon. Jeanne J. Atherden: I am going to allow a fulsome debate. I do not intend to speak to the end, but I am going to make sure that there is an opportunity for questions to be asked. Okay? Of the four hours and I am going to try to make sure there is at least an hour. Just let me know when . . . So two hours left?

The Chairman: Yes, two hours left.

Hon. Jeanne J. Atherden: Okay. Good.

All right. I am not going to go through the bill process because, obviously, this talks about how the bills are mailed out and it talks about [how] patients are contacted . . . but I do think that it is important to understand that there is a credit and collection . . . there is an opportunity for the patient to be in touch with the hospital and to try and make arrangements before it actually goes to a credit and collection service.

And I think I will summarise this because I think it is important; in summary, problems only occur when people refuse to pay any of their bill, refuse to work with the Credit Department on finding a way to address their debt, or who simply refuse to contact the Credit Department to address their situation. Eventually, the Bermuda Hospitals Board has no choice but to refer the debt to an agency if an individual refuses to work out a solution.

People who end up in court, will simply be told by the courts to do exactly what they could have done right at the beginning—find some way, however small, to repay their debt. People who end up in prison do so because they do not follow the court's ruling. There is a long journey before this happens, and [there are] many opportunities to prevent it from happening.

Modernisation Project

Mr Chairman, in last year's budget debate, the Minister spoke about financial sustainability work groups being established at the Bermuda Hospitals

Board in order to address the financial challenges our [hospital was] facing.

The Minister announced the Bermuda Hospitals Board had entered into a contract with PriceWaterhouseCoopers as it needed analytical and research support for its staff and management in order to establish a way forward. This work was undertaken and resulted in the establishment of a Modernisation Project, with the goal of reshaping Bermuda Hospitals Board over the next [24 to 28] months by maximising efficiencies, focusing on the most effective and evidence-backed processes, and taking out all possible unnecessary costs.

The Bermuda Hospitals Board is looking now at the needs of modern day Bermuda and the proven ways other progressive countries have used to improve quality and efficiency. The Bermuda Hospitals Board has to save costs in order to keep its doors open, and it remains committed to helping the country control costs and improve on the very poor health care outcomes for our communities. The term “modernization” encompasses a wide range of activities—from how surgeries are scheduled and staffing models, to updating legislation and payment models. What is consistent is that all actions must result in changes that meet Bermuda’s needs as well as meeting international leading practices in quality, health care service, delivery and efficiency.

Modernisation is not just about restructuring or cutting costs. It is truly looking at how we can best improve the health care outcomes for the country while delivering a service that is affordable for residents, and financially sustainable for the Bermuda Hospitals Board.

As part of this project, 80 potential opportunities to modernise have been identified. By setting up a project structure, Bermuda Hospitals Board is able to bring more staff into the process, focus resources, review existing and new opportunities, set deadlines and ensure accountability for achieving goals.

A Project Office has been established. Headed up by a Modernisation Advisor, who is on a temporary contract, the office comprises of Bermuda Hospitals Board staff from a number of disciplines, from front-line care to Human Resources and communications. It is expected that some additional external support will be needed to help with analytical and project management skills that do not currently exist within the Bermuda Hospitals Board. However, Bermuda Hospitals Board staff will be very much involved. This will be through members of the project team, through task forces being set up to look at different areas, and through a more extensive outreach and communications effort that is necessary to involve staff in the process. In total, the cost of all external support for the Modernisation Project has been \$1.3 million to date.

To ensure the highest levels of governance and accountability, the Modernisation Project reports to a the hospital's executive team, and to a Moderni-

sation Committee which is a subcommittee of the full board and reports monthly to the full board on progress.

The most important point to make is that this is not a purely financial project. There are vital clinical deliverables to ensure safety, quality and satisfaction should also be improved. In health care, efficiency does not just mean low cost. It means patients move through their care experience without duplication, without clinically unnecessary consultations or tests, and without unnecessary delays. It means people’s care journey is properly coordinated between hospital departments, and between different providers. It results in faster admissions from Emergency to an inpatient bed, or surgery, and getting safely discharged and home without delay. Critically, a more efficient service reduces the potential for errors.

There are, however, definite financial imperatives. If no further action is taken, the Bermuda Hospitals Board will be in debt in the order of \$235 million by 2018. If that happens, the range and quality of services will be impacted, and the Bermuda Hospitals Board will not be able to honour its contractual commitments including the new acute care wing which is subject to a government guarantee.

The current list of 80 cost containment, cost restructuring and strategic transformation opportunities that the Modernisation Project is seeking to execute have the potential to save over \$66 million across clinical and non-clinical areas spanning short-, medium- and long-term implementation time frames. It is not an exhaustive list, and it is expected other opportunities will be discovered as the project gears up.

The opportunities will take time to implement, but if achieved, will return the Bermuda Hospitals Board to a cash positive position by 2018 with a debt position of around \$70 million. Given the time it will take to implement and benefit from the savings, during the period of implementation the Bermuda Hospitals Board will require a financing facility of between \$120 million and \$150 million.

Change Management Principles have been agreed by the board that ensure accountability, respect, and communication are prioritised throughout the process. This is not an exercise in cutting jobs, and everything will be done to preserve positions. There are ways to reduce a workforce without wholesale job losses including: natural turnover, retirements, non-renewal of contracts and redeployment to other needed positions. Indeed, in a health care environment, indiscriminate redundancies based on cost alone can result in unsafe and unsustainable services. Chasing short-term savings in this way does not build a long-term, sustainable, high-quality service. And that is the goal of the Bermuda Hospitals Board. This is not to say that some individuals will not be impacted, however, and the Bermuda Hospitals Board will do all it can for those who cannot find redeployment opportunities, to support them through the transition.

In support of the Modernisation Project, the Cabinet approved the following in this fiscal year:

- Maintaining at a minimum the current level of government grants and subsidies to Bermuda Hospitals Board for the next three fiscal years;
- Approval for a grant of \$10 million for the provision of Continuing Care Services for the next three years;
- Approval for the Bermuda Hospitals Board to raise external financing and provision of a government guarantee;
- Approval for the Minister to put in place collaborative measures necessary to assist in the implementation of the BHB Modernisation Plan.

Senior Management Restructure

Mr Chairman, I would like to now announce the first actions of the Modernisation Project that will help position the Bermuda Hospitals Board to manage this major change project in a more streamlined way.

One of the Modernisation Project's first actions was to restructure and reduce the senior management team. Effective change starts at the top, and from 1 January this year, the top management team was reduced from 13 to seven members. The goal of this restructure was to build a more focused team, with a strong clinical drive. The previous structure had been established some years ago at a time when Bermuda Hospitals Board was focused on growth and expansion, and building a new acute care wing. The focus now is different, and so are the skills needed at the very top table—the Bermuda Hospitals Board has to be nimble, informed, focused and effective.

Clinical representation was strengthened by adding the Chief of Psychiatry to the team; a position that had never been included before.

This not only gives mental health, learning disability and substance abuse services a stronger voice, but is also supports the legislation more appropriately. There are four legislated positions in the Bermuda Hospitals Board Act: the Chief Executive Officer, the Chief of Staff, the Chief of Psychiatry and the Chief Financial Officer. All four members are on the newly named Executive Team, with the addition of the Chief of Nursing, and the two Chief Operating Officers from the King Edward VII Memorial Hospital and Mid-Atlantic Wellness Institute. It should be noted that over the next two years, the two Chief Operating Officer positions will be merged and from 2017, there will be one position overseeing all campuses and reducing the executive team further to six.

Of the other positions, three will remain, but no longer be a part of the senior team, and three positions are being disestablished. The Chief Information Officer has already decided to leave. The chief of human resources and the vice president of nursing, a position that had been on secondment for some

years, will be disestablished by the end of this fiscal year.

On behalf of Government and the country, I would like to thank those who are leaving. I know that the Bermuda Hospitals Board is sad to lose people who have brought such value to the organisation. But it is also important that the Bermuda Hospitals Board change to meet today's challenges, and [it is] right that the change starts at the top.

Payroll and Pension Changes

The second step taken by the Bermuda Hospitals Board as part of its modernisation plan was to finally, move in line with legislated payroll tax contributions and for nonunionised workers, who mainly comprise senior management and physicians, it has also moved in line with legislated pension contributions.

All staff are impacted by the payroll change. Currently, the Bermuda Hospitals Board had paid in excess of legislated requirements so that staff only paid 4.75 per cent, instead of the legislated maximum of 5.25 per cent. This was a benefit the Bermuda Hospitals Board was pleased to share with staff when it had funds to support it. It no longer does, however, and from 1 April 2015, staff contributions for payroll tax will rise by 0.5 per cent. This move alone will save the Bermuda Hospitals Board \$750,000. We must recognise that staff are being impacted by these changes. While the saving will help save jobs, it does not mean people will not feel the effects in other ways.

With regards to pension contributions, senior management and physicians now pay 5 per cent each towards their pensions, when previously the Bermuda Hospitals Board had paid 6 per cent, with 4 per cent from those employees. For most Bermuda Hospitals Board employees the 6 per cent benefit has continued for the time being. But for the senior management and physicians, it will change effective April 1, 2015. In addition, for the relatively small group who earn over \$200,000, pension contributions will not be paid at all over that amount, in line with legislation.

Upcoming Modernisation Projects

Other projects that are being worked on include a more efficient surgical scheduling process that could help the Bermuda Hospitals Board reduce the number of operating rooms it needs to maintain without impacting the number of surgeries. Work is also underway to changing staff scheduling on the wards to more effectively use staff to reduce the need for overtime and casual workers.

These are very difficult and challenging times for the Bermuda Hospitals Board and the decisions they are making are right but not easy. The staff is doing what is needed to keep services viable and to preserve jobs.

Although all the ground work and preparation, and first actions of the Modernisation Project took place in this fiscal year, the implementation of the Modernisation Project is going to be a major deliverable for the next fiscal year. Government is committed to supporting the Bermuda Hospitals Board in its endeavour and ensuring that this work dovetails into the Bermuda Health Plan and Bermuda's economic strategies so that we can begin to give the people living in Bermuda the best service, the best outcomes and the best value.

Accreditation 2015

Mr Chairman, the Modernisation Project is not the only major deliverable for this coming fiscal year. The on-site survey with Accreditation Canada takes place next fiscal year in May 2015. This survey tests the Bermuda Hospitals Board practices against hundreds of patient safety standards. Surveyors come into every back office and support department and front-line operation, talking to staff and patients, and pulling patient records to measure what happened against what should be happening.

Working to meet these standards is the goal, every day. However, the survey is a time to take a snapshot of where the hospital stands. It takes time and resources to prepare, they measure everything from work-life balance to whether the right medication checks take place at the bedside; from surgical safety checks before each operation to educating long-term care residents; from how well the Bermuda Hospitals Board reflects and listens to community needs to whether it has appropriate ethical frameworks in place for clinical and administrative decision making. No other organisation on the Island goes through such a comprehensive test of patient safety standards.

Interestingly, the Bermuda Hospitals Board benefits from being tested against the same standards as the hospitals in Canada. There are international standards that are different and recognise that other countries may have different legislation and structures. The Bermuda Hospitals Board operations are tested against the same standards as the Canadian hospitals, a benefit from its long-standing relationship with Accreditation Canada.

The timing could not be better. The survey was delayed from last year because of moving services to the new acute care wing, as well as the work that was going on in preparation for modernisation.

As modernisation begins to take effect, undertaking this focus on patient safety standards ensures that the Bermuda Hospitals Board keeps the focus of clinical quality in the fore every day, even as financial challenges are managed. The survey should also provide confidence and reassurance to the public that the Bermuda Hospitals Board is conducting its affairs to the highest international standards.

In the last survey, the Bermuda Hospitals Board achieved the highest level of accreditation. The standards are always being updated and improved and added to, so the bar every time is naturally set higher. We look forward to seeing the continued drive to improve reflected in a successful survey in May.

Facilities and Properties The Big Move

While the Bermuda Hospitals Board's focus is very much on modernisation and accreditation but [the fiscal year under review] also had to deal with the completion of construction and move to the new acute care wing.

I am not going to go through and read all about how long the project has taken and the cost to Bermuda because I think we have discussed this over time and, obviously, it took years to plan the move, and almost as long as the construction period was the work that it took to come up and agree how it should be organised. It was not simply about physically moving inpatients. It was about ensuring new connections and processes were in place that supported the new layout, design and journeys. For example, the laboratory did not move, so the distance between getting a blood sample between the inpatient units and the lab changed, and so did the process. It was no longer a manual delivery, but using a state-of-the-art pneumatic tube.

Patients are no longer in public rooms, but private rooms, so much more can be done at a private room bedside with physiotherapy, occupational therapy and family consultations; but it also takes more time for nurse rounding.

There are fewer acute care beds, because they are now reserved only for the truly acutely ill. People who have alternative level care needs—who require less intensive medical, rehab or therapeutic care, or who are waiting for a discharge to a nursing home—are now in the old Gordon Ward, with an overflow in the old Curtis Ward.

Fewer acute care beds means that there needs to be an efficient discharge process—either to home or to an alternative level care ward—so that the truly sick people have space. So talking about discharge with patients has become more important so that patient expectations are met. You cannot come into the new acute care wing to stay—it is only for the very sick people who truly need acute hospital care.

Even the way Environmental Services staff organise to clean hospital rooms changed. There was more space to clean and the pressure was on to find more efficient and effective ways of doing it. Additionally, with slightly fewer bays in Emergency, the need for a faster admission to a ward from Emergency was needed—rooms on the units had to be cleaned in preparation faster after a discharge, and an improved admissions process was needed.

The new acute care wing was officially handed over on 12 June 2014. A key handover ceremony marked the day. This is also the day that payments started. Up until this point the acute care wing was not an immediate financial obligation. But in June the one-off \$40 million down payment was made by Bermuda Hospitals Board, and its monthly payments started.

The Bermuda Hospitals Charitable Trust handed over \$20 million of its donated funds later in June, and the fundraising effort is still continuing to try and reach the original \$40 million target.

Outpatient Pharmacy

One of the planned changes following the move was to outsource the provision of outpatient pharmacy services, so that Bermuda Hospitals Board could focus its resources on the inpatient pharmacy services more effectively. In the fiscal year under review, it was announced that People's Pharmacy was the successful bidder for the outpatient pharmacy contract. The contract allows People's Pharmacy to operate a retail pharmacy in the new acute care wing of KEMH for outpatients and the community.

At the moment, a small outpatient pharmacy is run by BHB in the existing KEMH building. So that has not kicked in yet, but it will shortly. We then go to the next thing.

Utilities Interface Project

Required work to connect the existing KEMH General Wing and Acute Care Wing started in this year. At the time of the move, the utilities connections did not need to be complete, but the plan was for the two to connect to maximise the efficiencies gained from using the new technology of the Central Utilities Plan in the new wing. The board approved \$3.9 million in funding for the project. The return on investment on the project through discontinued KEMH utilisation services will be \$1.4 million per annum.

Long-Term Planning for the KEMH and MWI Estate

This is important, Mr Chairman. No sooner was the acute care wing move complete than work had to begin on planning how best to utilise the existing King Edward facility, which is now called the General Wing. Long-term planning for the use of the Bermuda Hospitals Board estate is essential, especially given the challenging financial issues Bermuda Hospitals Board is facing.

Work had already begun to see the cost benefits of moving Continuing Care Services into the vacated fourth floor space in the old KEMH building. A business case was being worked on over the summer to see if it was viable, as it would help consolidate services into one building and potentially enable the Bermuda Hospitals Board to demolish the existing

area housing the Continuing Care Unit which costs about \$2 million per year to maintain and keep safe. Before the business case had been approved, however, Hurricane Gonzalo hit and ripped the roof off the CCU building. The financial case became more compelling given the costs of repairing this damage and the board approved the move and demolition of both the CCU building and the Queen Elizabeth Nursing Residence [QENR], which was vacated some years ago due to safety issues. For clarity, it is just the unit areas of the CCU building that will be demolished. The areas housing the chapel, Heddington Gym, Day Hospital, and the Edema Clinic will remain.

Demolition of CCU and QENR is expected to cost in the area of \$2 million.

It clearly does not have the immediate funds for major investments in capital, but the facilities have to be maintained and kept safe, and the usage of existing facilities must be maximised to ensure optimal efficiency.

There is an immediate need to make ready certain areas vacated by services moving into the acute care wing. As previously noted, long-term care residents from the Continuing Care Unit are being transferred over and preparations, including maintenance, have to be undertaken and paid for.

However, there is still long-term planning that is required so that the Bermuda Hospitals Board can plan its capital investment finances accordingly. In the current year, \$50,000 was approved in order to commence all preliminary research, and develop a Strategic Outline Case for the Bermuda Hospitals Board Estate Master Plan (EMP). This will align with the new acute care wing contract term, which expires on 31 March 2044.

The Strategic Outline Case will provide a framework for BHB senior management and board members to discuss the need to develop the KEMH estates, particularly addressing the future service requirements of the King Edward and Mid-Atlantic Wellness sites.

Hurricanes

Bermuda experienced the hurricanes and they were talking about what happened with Hurricane Fay, but I am going to skip that for now.

Service Improvements

During this fiscal year, Bermuda Hospitals Board began a project to find ways of improving communication between the hospital and community physicians. This is clinical information, such as test results and discharge sheets so is highly confidential to the individual patient. This is an area that highlights how legacy ways of working overtime cause inefficiencies and potential risks.

At the moment there are multiple methods of communication. Much communication is still on paper—either hard copies posted to the physician mail boxes, hard copy delivery when lab test samples are collected, hard copies provided to patients to take to their physicians, fax communication, or e-mails to physicians' offices—not all of whom have secure e-mail.

Different methods are used for different document types. Emergency Department discharge-sheet summaries are faxed from the MEDHOST Emergency Department system. Other results such as lab, pathology, radiology, cardiology, bone densitometry, and mammography, as well as physician discharge summaries, and physician letters are generally communicated on paper, and some by fax. With such complexity it is difficult to establish whether documentation has been sent and arrived. Bermuda Hospitals Board has contingencies in place for faxed communication to check that a communication has been successfully sent, but there are occasions where the error or problem is on the physician's office side where Bermuda Hospitals Board cannot check if equipment is functioning, nor that communications are sent to confidential areas where they are picked up and actioned appropriately. There is the real possibility for the communication not to happen at all [or for it to be duplicated]. The former constitutes a clinical risk.

While it is hoped the eventual solution is the establishment of an electronic health record for Bermuda, this is some years off, at best. This raises the question of how best to send confidential medical information so that it is properly safeguarded to protect confidentiality.

This situation is not one party's fault, but just the accumulation of processes using old technologies.

There is a project which is being proposed to improve the communication which is fully supported by the board and will require close collaboration with physician offices. The disparity between the technological state of different physician offices and the cost of upgrading technologies, make a single solution difficult to enforce. However, in the coming fiscal year it will be a focus of the board to find better solutions. Improved and more consistent communication between physician offices and the hospitals can only improve coordination and patient care.

I am not going to go through to talk about the East and West Ambulance Services, which is now implemented.

Maternity Labour & Delivery ORs

The long-awaited conversion of two rooms in the Maternity Ward to accommodate surgical interventions is nearing completion. One room will function solely as a state-of-the-art Operating Room for both planned and emergency C-sections, with the second room retained for routine deliveries but fully equipped

as a back-up Operating Room. Both rooms are located next to the birthing rooms making it easier and safer for women who require emergency interventions to be tended to without delay.

These rooms have been designed to replicate the new Acute Care Wing operating rooms as much as possible, so that staff members using them in emergency situations are familiar with the layout and equipment. Some additional features include dimmable lighting for the comfort of the mother, and two designated areas for the infant cots. Having the rooms adjacent to SCBU [Special Care Baby Unit] means newborns in distress can be treated quickly in a specialist environment only minutes away.

When the new operating rooms opened in the Acute Care Wing in September all surgeries moved there. However, one operating room was left fully functional on the second floor of the General Wing specifically to accommodate emergency C-sections until the new rooms in maternity were completed. This was done to avoid transporting labouring mothers the longer distance to the Acute Care Wing.

When the new operating room and back up room in maternity open, the Operating on the second floor will close and be decommissioned. But the relationship between maternity, operating room staff and other clinicians will continue and develop through a surgical training programme and on-call cover.

The project has cost in total, \$2 million, but the investment has resulted in a great improvement for mothers. Mothers will now be able to access all the services they need in one area. Even prior to the new operating rooms opening the new Acute Care Wing, mothers had to be transported from maternity on the first floor to an operating room on the second floor. In an emergency situation, mothers were having to be transported through public areas of the hospital, which was detrimental to privacy and dignity. The operating rooms here on the floor will alleviate the stress mothers and often fathers can have when problems arise in the birthing rooms. It will also better allow us to provide the best possible care for our patients.

New Sewage Plant for MWI

As part of last year's budget it was announced that a \$1 million grant would be paid to the Mid-Atlantic Wellness Institute for upgrade of its sewage plant. I would just like to report that that has actually . . . I am not going to go through how it was researched and RFI . . . and how companies bid on it, but just to say the new plant will utilise proven technology in Bermuda and will produce a clean effluent which poses no threat to the environment.

The new plant will come with a Department of the Environment-approved bore hole as well as a FOG [Fats Oils and Grease] unit.

The new plant cost just over \$700,000. The balance of the funds provided by the Ministry is being

used on much needed life and safety systems upgrades.

New Services

Mr. Chairman, I am going to skip, and I say really skip . . . just to say that the hospital has new staff who have come on board and it is important to know that they have a new cardiologist, Dr. Joe Yamine. And the reason I am saying this is because there have been changes in the hospital staff and persons have been concerned, and so it is just good to know that he has come on board. And because the rate of heart disease in Bermuda is high and there is a critical need for a strong hospital cardiology service, it is good that he has now come on board.

With respect to the new oncologist, Dr. Sein Aung, the hospital has been struggling after the unexpected departure of Dr. Paul Coty, and it is good to know that they now have their oncologist on board. And I know that there are lots of people out there—cancer patients—who have been just waiting and are feeling assured that this has happened.

Even more for those seniors, their new geriatrician, Dr. Myint, has come on board. I have taken the opportunity of getting her on my Seniors' Advisory Council and the hospital has her.

And these are additions to the service. I will indicate that the hospital has, obviously, given me more information about the improved clinical care with respect to the hospitalists. And that is important, I think, that we should know that they have added some more hospitalists because that means that they can provide . . . that by doing that they will have 24 hour . . . increasing the number of hospitalists to eight in order to ensure there is 24/7 on-site coverage for patients, which I think is very important.

Also it indicates that because there is a concern about the younger population, under the age of 19, who can suffer from mental health issues, just like adults, there is a new Child & Adolescent Services Consultant Psychiatrist. So it is good to know that Dr. Yates is there and he will be able to address that.

There is a new procedure to help patients breathe. A new procedure, performed for the first time here in Bermuda, which is going to allow a young, male CCU patient, paralyzed from the neck down following an accident to be able to breathe on his own. This is being tested, and once it is tested then it will enable him to be able to do without his ventilator completely and that means that he can be discharged and cared for at home. So I think that is exciting news.

And I think that is all I am going to . . . because I think I have what, an hour and?

The Chairman: Well, there is about an hour and a half left in the debate.

Hon. Jeanne J. Atherden: I am going to go to my next one, which is Head [91].

I think I am going to go to . . . I think that, Mr. Chairman, while there are lots more things we can talk about the hospital I would like to then move to . . . I would like to thank all the BHB Board and all the others, the auxiliary and all sorts of others . . . the Charitable Trust, people who have helped to support the hospital. And I will keep this document available so that we can distribute it to people later on.

The Chairman: Thank you.

HEAD 91—HEALTH INSURANCE

Hon. Jeanne J. Atherden: So Mr. Chairman, I will now turn to Head 91, which is found on page B-150 of the Estimates Book.

The current account estimates for Head 91, Health Insurance, begin on page B-150 of the Estimates Book.

A total of \$1.04 million has been allocated for this head in fiscal 2015/16, which is a decrease of \$396,000, or approximately 28 per cent from the approved 2014/15 budget of \$1.4 million.

Rising health care costs are a major concern in Bermuda and worldwide and must be proactively, albeit, strategically and methodically addressed. It is a problem that will not be solved in the short term.

The Health Insurance Department has been undergoing a strategic review process over the past year in response to the SAGE Commission recommendations, the economic climate and the rapid, unsustainable escalation in health care costs, among other things. As part of the strategic review, the Department's vision and mission were revisited to ensure relevance and alignment with the current climate. A new vision and mission statement were developed to better reflect the core functions and responsibilities of the department as defined in the governing legislation.

The new vision statement for the Health Insurance Department (HID) is: To provide accessible health benefits for residents of Bermuda.

And the new mission statement for the Health Insurance Department is: We will deliver health benefit products with:

- participant focus;
- consistency and fairness;
- stakeholder collaboration;
- coordination of affordable benefits;
- prudent fiscal and operational management.

We believe that everyone in Bermuda should have access to affordable health benefits coverage and health care. Therefore, accessibility and affordability are at the forefront as we deliver our health benefits to the community. We endeavour to provide these benefits to segments of the market place who cannot afford higher priced health insurance plans. However, we must also deliver our insurance benefits

in a highly compassionate way, with consistency and fairness and in collaboration with all stakeholders.

Our business model must be one of collaboration with our providers, stakeholders, outsourcing partners and others to allow us to achieve our lowest possible operating costs while maintaining the best sustainable benefits. Through these strategic collaborations, we are able to reduce the escalation in the cost of claims. Additionally, through prudent fiscal and operational management and collaboration, we will work with the entire health care system to address escalating costs in a highly focused manner.

It is also worthy to note, in keeping with the recommendations from the final Spending and Government Efficiency (SAGE) Commission report, we are reviewing the feasibility of merging the operations of GEHI (Government Employee Health Insurance) and HID [Health Insurance Department].

Five key strategic initiatives that HID will be focusing on over the next 18 to 24 months (from a high level) are:

1. Implement a care management strategy with focus on cost containment, accessibility and quality of care which encompasses:
 - a. care coordination, efficient utilisation of services, promotion of healthy lifestyle choices (wellness), and improved disease management;
 - b. initiatives to engage policyholders, collaborate with stakeholders, and enhance population health;
2. create comprehensive and coordinated public awareness and customer service focused strategy that clearly defines HIP and FutureCare benefits, dispels misinformation through proactive public relations; and improves our policyholders' and potential policyholders' experiences through every interaction;
3. develop and implement a corporate financial and risk management strategy to mitigate departmental risk and more efficiently manage the funds;
4. develop and implement a robust management reporting process to enable better Management decision-making;
5. develop and implement an organizational and operations strategy for operational efficiency (e.g., HR, IT, Security, Privacy).

Head 91 is the partial source of funding behind the department, which is responsible for developing and administering Government's social health insurance products offered to the public, including:

- Health Insurance Plan (HIP);
- FutureCare Plan (FutureCare);
- Mutual Reinsurance Fund (MRF); and
- Government Subsidy Program (Subsidy).

The Act describes the programs as follows:

- HIP is a plan consisting of Standard Benefits and Supplemental Benefits, and is available to both individual and group insureds.
- FutureCare is a plan designed for persons over the age of 65 and provides comprehensive benefits for both individual and group insureds.
- The Subsidy Program consists of age, youth and indigent subsidies and is targeted to provide relief to these vulnerable populations.

Under the Health Insurance Act 1970 and its regulations, every employer and self-employed person must provide a minimum of standard hospital benefits for each employee and their non-employed spouse.

The Ministry of Health, Seniors and Environment has overall strategic responsibility for the programmes in accordance with the Health Insurance Act 1970 (the Act).

The Health Insurance Committee (HIC) is a body, created under the Act, with overall management responsibility for HIP and FutureCare on behalf of the Minister. The Committee also manages the claims for the MRF and the government subsidies.

The Health Insurance Department is delegated the operational responsibility for the various programmes.

Mr. Chairman, I would now like to present four supplemental benefit changes for HIP and FutureCare which we are considering and which, we believe, not only support our new vision "To provide accessible health benefits for residents of Bermuda," and in concert with our strategic care management strategy are in-line with the needed cost-saving adjustments and efficiencies in the health care system overall.

"Ageing in place" refers to living where you have lived for years, not typically in a health care environment or nursing home. Services that assist in activities of daily living are brought to you so that you have support to remain in your own home, even as your circumstances change. In other words, you continue to live in the home of your choice, safely, with as much independence as possible as you get older. Personal Care Services are determined according to your care needs, encourage self care, and can be adjusted as your care needs change.

With the possible addition of Personal Home Care Services to HIP and FutureCare, we will allow people the dignity of ageing in place and most importantly, decrease the amount of time spent in the hospital and long term hospital stays. This will provide significant cost savings to the Government subsidies as well as address the ever important gap in the continuity of care in Bermuda.

Mr. Chairman, Personal Home Care Services supplemental benefits under HIP and FutureCare would be available to those with significant disabilities, dementia, Alzheimer's, or chronic illnesses that have

impaired their ability to live alone without the needed supports such as personal caretaking or adult (home) day care services. This is not only cost-effective, but frees up rooms at the hospital and long-term care units that are critically needed. It also supports the family caregiver in their efforts to care for their loved one. Personal Home Care Services could be provided by trained staff from the community for those persons most in need in Bermuda, and, in the comfort and convenience of the person's own home. The Personal Home Care Services could provide the right care, in the right place for the right price. Additionally, Personal Home Care services help individuals remain safe, independent members of the community, and engaged in leading enriched and happier lives.

Mr. Chairman, the second recommendation which is being considered is to increase Specialist Physician reimbursement rates and the annual benefit for HIP policyholders. By increasing these supplemental benefits, we believe that people with chronic disease will be provided enhanced access to specialist consultations and follow-up visits required to better manage their illnesses. The current benefit of \$500.00 per year is insufficient to properly manage multiple chronic illnesses which, unfortunately, many Bermudians have. As we all know, better disease management will lead to more positive outcomes and therefore increasing this benefit and encouraging improved medical intervention is imperative.

Mr. Chairman, the third supplemental benefit change that I am considering is a "Wellness" benefit for HIP and FutureCare—a benefit that promotes healthy living and disease prevention proactively through specialist counselling and programmes.

The goal is for those with non-communicable chronic diseases to make lasting, positive lifestyle and behaviour changes early on that improve health and well-being thus reducing complications of chronic disease later on in life. Focusing on those with the "Big 5" chronic diseases: diabetes, hypertension, cardiac disease, asthma or chronic obstructive pulmonary disease, and obesity or overweight and encouraging reduction of risk factors that contribute to disease complications promotes a healthier population and reduces health care costs. A healthier population in Bermuda would be the most positive of outcomes. It is well known that prevention and wellness is a far more cost-efficient and effective health management tool.

Mr. Chairman, my fourth and last supplemental benefit under consideration is to offer a youth benefit under HIP for children (birth to age 18). At age 18, they would then qualify for a regular HIP policy. As the subsidy is no longer portable, under the HIP youth plan, children would be covered at 60 per cent of charges for overseas treatment, if medically necessary and the treatment is not available in Bermuda. Under the HIP youth benefit, children would be covered for paediatrician visits and routine care, as well as basic dental coverage.

Mr. Chairman, the children of Bermuda are our children and must have access to good and affordable health care. I believe that the HIP program should be extended to them so that they have the necessary health coverage they require and deserve.

Mr. Chairman, this sums up the four supplemental benefits for HIP and FutureCare that I feel are most needed at this time. While there are many other benefits that we would like to offer, we are keenly aware that each new benefit adds an additional layer of costs to the plans. As a result, we must continuously review and remind ourselves and the residents of Bermuda that our goal of offering accessible and affordable health care is often a conundrum. Please know that we have gone through a comprehensive and exhaustive process to come up with these recommendations, in keeping with the fundamental expectations for citizen health as set forth by the World Health Organisation balanced with the ability of the country to fund those expectations.

Mr. Chairman, now I will summarise the operating results of the various funds so the Members of the House and the general public understand the implications of our operating results. Then I will—

The Chairman: Honourable Member, do you want to identify which heads and areas you are looking at?

Hon. Jeanne J. Atherden: Yes.

The Chairman: [Is it line items] 9101 or 9102?

Hon. Jeanne J. Atherden: Just a minute—

The Chairman: Well, just proceed and we will . . . there are two heads, so . . . you can proceed, Honourable Member.

Hon. Jeanne J. Atherden: I think this in terms of . . . I was talking generally a minute ago about the HIP results and now we are just talking in general about the HIP Administration which \$1,040,000. Because the HIP administrative expenses were \$1.7 million in fiscal year 2013/14, which was . . . just one minute. Sorry, I am just looking to make sure that . . . okay, let's do the reverse then.

When you start to look at the Health Insurance Administration for the fiscal year—and this will help me tie into the number—obviously, the HIP premiums are what result in the revenue that HIP actually gets. And even though we turn around and we do not show the number . . . let me just read for a moment partially, because HIP is like . . . you only see the part of the iceberg, which is the actual administrative expenses, but that ties back into the overall operation of the plan itself. So if you bear with me for just a few minutes, I just will explain to you how HIP functions in terms of.

HIP has monthly premiums (and they remained unchanged since 2013) of \$390.00 a month. HIP also has 2,929 persons insured. These are related to the performance measures, which are on B-152. There was a decrease in the headcount of HIP, and, as it relates to the premium, the claims for HIP incurred in 2013 were \$18.7 million. This was a 29 per cent increase. This is on page B-152. It shows you the total claims for HIP—

The Chairman: Yes.

Hon. Jeanne J. Atherden: Unfortunately, with something like HIP, where you have the actual outcomes for the year and you are having to forecast, and you will not actually see the results for the forecast until another six months after that, what we are trying to give everyone is an indication of what has happened up to now, what we expect to be coming down the pipe, and what will happen going forward.

So a number of the things that I am relating to right now are relating to the performance measures which are on [page] B-152. Maybe if I go back and do that, that is probably the best way.

At March 31, 2014, there were approximately 2,929 persons insured on HIP and the HIP premiums earned \$15.5 million in revenue. That was an 11.4 per cent increase in premiums. The claims though for HIP resulted in \$18.7 million, and that was an increase of 29 per cent. So it means that this has resulted in HIP having a claims experience greater than the level of revenue.

So the HIP administrative expense was \$1.7 million, which was a 10.5 per cent decrease when compared to the previous year. And you see the Administrative expense (which is on the top), which is the HIP performance measure. This is the top line of [page] B-152. It shows the Administrative expense ratio for the Health Insurance Plan. The most important thing for a fund like that is the revenue collected, the claims paid out, and the administrative expense. So it was just to indicate that the administrative expense is at least in line with the 10 per cent. But there is an indication now that the fund has a deficit position.

Administrative expenses are a measure of efficiency and they represent the administrative cost per premium dollar collected. And so as has been indicated here you would be trying to look at ten cents on the dollar—that would be a normal expense. Unfortunately, due to the fact that it is a small plan and it does not have the volume, the HIP expense is actually forecast to be 18 per cent.

The Chairman: Honourable Member—

Hon. Jeanne J. Atherden: Yes.

The Chairman: It is just close to three and half hours. Are you intending that we actually have a debate today?

Hon. Jeanne J. Atherden: Yes, and I am actually planning on wrapping up in about five minutes.

The Chairman: Thank you.

Hon. Jeanne J. Atherden: And just to indicate, just to remind ourselves, HIP is a plan that was put together for those people are not able to get insurance. One might sometimes refer to it as the plan of last resort. And so lots of the persons there are not able to get health insurance in other places. So it results in a different type of ratio.

FutureCare, on the opposite, is a plan for those persons who are over 65 and they have choices. So when you start looking at the FutureCare results we have to start recognising that FutureCare now has a new single blended premium for everybody, which is \$450.00 per month. And the FutureCare headcount is approximately 3,400. And I will just skip quickly through to the thing which I think is most important.

And this is what I am going to just wrap up with. If you turn to [pages] B-152 and B-153, just looking at the Qualitative Performance on FutureCare and MRF, et cetera, we show the Administrative expenses, the staffing, the overhead incurred by HIP to deliver the Government's health insurance products. Basically, it is just indicating that they have been benchmarked, but the administrative expenses are a little higher. The loss ratios there have indicated that the target loss ratio is 120 per cent in 2014. Obviously we are looking to see whether we can get it down to a lower level.

I think, Mr. Chairman, I am going to wrap up there because . . . I just want to indicate (last but not least) the nature of the Health Insurance is that the claims will fluctuate over time and therefore the premiums are set up on the basis of what we believe should be designed to cover the claims experience. And over time the factors that influence other claims, the administration expenses and the turn around . . . the department has done a lot to try and increase the administrative expense and also to do the turn around because that was one of the issues that some of the payers had with respect to the time it took.

So I just wanted to indicate that HIP believes that it now has the cost under control, it has the delivery of the service under control, and, therefore, it will focus on a proactive strategic initiative so that . . . in order to bring the cost down they are looking at implementing a case management strategy that will focus on cost containment, accessibility and wellness. And also they will look at increasing operational and organisational efficiencies and a management reporting process.

Mr. Chairman, I would just indicate that a lot of the HIP system is used by outside partners and therefore we have to thank their partners: the Sutherland Healthcare Solutions, Bermuda Executive Services, and Argus and others who helped them because the department is smaller than it normally would be. So I want to thank the Health Insurance Department and the members of the Hospital Insurance Commission for their support and making sure that it works.

And that ends my presentation on Head 91.

The Chairman: Thank you, Honourable Member, for your detailed presentation.

Is there any other Member who wishes to speak to these heads?

The Chair will now recognise the Honourable Member and Shadow Minister for Health from constituency 34, the Honourable Kim Wilson.

Ms. Kim N. Wilson: Thank you, Mr. Chairman.

I thank the Minister for allowing some time for a proper debate and discussion on this. I think perhaps in future, just as a suggestion, if we are going to cut briefs, then perhaps that dissection should take place beforehand. I have to admit that I had a very difficult time following because the line items were not following in the manner in which the Minister was speaking. So my fear is that I am not going to be able to articulate as well as I would have liked to and ask the questions. So I may be jumping all over as was the case just previously.

I am going to start, Mr. Chairman, with the mission statement from the Health Department, Head 21. And there is the Health Department's mission statement: "The health system operates efficiently to improve its financial sustainability and the population health," and then it also goes on to speak about access: "All residents have affordable health insurance that enables access to essential health services."

So, Mr. Chairman, let me start off with respect to the mission statement that deals specifically with efficiency and access.

Now, we must admit that part of financial sustainability must include creating alternatives that are designed to reduce the cost of spending on medical services. We already heard from the Honourable Minister that approximately (I believe it was) 44 per cent of the health care budget is directly attributable to the Bermuda Hospitals Board, which is obviously almost half of the entire . . . I think it was \$1.9 million budget. No, it is more than that. Hang on just a moment. In any event I will get to the figure in a moment, but it was 17.1 per cent of the total budget with respect to Health, Seniors & Environment.

So, of that percentage, which I think is one of the highest, if not the highest . . . yes, the highest budget for any of the particular Ministries. Of that \$17.1 million, 44 per cent of that is directly attributable

to the Hospitals Board. I think that is a good starting place for us to look at insofar as cutting costs and making the provision of health accessible, yes, but also financially sustainable.

Now let us look at the Patient Subsidy for a few moments, please. And that is at Schedule 1, and it relates specifically to a figure of . . . (Just a moment.) Now I cannot find it. The subsidies concerning the youth subsidy as well as the Indigent subsidy and the Senior subsidy—and you can see that a large portion of that subsidy, some \$7.8 million for the estimate of this year, relates specifically to youth subsidy, which I would submit is obviously a very large amount.

One of the things that I would hope that this Government would consider, as well as the Hospitals Board, with respect to reducing those figures is to look specifically to that youth subsidy and the contributions that are paid out of the Consolidated Fund for that. Particularly in circumstances where parents possess insurance of their own right and the child nonetheless is under the age of (I do not know if it is 16 or 18) 16, but the child still receives the subsidy that is paid out of the Consolidated Fund.

I just want to draw a quick reference. My child has severe asthma and we attended the hospital because it was after hours and, of course, I proceed to flip out my insurance card and the hospital staff said, *Oh, no, no, that is fine, this covered under youth subsidy.* In my naiveté I said, *No, no, I've got insurance. Here is my insurance card.* And she said, *No, it is part of the hospital subsidy.*

Let me just pause for a moment, Mr. Chairman. I am not speaking at all about those individuals that clearly because of their own personal circumstances must rely on the assistance of government such as the youth subsidy. All right? Because one of the roles that I believe that government does have for all citizens is to provide that type of assistance for those of our vulnerable residents.

However, if circumstances are such . . . and I do not know if the Minister can answer this in terms of whether a study or whether the statistics can be found, of the \$7.8 million that goes to youth subsidy: (a) how many youths does that represent? And (b) what percentage of that youth already have or are able to receive health insurance from their parents benefits?

I think with that savings, because I am sure it is a very high figure, there are a number of other suggestions that we as a PLP Government would make and we would ask the Government to consider that deal specifically with financial sustainability. And I am relating that specifically to the savings that can be obtained from reducing the youth subsidy to circumstances in which it is for-need based because of the parents' particular circumstances and not for want of the parents already having insurance.

So, Mr. Chairman, that youth subsidy is one aspect that I wanted to speak about. But with that sav-

ings I think these savings can be attributed and used for something that we have been speaking a lot about, particularly in recent times, with respect to the issue concerning the persons that are admitted into the hospital for what we call “social admissions.” And the Minister indicated there are at least about 30 social admissions at the time and that the Acute Care Centre is currently full.

You will recall that we did receive a Ministerial Statement a few days ago from the Minister outlining this. And I am still speaking directly to the mission statement for the Department of Health. I would hope that the Minister can answer a couple of questions concerning that. First and foremost would be with respect to the plans that the King Edward Memorial Hospital executive must have had concerning the addressing of this issue with respect to (as some people refer to as) *Granny dumping*.

This not a new phenomenon, it has been occurring for well over 30 years. And to think that we transferred a brand new Acute Care Centre just on 12 June 2014, and to know that it is already full and that there are some services—operation services and the like—and sick people cannot even be admitted to the hospital because there is this issue concerning social admissions. One would have thought that the executive and the Government working together, prior to opening a new institution, would have come across certain ways in which they could address this particular issue.

I appreciate that the Minister made reference to the use of the credit department. However, surely, there must have been a plan that was developed prior to opening this hospital to address this very important issue. However, I have a couple of options that we would like to present on behalf of the Opposition for the Government’s consideration, as it seems that perhaps a plan is missing.

A couple of things that we would suggest . . . and again I want to make certain that with respect to what I am going to be proposing concerning dealing with the issue of *Granny dumping*, this again is the caveat or carveout. This does not relate specifically to the individuals that because of their own financial personal circumstances are unable to care for a loved one. You will recall, Mr. Chairman, that the Ministerial Statement that was read two days ago concerning this particular issue spoke specifically to this phenomenon of professionals that are financially secure and able to deal with loved ones, as opposed to just leaving them in the hospital. So I am speaking about that particular category of individuals.

Let us just go through a couple of options that could perhaps be considered by the Government. One of them is with respect to admission in King Edward, that the Admissions Department would obtain signatures of the patients and/or their guarantors and that would make those persons—the guarantors—responsible for the costs that are not covered by the

insurance. For example, when a person is admitted there is normally a next of kin. The next of kin would sign off as a guarantor. Also they could deposit their credit card (which is something I made mention of the other day), and that in circumstances where the hospitalisation is such that the senior . . . the ailment is no longer acute and that they are ready to be discharged, for every day that that person remains in hospital—again, I am referring to those individuals where the family can well afford to take that individual out of the hospital—in those circumstances then we could have a situation where the King Edward is able to charge the credit card on a regular basis until such time as that patient is removed from the hospital.

Another option that could be considered with respect to this is that the family . . . there is legislation in the United States that is being actually utilised. It is very old, but there are a number of states that are using it and they refer to it as the “filial responsibility law.” And what that does is impose a duty on third parties, usually but not always the adult children, for them to support their impoverished parents.

Now, I hate that we are standing here in 2015 speaking about imposing a duty on a child to look after their parents. But the reality is that we have circumstances that are costing . . . I think the Minister indicated almost \$27,000 a month for patients that are left at the hospital with no acute ailment but for the fact that their children are not prepared to take them or do not want to be bothered.

And we have to discontinue this whole aspect of . . . you know, it is not convenient for me to take the parent home or it is a burden, et cetera. I mean, you know, I do not want to get into the social aspects about the responsibilities that children have to their parents, but at the end of the day in the Consolidated Fund, all of us are paying \$27,000 per month for these people that are sitting at the hospital when they do not need to be there. We have to look at other options.

Returning to this filial responsibility law, it allows for the state to contemplate civil penalties against a child for [failing] to support their impoverished parents. In fact, in some of the states, Mr. Chairman, there are actually criminal sanctions for . . . I am saying some of the states. I am not necessarily saying that this should be adopted here, but it is certainly something that we can consider, because the only option that I have heard about addressing this issue is the credit department. And clearly for the last 30 years, with respect to those persons that work there, I know one of my first jobs as a student was in the credit department at the hospital. So I know those ladies and men that work there are very, very diligent. However, we have to come up with a better plan because it has not been working in 30 years.

Yes, so that particular legislation is finding very much success in many parts of the United States by making children responsible for their impoverished parents. And by that, the laws in those cases speak

about where the parents do not have sufficient medical insurance to cover their expenses or, alternatively, as in the case here that we are speaking about where the patient is ready for discharge and the children are refusing to take the parent home.

Another thing that the Government can consider is to incentivise. And I know that the Minister spoke briefly about this. But let me offer some more suggestions and a way forward. And that is with respect to incentivising—providing an incentive programme for families to receive payment for providing special care at home, home care services.

For \$27,000 . . . and then I think the Minister also spoke that on average it was like \$10,000 a month at Sylvia Richardson and Lefroy. It would be marginally . . . a fraction of that cost for the parent to be able to stay at home in addition to the quality of life that that parent will obviously receive by being looked after and loved ones in the care of their own home as opposed to an institution or a hospital. So the Government could construct this incentive programme and some of the services that are being provided by the family members can be augmented with respect to some type of financial incentives. Perhaps there can be some tax concessions or something. I mean, these are things that the Government can consider, but at least it is providing an incentive for people to bring their parents' home. And it would certainly be far less than \$27,000 a month that is currently the case at the hospital.

The other issue I wondered, perhaps the Minister can answer this question: Does the Civil Department file any type of caveats against estates of individuals who owe money to the hospital? For example, a person passes away. If there is an estate to be administered, the application has to be on notice in the *Royal Gazette* for three consecutive weeks. And it allows all people that have a claim to indicate to that estate, or to the law firm representing that estate, that there is a debt outstanding, i.e., hospital debt. And the law says that all debts and testamentary expenses have to be paid first before you distribute the estate. So I am wondering what steps are being taken, and if the Minister can answer that concerning the hospital and whether they are filing caveats or whether they have a designated person that is looking at probate applications that are being made in the court.

I wonder how many cases are such where a person passes away owing money to the hospital and their estate is being distributed to the children—no doubt the children that are not necessarily taking care of that parent. So if the Minister can address me on that I would be grateful.

Now we also know, Mr. Chairman, of cases where the senior parents have voluntarily conveyed their properties to children. So we may have situations where (and we all know it and especially the lawyers that are in the Chamber) a voluntary conveyance has taken place. The parent has transferred their property

to the children, and the children are the ones that are leaving the parents to . . . they are Granny dumping. So they are collecting rents from apartments of properties that were passed on to them, meanwhile they are refusing to pay any of the monies that are owed with respect to the expenses of the parent. And the state—you and I—is paying for that while they are collecting rent on five apartments. And I wonder if that could also be looked into insofar as the issue concerning the voluntary conveyance.

Again, Mr. Chairman (just so I am not misquoted), I am not referring to the cases where the family can ill afford to provide the assistance that is required for that senior. I am speaking of the other ones that the Minister spoke about in her Ministerial Statement last week, and the ones that all of us are familiar with insofar as the able-bodied children who have decided, *I don't want to be burdened*.

Another suggestion to reduce the cost, and again I am still on the mission statement, Mr. Chairman, another suggestion in the reduction of the cost is to look at opening up the insurance market. Competition. You have heard me speak about that before. I think that when we have competition it drives down the prices and the ultimate beneficiaries would be you and I as the consumers. So the Government, I would hope, would look into opening up competition in the insurance market to some of the other international agencies overseas, et cetera, and allow them to come here and compete so that we can drive down the cost.

I just want to go back really quickly concerning the caregivers and providing incentives. If we can also look at, with respect to those incentives . . . we do not want to have a situation that is created where it is subject to abuse. Certainly the Government could consider providing regulations with respect to that so that the . . . it may be a means tested situation. The persons that are providing the assistance for the care of their parents may have to attend some type of courses, and so forth, so that they can be properly skilled and trained up to provide that type of assistance.

We can utilise the community nurses who can attend at the residence of these home care providers to administer things like medications, check vitals and the like, so that we are not having patients sitting at the hospital having that type of treatment when we have the . . . perhaps employ the use of the community nurses. We can look at extending the clinic services, such as the Somerset Clinic and the clinic in town, but particularly in the extreme areas of the Island so that wellness clinics can be provided for seniors so that, again, if they are living at home and there is caregiver and there are some issues or the caregiver just requires some type of assistance, then they can take their seniors to the wellness clinics as opposed to taking them to the hospital. These are certainly things that I think we need to consider.

As I was saying—let me just go back to that—insofar as certified home care providers so we could offer some type of programme. We know that we have an ageing population. And I believe there is a geriatric training programme at the Bermuda College now in existence. So perhaps an extension of that programme can be made to provide certified home care providers with the requisite skills they need so that they can look after their parents. And that certification would allow them to apply to the Ministry to receive some type of home care agreement and to be incentivised. Again, this is one of the suggestions so that we can try to minimise the abuse or the potential for abuse insofar as trying to get money, and so forth, unethically.

Mr. Chairman, I also would like to suggest that we, again (and this is something that has been raised previously), look at amending the legislation. Again, I am still dealing with sustainability with respect to the mission statement. Look at amending the legislation requiring insurance coverage for alternative and complementary medicine. We know from the statistics, particularly in the United States and in other jurisdictions of equal size, that there is an increase in the use of traditional medicine, traditional Chinese medicine, homeopathy, kinesiology, naturopath and so forth. In addition to it being less expensive, the studies are showing that it is equally as effective, or more effective, than some of the other more traditional modes of treatment such as medication.

I am sure all of us have seen these commercials that deal with certain ailments. The list of the side effects is worse than what the ailment probably was in the first place. And it always says it very quickly—*side effects may include blah, blah, blah*—and you hear like three pages of side effects that are probably more severe than the ailment that the medicine is trying to treat. But we have seen that the side effects associated, particularly to a lot of the complementary medicines and the alternative medicines do not bear such extreme side effects. In addition to it being less expensive for administration we recognise that it is successful with fewer side effects. So surely a suggestion would be for the Government to consider amending the legislation to require insurance companies to provide coverage for those types of matters.

Again we can also consider promoting medical tourism to promote additional utilisation of our new health care facilities, and that would also provide a cost-cutting measure. I wish I had the details in particular, but I recall reading recently about a facility that is in . . . I think it is in Cayman [Islands], where physicians had established a facility, a very successful private facility. I believe they were initially from India. There were some discussions in Bermuda under a former administration for us to bring those same persons here to provide that particular service. Now, it is extremely successful in Cayman [Islands] and they are developing a medical tourism model that we could

have had ourselves. Unfortunately, we did not take advantage of that.

Now, we have spoken a little bit already about the extension of the ambulance services recently that was announced in the east and west. Now, Mr. Chairman, you will probably recall that it was the PLP concept that called for the Urgent Care Centres on each end of the Island with ambulances to be established at these centres. And we would appreciate if emergency vehicles could respond to all emergencies in those prescribed areas, and it would mean bringing those patients to the Urgent Care Centres as opposed to filtering them into the main hub and to the hospital.

I live in Somerset, and I remember when I was pregnant I was really concerned about . . . what if I needed to get to the hospital quickly and . . . emergencies happening, et cetera, et cetera. And I am certain that there are more persons of like-minded concerns—they may have elderly parents or cardiac arrest, any type of matter.

But it is a shame that the Urgent Care Centre, in particular the Lamb Foggio Urgent Care Centre, has never been utilised to the extent to which it was designed. We have heard how state-of-the-art that facility is and yet the Minister just spoke briefly about it may be able to be used for Ebola patients if there is an issue that we need to isolate them. I would ask the Minister (a) to consider utilising that very wonderful facility for the purpose it was built for; and (b) if she could provide a firmer commitment as to the Government's intention as to whether it will remain open.

Another suggestion, again under financial sustainability, Mr. Chairman, I would like to offer for the Government to consider is for them to perhaps build more homes for the elderly. We are not talking about magnificent, huge things like Sylvia Richardson. But we know that we have an ageing population. We know that there are more individuals that are going to need particular care. Perhaps we need to start looking at building more facilities that are in varying degrees.

Like facilities where they are managing themselves because they are able to move about themselves. Or facilities that may require a little bit more attention, not necessarily medical or nursing. We know that there was a proposal—again, under the PLP administration—and I would hope the Government would at least consider this. There are a number of derelict properties in Bermuda. Many of them are perhaps tied up in estates. Many of them have not been renovated because the families cannot afford to do so. So perhaps the Government can look at a programme where they perhaps get a long lease with the family and they renovate the property. They could utilise it as care facilities for our seniors, and the family in turn are receiving some type of benefit through the rents and the reintegration of their property into the market.

Again, these are ideas that should be considered. And if we look at first the cost-saving measures

by the reduction of youth subsidies, that is at least \$7.1, or something, million there.

Mr. Chairman, in addition, I would like to turn now to the point of the mission statement that spoke specifically to quality health services and safe and effective services. Again, I am still at the mission statement.

The Chairman: Yes, I am following you.

Ms. Kim N. Wilson: Thank you.

Now with respect to quality health services and safe and effective health services, I have to go back to a discussion that we tried to have this morning. And that is with respect to the issue of pre-certification.

We all know, Mr. Chairman, that pre-certification has been a hot topic item. We attempted to get some direction from the Minister this morning as to what the Government's position was concerning it. However, it was not actually forthcoming. I will try to ask that question again, if the Government will answer, What is the position concerning pre-certification and whether or not they are going contrary to the medical profession and introducing it in any event?

Mr. Chairman, the fact that the Government has indicated, and the Honourable Minister spoke about it a few moments ago in her budget brief, that the RFI process has been sent out to seek (and I quote) "a pre-certification contractor" this obviously begs the question, why go through the time and expense of an RFI unless the Government has already decided to proceed with pre-certification? And with that being the case, all we are asking is for the Government to simply keep the public informed as it relates to the direction of decisions that, apparently, seem to have already been made.

I would, again, implore the Minister to please not give us answers concerning the status of the RFI, but to confirm that the Government is proceeding with the pre-certification.

We have heard already, Mr. Chairman, that the Bermuda Medical Doctors' Association has come out against pre-certification. They referred to it as *death by dying*, or other people have referred to it as that. And this is not withstanding the Association's commitment. They have proven that they have a commitment to improving the quality of health care provided to the whole population of Bermuda. But what is concerning is that this body of physicians has also come up with some 20 recommendations designed to lower the cost of health care.

In addition to them saying they do not support pre-certification, because of the inherent risk to patient care, they have come up with 20 recommendations that are designed to lower the cost of health care. And I would ask the Government where they are with that. Are they even considering these recommendations? And if so, what stage are we at to try to reduce costs?

Again, it seems that the main thing that I have heard from the Minister is that the issue concerning dealing with the debts and the costs and the reduction of the cost is the credit department, which again, I have already indicated the challenges that they obviously have with respect to this. And if that is the plan, then we are going to be having this conversation over and over again insofar as insurmountable, unsustainable health care costs.

What is also concerning, Mr. Chairman, is that the Ministry of Health took part in a conference where there were experts from the Caribbean and the United States who were part of facilities where pre-certification was already in place and all of them told Bermuda, *Do not forge ahead with pre-certification*. They have indicated that the pre-certification does not necessarily change the behaviours of the doctors, because the doctors—as these individuals in the United States and these professionals in the Caribbean were saying—will simply tailor their reasons for the test requests on the form that they submit so that the pre-certifying body will agree to the request that is being made.

So the doctors will be astute enough, if they think that there is an issue with unethical behaviour—and I am not suggesting that the doctors are unethical—but all they have to do is tailor make the request or the form that they are filling out for pre-certification in alignment with the guidelines. For example, a test is ordered and the pre-certification guideline says that the patient must be exhibiting heart palpitations, pain in the upper chest, dizziness. Well, if a doctor is wanting to con the system then they are going to say the patient is exhibiting signs of heart palpitations, pain in the upper chest, shortness of breath, et cetera. My point being, they will tailor the request for pre-certification on that application for the test they are trying to achieve.

We have seen that in the United States and the Caribbean. Those doctors are like, *Hang on a minute. If that is the mischief you are trying to avoid, you can't do it with pre-certification*. So again, I am just asking the Government to rethink this very, very quickly.

While I am on that point, I wonder if the Government has a contingent liability fund already in its coffers for circumstances when the law suits start rolling around when people are dying because the doctors are waiting for certification from an overseas entity to establish whether or not a particular test can take place. And I hope the Government is prepared for that legal action.

[Inaudible interjection]

Ms. Kim N. Wilson: The other thing, Mr. Chairman, I wanted to speak about concerning the pre-certification is that (again, with respect to the contingent liability matter I just spoke about) we know that pre-

certification also can cause or lead to a delay in treatment. The pre-certification model is such that they are not asking . . . you are going to your own physician and you are telling your physician, *These are the type of issues that I'm having* (and for me personally, and I am sure I can speak for a number of people, I have had the same doctor probably since university and I trust this doctor's opinion). And if he says, *This is what I think you need*, I am going to do it. I am not going to doubt it; I do not even ask for a second opinion because that is the type of trust that I have in my physician. If he suggests that I need "XYZ" tests, no questions asked, I will do that. I will take his advice because he is the professional.

But the concern that I have is that if this doctor is suggesting that I need this particular test to be performed and he has to go through this pre-certification process . . . so he has filled out the application, send it to an overseas entity and likely the person on the other end is a nurse or a nurse practitioner who is going to agree or disagree, consent or reject the request that my own doctor, who knows me for the last 25 years, has made. That is very, very frightening, because it is not even a person that knows my medical condition.

I refuse to believe that if less than (I think it is) 8 per cent of the testing that is taking place—the diagnostic testing that they are considering insofar as requiring pre-certification—that is a miniscule amount. And if they are concerned about that particular aspect, then let us look at other areas to reduce the cost and put controls in place so that it is not over-utilised.

Speaking about over-utilisation, I think it is also important to note that the Minister in her presentation spoke of one company in particular who, when the hospital stopped doing MRIs during certain periods of time, allegedly went ahead and increased the hours of offering an MRI. Now as I understand it, that is not correct. But what is more important, which I think is disingenuous on behalf of the Government for not getting this particular part out when the Ministerial Statement was read, was that this particular company had already had a quality control programme approved from November 2011 by the American College of Radiology. That was even before the hospital did it.

So we have steps in place that are already occurring to ensure that the types of testing that are being required . . . that there are checks and balances in place. And I think if we are going to present one part of the picture we owe it to the public to present it in its entirety and not just a piece of the puzzle.

Now, I have a couple of questions that I would like to refer the Minister to in addition to the ones that I have already raised. And the first one deals specifically with, [cost centre] 32270, Occupational Safety and Health. I notice that it is down 43 per cent.

The Chairman: Sorry, what was your page reference? Page B-327?

Ms. Kim N. Wilson: Page B-126.

The Chairman: Okay.

Ms. Kim N. Wilson: Occupational Safety and Health is down 43 per cent. When we look at the employment figures for that particularly Ministry as well, I notice that there is one staff member that is no longer going to be employed, I guess in that particular department (whether it is a frozen vacancy, et cetera). But I wonder if the Minister could provide us with further details as to that 43 per cent decrease in their budget and whether that will affect any of the services that the Occupational Safety and Health department provides.

Another question on 32200 on that same page B-126, that I have for the Minister relates specifically to the Forensic Analysis. In particular, the Minister spoke about the analyses that that department provides. Can she confirm for me whether or not there is still testing that is being sent overseas? Or is all of the forensic analysis now being done locally? I know at one time there was testing that was being sent, I believe it was to a facility in Miami, obviously to a huge cost. But if perhaps the Minister can indicate to me whether or not that position still exists?

Again, at [page] B-125, under Community Health, [cost centre] 32060, I notice that there is a reduction of some 12 per cent, or \$266,000. If the Minister can indicate to us, please, what that reduction represents and whether or not that will include services that are on offer from the Community Health department.

Just a few more questions with respect to Head 24, Mr. Chairman. I note that the Minister went over in quite detail certain aspects about the lab, pathology, utilities, interface projects of \$3.9 million, et cetera, et cetera. And I guess the question I ask is, Why is it not included in the budget? Because we see that the budget does provide that King Edward Memorial receives \$109 million and Mid-Atlantic at [cost centre] 34010, \$37 million. But the statement that the Minister read spoke specifically to different areas in which that money is utilised.

It would have been nice for me to be able to follow along with her from looking at the Budget Book to see . . . we appreciate that they get that grant of \$146 million, but what does it apply to? And clearly there are some figures and some numbers that we know it was applied to because the Minister read it in her budget. But I wonder why it is not included in the actual Head 24 so that it would be easier for us to follow along and to participate in a proper debate as to what the hospital is spending the money on, especially when there are instances where it has obviously been noted because the Minister mentioned it in her statement.

How much time do I have, please?

The Chairman: There is about 30 minutes left.

Ms. Kim N. Wilson: Oh, good. I know that another Minister wanted to speak, but let me make sure I have all my questions really quickly.

Oh, could the Minister please also explain, she may have said so or it may have been one of the parts that she had to gloss through, [page] B-150 under Head 91, Health Insurance, [cost centre] 101020, Automation. I see that there is no estimate contained for this new year, and I just wondered what that relates to and whether that is a service that is no longer being continued or . . . I do not know. And hopefully she will answer so that I can respond, because to me when I think of automation I think of a process that is going to help to streamline a procedure and save money. But I do not know because it was not discussed, so . . . and if it was, forgive me, I did not . . . I do not recall that being discussed.

Yes, at [page] C-17, under Grants and Contributions, I note that the Public Health Scholarships has been reduced. I know we have already spoken about the reduction of education awards and teacher training awards under another heading. But I see that at [line item] 7089, Public Health Scholarships, has also been reduced which, again, is unfortunate because it may disadvantage certain students that can ill afford to continue payment for their continuing education, particularly in an area of nursing, which we know is a hot commodity worldwide, in particular with Bermuda not being an exception.

I believe that might conclude my questions, if you can just give me one more minute to look at my computer, Mr. Chairman. I believe that is it, so perhaps I will yield to my colleague, MP Burgess, of [constituency] 5 who has some questions concerning the Seniors Ministry. And if there is more time I may come back, if I do not have the answers to my questions.

But thank you, Mr. Chairman.

The Chairman: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency 5, the Honourable Derrick Burgess.

Hon. Derrick V. Burgess, Sr.: Yes, I want to thank my colleague, the Member Kim Wilson from Sandys [South Central].

Minister, as the population of the seniors will increase by 30 per cent from the 2010 Census to the 2020 Census, that means we are going to have more problems. That is normally what the . . . when you get more . . . that is what the figures and practice indicate. What, and I am talking from . . . I am sorry, Heads 22 and 21, [pages] B-118, B-129, B-131, cost centres 31145 and 32110.

Minister, we hear a lot about senior abuse, and I see in your Performance Measures, in fact, the number of abuse allegations were 190 in the last period and are expected to be 250 in the next fiscal period of 2015/16. And I just wondered why do we think we

are going to have more elder abuse than we had before? I am pretty sure there is a good reason, but it would seem kind of sad to me that that would happen.

Also, I am glad to see the inspections have increased from 56 to 75, but what concerns me is that I do not know how you are doing the inspections. I would hope that we are not calling these homes to say we are coming today and . . . obviously, if they get a notice . . . Okay, the Minister indicates that is not the case, so I am happy about that.

Now, what I see at Sylvia Richardson and Lefroy House about the falls, the forecast was 22 and yet the revised is increased to 26. And at Lefroy, a forecast of 8 increased to 20. I am a little concerned about that and my concern is that . . . and I know that I do not have the answers, and I am not being critical of you or the national office, but I think we probably have to fix the legislation or the staff, the competency of the staff that work in these areas, because like in almost all of the industries in the world there are people in these places that probably do not need to be there.

The question is, are they properly trained for this here because when you see that we are predicting there are going to be more falls, more abuse . . . and I am not saying abuse from staff, even though I have had allegations reported to me about abuse by staff, and I know that is hard, even though we can report this to you, it is hard for you to police that. I think probably one way (like [they] are doing all over the world) is you might need some cameras in these rest homes. I think there has got to be something there as a requirement that all rest homes have cameras where they can see just about anything because of this elder abuse.

I see you have the Meals and Nutrition in the Performance Measures. And I am a little concerned about that also because I see on the diet it says "compliance with Medical Nutrition Therapy diets." The forecast was 80 per cent last time and the revised was 85 per cent. I wonder why that cannot be 100 per cent because even in the legislation, the rest home and nursing homes legislation, all homes [are required] to have a dietician on staff.

I hear cases of some places they have two soups for the whole week and that is normally . . . as I understand it, they serve it at dinner. And the heaviest meal is normally at lunch time. In fact, I did visit a rest home not so long ago on the invitation from the operators of that home and I was very impressed with it. In fact it was the Elder Care Home down in Devonshire. [I was] very, very impressed with everything that was . . . I was shown the whole place. So I think that if all the homes could be in the condition like I saw that one, it would certainly make me happy.

I am also concerned, and I know you addressed it this morning, about the Lefroy House not being repaired yet. I know the last Minister for Public Works (you know, the one before the last one) . . . every time we asked about it they always used to say,

You should have done it while you were there. Well, it has been some time since the hurricane we had there and, yes, we are using the dining room for those eight beds. So we are eight beds really short at Lefroy House. I think it is a long time—too far too long—that that has not been repaired so we can get those seniors back in place.

One thing that really concerns me is, I had reports that sometimes some of our seniors have been given, not the wrong medicine but, for example, if they were supposed to have half a pill and got a full pill, which is a double dose, they terminate, they pass away. And what really concerns me, and I do not know if this is the truth and nobody has told me this it is my opinion that when somebody goes to the hospital and, you know, they die at that age they are not . . . it is not taken seriously. What I mean is that no autopsy is held, so we never know this figure. *Well, this person was 89 years old and been around a long time so it is probably natural causes.*

I did hear of a case last year where a patient fell off the bed onto the floor and there was one staff member working and he was left on the floor until somebody else came in to work. And they picked him up and that patient passed away a few days later. Needless to say, the family called the police. But what could the police do after a while if no autopsy is done? So that really, really, really concerns me.

The other thing, and I know this does not cover your Ministry. I think it covers all of us when people work and their social insurance is not paid and they figure they have got a pension because that pension certainly would help with their . . . if they are to be put in a rest home, or wherever, normally whatever amount it is they get goes toward their care. But if no money is there for them, because their employer did not pay their pension, that makes it . . . it falls on the government. And I really think this Government, and this is not a criticism because you are probably going to say, *You should have done it.* Well, we are not there anymore. That legislation needs to be put in place—when you do not pay people's social insurance, their health insurance, that is a very, very serious case.

I think if the legislation is put there and is strong and you take one or two to court and they suffer the consequences of not paying, I think the rest will pay. Because we cannot—cannot—continue to take monies away from folks and not pay in and then the company goes bankrupt after stealing the people's money, using it, declare bankruptcy, and then there is no way to recover this money and that, to me, that is a criminal offence.

Also one home that . . . in fact, this was reported to me about three weeks ago. One of the relatives went to visit his mother-in-law, and the mother-in-law had a bag in her lap. And that is the bag she was given to spit in because she had a cough. And he said, *What?* So he was very annoyed and went to Modern Mart to get some Kleenex to give to his moth-

er-in-law. You know that particular home is one we have had a lot—a lot—of complaints about. I know of one time they responded and said they are not a nursing home, they are a rest home. Well, regardless of what you are, you need to upgrade it in the proper way.

The other thing I have a concern about is staffing. Not only if the staff are competent, but from what I understand a lot of these rest home's staff have two and three jobs. So I guess [if this is] the last job of the day going to work there you are not going to be at your best. And I think that we need to have people there that are well-rested, because this is not an easy job taking care of seniors. And they need to be at their best.

They need to like what they are doing and certainly fresh, not tired after doing eight hours at one job and now they are going to do another job, and they are not going to give the best of service. It is almost like an athlete. You have got to rest in order to perform at your best. So I would hope that we can enact legislation in this House to correct that type of situation because we cannot—we cannot—have this here.

In fact, I got a call yesterday where . . . and this is not the first call I have gotten on some of these rest homes. The residents are not bathed daily and some are left to lie in soiled Depends, or whatever you call them. What is it called?

[Inaudible interjection]

Hon. Derrick V. Burgess, Sr.: Depends, yes. This type of thing. We cannot treat our seniors that way. And I know it is not the intent of the Ministry or the staff at the Ministry, but these are some of the things that are going on in these rest homes.

The other thing is that if you look in the information section of the phone book and you see a list of rest homes with a whole lot of different rates, I think they run as high as \$11,000 to 12,000 a month. And I think Lefroy is probably the most reasonable one. I do not think they can cover the costs with what they charge. I think it is about \$1,200 to \$1,300 a month. It is government run but it is certainly very little when you compare it to the others. It seems like the average cost to stay in these homes is about \$5,000 [a month].

Now, and I know you talked about this on Friday, about, let us call it, *Granny dumping*. I really think that there are some people that do not really want the responsibility of looking after their loved ones. And I know it is probably not easy to do that. But I think they need some assistance. They need some training, because looking after the older population, particularly when they have got challenges—mentally and physically, and sickness—it has got to be very difficult for someone that is not trained.

And then I wonder if we have enough people trained to deal with the cases of dementia and Alz-

heimer's disease, you know, because they tell me there is an aggressive dementia and [then a] not so aggressive one. But if our people are not trained to take care of these folks then the consequences to the patient are great. So I would hope that we can get that sorted out. If we can fix the legislation, because the legislation that we have was enacted in 2002, and was well-intended, but I think now the landscape has changed with so many people. In fact, that is the fastest growing segment of our population—our seniors.

In fact, the young folks, even in the census, the young people 15 and under by the year 2020, from 2010 their population will decrease by 16 per cent. And as I said earlier, the seniors will increase by 38 per cent, and not very much more if anything at all.

I think that what will help some people who probably want to keep their parents at home, [is] if we had a day care. I do know one of the larger homes has a day care centre, but it is full. And I think we need a good day care centre for our seniors. I would go as far as to say, Minister, if a law was enacted where I had to pay an extra \$5.00 to \$10.00 a week toward our seniors' care I have no problem with that. Because one thing we all know, if we live long enough we will get old. Hopefully we will not have to go in these homes but will be healthy enough to live our lives at home instead of being assisted. But the odds of that happening for all of us is not great, particularly with the diets and the lifestyle that many of us live.

Also, I think we need [to have] a home somewhere for what we call (just like you have a home for child abuse) elder abuse. Because I think a lot of our folks—some of our folks—are being abused physically and there is no safe house for them. So I think we have got to address that.

But again, I want to thank the staff that work at the national office. I know you are under a new administrator at the national office, and I certainly will give my full support to try to eradicate a lot of the problems that are being faced by our seniors in these rest homes so we can get them . . . because it is not about . . . to me it is not politics. It is about getting our seniors living in a comfortable [place] as we hear that . . . I think we get good reports about Sylvia Richardson Home out in the east. So I really want to assist as much as I can. And it does not have to be an issue where I am on the radio [or] in public. I do not mind doing that very discreetly with you. I have no problem with that. But I think that we need to get this situation sorted out as quickly as possible.

Thank you.

The Chairman: Are there any other Members that would care to speak to these heads?

The Chair now recognises the Member from constituency 36, the Honourable and Learned Michael Scott.

Hon. Michael J. Scott: Mr. Chairman, thank you.

Mr. Chairman, I was very grateful to my colleague who speaks for seniors, the Honourable Member for the great parish of Hamilton East, when he referred to the repairs that are yet [to be done] but are still delayed at Lefroy House. I wanted to stand and concur and reinforce the Shadow Minister for Seniors' call or the repair of Lefroy House to be urgently prioritised.

I noticed today . . . and many of us as legislators will recall when we were in the Senate Chamber for the Throne Speech, and that roof too came under public attention as it began to leak water into the Chamber. But there is a repair exercise going on down there even today, I saw it as I went by. But we should prioritise in this country.

We as legislators are highly privileged, but the seniors at Lefroy House need to have their roof prioritised for repairs before we . . . as the former Minister of Government Estates, I know what it is like to find allocations for repairs. This building, for example, stood for attention as well. But I am grateful for the Shadow Minister for Seniors reminding this House and this country that Lefroy House, where our golden citizens are housed, spending their golden years, their roof needs to be prioritised.

So I want to reinforce that and urge the Government to use scarce funding for these kinds of repairs at Lefroy House.

Thank you.

The Chairman: Thank you, Honourable Member.

Are there any other Members that care to speak to these heads?

If not, the Chair recognises once again the substantive Minister of Health from constituency 19, the Honourable Jeanne Atherden.

Hon. Jeanne J. Atherden: Mr. Chairman, I will respond.

I was going to start off with the response to the Honourable Member that just left, I am going to start with it and hopefully he will hear it from outside. So I am working backwards. I am going from the discussions with respect to the seniors.

I think the one thing that I wanted to reiterate is the fact that we have recognised that there is an issue with respect to the seniors, and we are trying to look at things to deal with the whole thing of ageing at home. And I thought, and maybe it did not come across as clearly when I was dealing with HID [Health Insurance Department], I was talking about the things that we are considering looking at, which is to look at some supplemental benefit changes.

Ageing in place refers to living [at home], where people live at home and do not have to start looking at going into a nursing home environment, and we were saying that one of the possible additions would be to let them live at home and have some

caregivers that could come to their home and help them . . . be supported. And also this whole question of the personal home services, which would once again let people stay at home and have persons come there which will increase their opportunities. So that is actually being looked at. And the special physician reimbursement which will also then help persons to not have to go into the hospital, so that is the one thing which is being looked at.

With respect to day care, there are day care facilities which exist in the nursing homes, like Sylvia Richardson and Lefroy and some of the others. But I will say to the Member that I believe that we have to come up with some, what I call, day care facilities—mass day care facilities. In my mind I see ourselves, and I say this . . . first of all I have to be clear. I do not see Government going and opening up day care facilities for . . . taking a building, et cetera. I see Government opening the field up to say to individuals there is an opportunity for an individual to go out there and . . . I am going to take any place . . .

I can think of a place right now which is not being utilised and could be renovated where a company could come through and say, *Hey, let's open this up and let's have a day care there and you can come and you bring your seniors there.* And I can actually think of a couple of places where the use has gone away. And if that is the case, you come there, you drop them off, they have the ability to have classrooms, they have the ability to have a field, and all of those types of things. So we have been thinking about that and we believe that there should be day care facilities so that you can come and drop your senior off and then take them back home because a lot of people can work, but during the day they need something to happen for their seniors.

So talking about paying extra for your seniors, well, if we turn around and have it as a covered benefit of some sort, then it will actually be rolled in.

With respect to the suggestion about individuals and care, I have long understood and been concerned about making sure we have a sufficiently trained medical workforce. So it is very important having individuals who are able to look after seniors at home and in the rest houses, et cetera. And I have said to the Minister of Labour and Home Affairs that we have to look at workforce development for the medical areas.

But on top of that, once the Seniors Advisory Council gets together it has been suggested that there might be . . . I think they call it a "home care certificate" that persons could get, which enables them to go and take care of . . . you know, not only becoming the supplement to persons in the rest homes and nursing homes, but also if we start to expand the living at home facility, then you are going to need more people. And I basically look at that as another way to expand the workforce so that you come out of one industry and you go in another.

I have been aware and I have said to my colleagues and said to the persons that are working in the national office, as we start to look at the actual visits that we are making and . . . I nodded my head to you, there is one scheduled and there are two unscheduled [visits]. And as we start to look at these unscheduled visits we will be better able to do things like look at the roster [and see] who is on the list. And once you start looking at the roster and looking at everybody (remember King Edward is also on the list) and you will be able to start cross-referencing and see who is, what I call, "double dating." Okay?

So that is understood. But in order to do that properly we then have to make sure that we have persons trained so that when you start to say to people, *You can't do this. This is your day off and therefore you're not supposed to be here.* You have to be able to say to them, *And now we have these qualified workers,* who then you can turn around and give them a job. So we understand that.

With respect to the falls, I guess I have to sort of say . . . and it took . . . because I was looking at the output measures, and I was starting to get an indication. It became clear to me that when I asked the question about somebody having a fall, that does not necessarily mean that they fell and hurt themselves. But it is saying that they are unsteady on their feet and, therefore, you need to understand that once you start looking at that that means that you have to do something differently as it relates to their care. And remember, these care programmes are supposed to be designed for the individuals, so I had to make sure that I was clear on that, because, to me, when you start seeing those rising numbers it is like . . . well, you should want to have zero.

But you and I both know as people age some people will take their walkers, some people will not, and therefore . . . that is the type of things that they are looking at.

As it relates to this whole question of persons who are not being discharged, I will say that there are obviously two aspects of it. There are people who are eligible, who have the wherewithal to pay for the discharge. And what the Shadow Minister said about that, that you have to look at persons who have the capacity and financial resources in a different light from persons who are struggling. And as we go forward, we are going to start looking at this whole question of affordability and accessibility in saying that if we can change it so that the coverage is there, for the money to follow the people from out of the hospital and in home and even keeping them at home, that is the direction that we are going.

With respect to this whole . . . when you were talking about the numbers of people that are going to grow, the percentage of elderly individuals, we understand that. And that is one of the things that the Seniors Advisory Council is going to be looking at . . . making sure that we keep more people at home, keep

people that can stay at home at night with more day care, and then other people that need to be in a nursing facility, then looking at how that comes. The whole question of how much each charges is something that is going to be, obviously, subject to review.

Now I want to be able to do something and go to something said by the Shadow Minister, so I want to go back and look at some of the things that she said.

The Chairman: Madam Minister, I am afraid that we have run out of time.

Hon. Jeanne J. Atherden: I thought I had five more minutes.

The Chairman: I did too. But I have just been informed that it is actually . . . the time was up at 7:25 pm.

Hon. Jeanne J. Atherden: Well, I will undertake to give some answers to the Shadow Minister afterwards because I have some information. Okay?

The Chairman: Sure.

Hon. Jeanne J. Atherden: So I will undertake to do that.

The Chairman: Honourable Minister, are you prepared now to move the respective heads?

You need to move the heads for Health and then we move on to the other heads.

[Crosstalk]

Hon. Jeanne J. Atherden: Mr. Chairman, can I move that Heads 21, 22, 24 and 29 *[sic]* be approved?

The Chairman: Heads 21, 22, 24 and 91.

Hon. Jeanne J. Atherden: Yes.

The Chairman: Members, the Honourable Minister has asked that we move Heads 21, 22, 24 and 91.

Are there any objections?

No objections.

[Gavel]

The Chairman: The Heads are moved.

[Motion carried: The Ministry of Health, Seniors and Environment, Heads 21, 22, 24 and 91 were approved and stand part of the Estimates of Revenue and Expenditure 2015/16.]

The Chairman: Madam Minister you can now proceed.

HEAD 69—CONSERVATION SERVICES

Hon. Jeanne J. Atherden: Mr. Chairman, it gives me great pleasure to present the budget for Head 69, the Department of Conservation Services.

Mr. Chairman, the mission of the Department of Conservation Services (DCS) is to conserve and promote Bermuda's natural and marine heritage through research, education, advocacy and restoration.

Mr. Chairman, the department is responsible for the Aquarium and Zoo, Natural History Museum and Library, Government Nature Reserves, and programmes focused on environmental assessment, protection of Bermuda's biodiversity, recovery of protected species, management of invasive species, and monitoring of marine heritage.

Mr. Chairman, the department functions in a dynamic partnership. Technical officers from the Conservation section and the Bermuda Aquarium, Museum and Zoo [BAMZ] undertake monitoring and research to develop management programs, environmental policy and legislation. BAMZ acts not only as Bermuda's top tourist destination but also as a repository for all of Government related environmental research and it is a very successful educational and visitor outreach vehicle. The Bermuda Zoological Society (BZS), as the official charity for the department, provides much added value with volunteer and research support, raising capital funding and delivering education programmes.

Mr. Chairman, the department has seven programme areas, each with a number of sub-programmes or cost centres, as shown beginning on page B-139 of the Estimates of Revenue and Expenditure, namely:

- 79000—General Administration;
- 79020—BAMZ Administration;
- 79030—Aquarium and Zoo;
- 79040—Museum;
- 79050—Marine Ecology;
- 79070—Marine Heritage and Health;
- 79090—Terrestrial Ecology.

Mr. Chairman, the key to the success of the department is its highly motivated and trained staff. The department has a staff complement of 50 full-time employees, as seen on page B-141. While the number has remained static over the last two years, it should be noted that much effort has been made by management to modify job descriptions and "retool" in order to increase efficiency and secure technical staff, with specialised skills, in order to better provide critical services in areas such as zoo animal care and ecosystem management.

Mr. Chairman, the department's current account expenditure can be found on page B-140. The budget for 2015/16 is \$4.638 million, which is an increase of \$79,000, or 2 per cent on the original esti-

mate for 2014/15. While savings were found in operations, this increase is due to the discontinuation of the furlough day. The resulting budget will ensure that the Department of Conservation Services, with prudent management, will be able to deliver its core services and operate efficiently.

Mr. Chairman, the department continues to look at innovative ways to reduce operational costs while ensuring a high level of customer satisfaction. I would highlight its aggressive energy reduction strategy that includes the installation of solar panels, use of natural light tubes for aquarium exhibits and energy efficient lighting throughout the campus. In the coming years the department will reap the rewards from this investment.

Further, it continues to build on its unique relationship with the Bermuda Zoological Society that provides volunteers to help support the many programmes and exhibits at the Bermuda Aquarium Museum and Zoo, or as it is better known, BAMZ. I would like to take a moment to express my sincere gratitude to all those who volunteer countless hours to assist us to keep BAMZ open 364 days a year.

Mr. Chairman, 65 per cent of the current budget is allocated to the Bermuda Aquarium and Zoo including salary and wages, energy, food costs and cleaning supplies needed to operate the Bermuda Aquarium, Museum and Zoo. The remainder is fixed costs to operate the department's Administration and the Ecology Sections. [There is] 84 per cent of the total budget dedicated to salary and wages for the department.

Mr. Chairman, the Capital Development allocation for the Department of Conservation Services as seen on page C-5 is \$250,000 which will be used to complete the repair of the aquarium hall roof and internal renovation of the hall. The renovations are scheduled for completion in June 2015.

A further \$200,000 is designated as minor works for the continued repair and improvement of the Aquarium and Zoo and nature reserves.

Major Achievements

Mr. Chairman, the Performance Measures for the Department of Conservation Services can be found on pages B-142 and B-143 and I would like to bring a few measures to your attention. This year has been both a busy and successful one for the department.

Mr. Chairman, the cost centre 79000, General Administration provides financial and human resource management to the department, ensuring that programme delivery is efficient and in line with the department's stated mandate, human resources policy and financial instructions. It plays a key role in administering Bermuda's Biodiversity Strategy, conservation legislation, protected species recovery, invasive species management, Geographical Information System

(GIS) mapping, and maintaining the department's website and Facebook page.

Mr. Chairman, Headquarters continued its mission to protect and promote Bermuda's unique biodiversity.

Headquarters collaborated with other departments on a number of GIS projects such as supplying bathymetric data for the production of the recently released National Geographic programme *Drain the Bermuda Triangle*. It provided coastal environmental sensitivity data to RUBiS to assist in the updating of their emergency response plans, worked with the Department of Health to develop an online map viewer to show the results of their water quality surveys of swimming beaches, collaborated with Dr. Steven Ward at the University of California Santa Cruz to assist with storm surge and tsunami simulation modelling for Bermuda.

Notably the section worked closely with the Works and Engineering Project Manager for the Ship Channel Widening Study to estimate the volume of dredging material that would have to be removed from specified areas of the North Channel, creating maps indicating the areas of coral reef that would have to be removed and routing to minimise potential dredging.

Mr. Chairman, Headquarters submitted information to the UK to support international environmental agreements to which Bermuda is a party. These included a report to the Ramsar Convention on Wetlands of International Importance, and the Convention on Migratory Species. Further, the department continued to support all partner organisations in carrying out their commitments as outlined in the Bermuda Biodiversity Action Plan (BAP) and a report was developed which detailed the activities carried out in 2013.

Mr. Chairman, staff continued to develop the department's website, www.conservation.bm as well as the department's Facebook page. To date, the website received over 107,000 visits from users seeking information on Bermuda's flora and fauna. It is anticipated that use of the website will surpass last year's 113,611 visits. Additions to the site in 2014/15 included flyers on DCS projects and programmes, profiles of Bermuda's shipwrecks, new reports and management plans; as well as links to the Bermuda Conservation GeoTour, an inventory of marine spatial data and profiles of Bermudian habitats and species, with a focus on protected species.

Mr. Chairman, the department continues to develop a range of products to assist both Government departments and the public in the management of conservation areas. This year the department completed the *Bermuda Plantfinder* website. This product not only enables easy identification of Bermuda's common, and not so common plants, but gives helpful advice on where and what to plant for different situations.

Mr. Chairman, there continues to be a very high level of interest in researching Bermuda's endan-

gered animals and plants. So far this year 17 protected species licences were issued including one for a Bermuda Cedar Tree Coring project undertaken in collaboration with researchers from the University of Nipissing in Ontario, Canada to better understand the growth rate of our national tree. The department also published the management and recovery plans for Bermuda's resident sea turtles, as well as for Bermuda's critically endangered cave fauna.

Mr. Chairman, work continued on the active recovery of Bermuda's most endangered plants and animals. Much of this work is undertaken in partnership with local and overseas partners at minimal cost to the tax payer. This is known as Bermuda's *Lifeboat* programme whereby small populations of an endangered species are sent overseas for safekeeping, breeding and research.

Mr. Chairman, notable efforts this year included the return of a breeding population of Bermuda's endemic land snail from London Zoo, as well as several thousand young Governor Laffan Ferns cultivated by the Henry Doorly Zoo in Omaha. This year's efforts culminated in the reintroduction of this endemic species into the wild for the first time in 100 years.

Mr. Chairman, other highlights include the re-discovery of the endemic land snail *Poecilozonites bermudensis*. This species was believed to be extinct until a small, isolated population was found by a member of the public within the City of Hamilton. Efforts are now underway to safeguard this species to ensure that it does not go extinct again.

Mr. Chairman, invasive species continue to have a tremendous impact on Bermuda's ecology. Of specific note are the red-eared slider, feral chickens, feral pigeons and crows, as well as plants such as Brazil Pepper, the Indian Laurel tree and Jumbie Bean. As such, the department began the design of species specific management plans in order to develop effective means of control.

This year the focus was on implementing the Feral Chicken Management Plan to include innovative but humane ways of dealing with this pest. Since the inception of the programme in October 2013, the department has received over 650 requests for assistance, and the programme has now removed over 22,800 feral chickens, as well as 2,500 feral pigeons, 150 crows, and 200 red-eared sliders.

Mr. Chairman, it is hoped that these efforts have not only taken the pressure off of our threatened species but also given some relief to our farmers, gardeners and members of the public driven to distraction by noisy birds in the early morning hours.

Bermuda Aquarium, Museum and Zoo

Mr. Chairman, the mission of BAMZ is to promote care and appreciation for island environments by providing environmental education, high quality animal care for the specimens in the collection, and engaging

exhibits to support family fun for local and overseas visitors to the facility. It provides the resources needed to collect, maintain and care for BAMZ's collection of fish and other exotic animals and their exhibits on a daily basis. BAMZ continues to be the Island's leading tourist attraction and is especially popular with local school children and families.

Mr. Chairman, following on from BAMZ' successful accreditation inspection with the Aquarium and Zoo Association, the facility formally received its accreditation certificate in April 2014 which is valid through March 2019. This was a vital and major accomplishment and provides an external measure of the facility's hard work and dedication in meeting the needs and expectations of our visitors while also providing excellence in animal care. It also provided a vital link to other accredited zoological institutions for animal exchanges and species survival programmes. Achievements noted as outstanding in the inspectors report included the BZS education programs, the Madagascar Exhibit, the veterinary care of the animal collection, the Museum library and, of course, our enthusiastic and very professional staff.

Mr. Chairman, the major work of the year was to prepare for the replacement of the aquarium hall roof while still providing the great majority of services to our visitors and students. This involved the construction of multiple temporary tanks and enclosures complete with their life support systems, to accommodate thousands of animals that needed to be relocated while the construction was occurring. Additionally, BAMZ' electrical, water, air and data systems were also moved out of the aquarium hall roof and rerouted to provide uninterrupted service to both the hall and the rest of the facility in advance of the construction. Visitor amenities such as the BZS gift shop and BAMZ front desk also had to be relocated in advance of the September 2014 construction start.

Mr. Chairman, as a result of these extensive but much-needed works, visitation is expected to be temporarily lower than previous years and it is estimated that 72,000 people will visit the campus by the end of the fiscal year. Additionally, BAMZ collected and introduced fewer local fish into the collection this fiscal year than the 3,000 specimens forecast in 2014/15. However, online rating websites such as www.TripAdvisor.com continue to provide extremely positive feedback on the visitor experience with the majority of visitors rating the facility as excellent.

Mr. Chairman, in addition to replacing the aquarium hall roof, BAMZ staff also started the process of revamping the aquarium hall to provide an updated and higher quality visitor experience. Two teams of staff have been working diligently over the past year on both the physical construction of the tank facades and a much-needed update to the aquarium signage. These plans include new lighting schemes, new facades to the tanks, new audio video capabilities, and over 45 new educational panels that not only

identify the animals but educate visitors on habitats around Bermuda and where to find them.

Mr. Chairman, fall brought two hurricanes to our shores just prior to the start of the construction on the aquarium hall roof. BAMZ staff worked diligently to reopen the facility within a day of each weather event while also moving all the aquarium animals out into their new temporary tanks and dismantling the aquarium hall and all its associated tank life support systems. I am pleased to announce that construction started and continues on schedule. Work to repair the damage to the building and foreshore due to the hurricanes continues, and work will start presently to reinstate the shoreline and reopen coastal pathways that were undermined.

Mr. Chairman, cost centre 79040, the Bermuda Natural History Museum continued its important work as the repository of Bermuda's flora and fauna collections and as Bermuda's only science library. It also continued to provide oversight of the Bermuda Zoological Society's research and education programmes in order to instil environmental research into exciting education programmes.

The museum curator was a principal investigator with the Darwin Lionfish project and led investigations of the Sargasso Sea, with support from the Sea Education Association and the Atlantic Conservation Partnership. The museum curator authored a report entitled *Studies on the Geology and Biology of the Seamounts and the Ocean Floor in the Bermuda EEZ*. The museum curator has also taken the lead in the development of new graphic displays for the renovated aquarium hall, opening in spring 2015.

Mr. Chairman, over 586 new plants and animals, photographic images and bibliographic records were added to the collections databases in 2014, a decrease from the previous year. In addition, the museum staff delivered 39 lectures, tours and field trips to a variety of local and visiting student groups, including the BZS Natural History courses, the BZS Audubon Nonsuch Camp, and BIOS, which is reduced from last year. A total of 17 visiting scientists and graduate students were hosted by the Natural History Museum last year, a decline from the previous year.

Mr. Chairman, the Natural History Library continued to expand the Online Public Access Catalogue (OPAC) of library materials, adding 160 books and scientific reports and 167 scientific journals, for a total of over 4,300 viewable online records. The database was accessed by the public over 2,260 times last year. A total of 89 research papers were added to the Bermuda Natural History bibliography, bringing it to a total 5,924 research papers specifically concerning Bermuda's environment. The librarian responded to 205 direct queries last year.

Mr. Chairman, the Bermuda Zoological Society (BZS) is the registered charity that supports the work of the Bermuda Aquarium Museum and Zoo. In recognition of the close working relationship and sup-

port that both the charity and the department give each other, I believe it is appropriate to provide information on its successful education programmes.

Mr. Chairman, BZS continued to offer its well-subscribed environmental education programmes throughout the academic year, which are provided at no cost to our students. The BZS Education programmes served 6,818 students (youth and adult) in 2014, an increase of 440 from 2013.

Diverse programmes were offered such as the Bermuda Schools programme which served 4,475 public school children, and 1,512 private school students, across all grade levels. Many of these students participated in 857 off-site classes (more than half on BZS's research vessel *Endurance*), all providing valuable experiential learning experiences. In particular, BZS created the innovative *Kids on the Reef* and *I am Water* programmes to further develop our students' confidence when snorkelling, enhancing their abilities to explore and understand our ocean world.

Other popular classes were *Story Time* events for pre-schoolers, the summer *Aqua Camp*, the *Christmas Camp*, the teen *Junior Volunteer Programme* and the *Nonsuch Natural History Camp* for senior school students. Two college level courses were conducted with visiting groups from Flagler College and the Sea Education Association. The staff at the Bermuda Aquarium Museum and Zoo have been excellent partners with BZS in delivering exceptional educational experiences for our young people.

Mr. Chairman, the Conservation Section of the department is comprised of three sections: Marine Conservation, Terrestrial Conservation and Marine Heritage. And that, if you are looking, is on page B-140, that is the [line item] 6903.

This section manages the Government's field ecology programmes, providing expertise in monitoring and restoring the Island's threatened habitats, protected species recovery, nature reserves, as well as its unique marine heritage.

Mr. Chairman, this past year was the eighth year of the Marine Habitat Assessment Program. The marine ecology team resurveyed the 184 sites, which include: coral reef, sea grass, algal beds and sand habitats, across the Bermuda platform. The captured data is continually analysed to determine whether there have been any changes in these marine habitats as well as the water column.

This important programme will ensure that the Government has a better understanding of changes in habitat, identify key sites for endangered animals such as the sea turtles and Queen conch, fisheries organisms, and other benthic resources, such as corals and sponges, that support fisheries and tourism industries in Bermuda. The monitoring programme also serves as a mechanism to increase the probability of detecting invasion by non-native marine species, for example lionfish and green algae.

Mr. Chairman, this year the data from this research program, and others, were used to develop a scientific paper "Seagrasses in the age of sea turtle conservation and shark overfishing" published in the peer reviewed journal *Frontiers in Marine Science* in August 2014.

Mr. Chairman, this year the Marine Ecology Section reviewed 25 planning applications pertaining to the marine environment and one dredging application, and presented them to the Marine Resources Board within four weeks of receiving the application.

Mr. Chairman, cost centre 79070, the Marine Heritage and Ocean Human Health Section is primarily responsible for carrying out the mandate of the Historic Wrecks Act 2001, providing advice and assistance to the Historic Wrecks Authority and developing and implementing an underwater cultural resources management programme, specifically for shipwrecks and marine heritage sites. This programme also undertakes to explore, initiate and undertake collaborative evaluations of the impacts of environmental conditions on human health.

Mr. Chairman, this year was an exciting year for the section. It hosted and assisted in story production for a National Geographic special looking at the Bermuda Triangle mystery through the lens of Bermuda shipwrecks. The programme *Drain the Bermuda Triangle* has aired on prime time on the National Geographic Channel and featured a long section on Bermuda and her underwater heritage. The wrecks and Bermuda's Marine Environment were filmed in high definition and looked fantastic.

Mr. Chairman, the section continues to lead the research, in cooperation with the Waitt Institute and NOAA for the production of a comprehensive report on the archaeological recovery of artefacts from the *Mary Celestia*. In particular this year saw the launch of a replica perfume based on bottles recovered from the *Mary Celestia*.

Produced by the Bermuda Perfumery the perfume "Mary Celestia 1864" was put out for sale as a limited edition. The free promotion that Bermuda has received by international media related to the commercial release of this perfume has been astounding and highlights the net benefit that promoting Bermuda's shipwrecks can bring.

The Custodian [of Historic Wrecks] also continues to partner in the story development and film production of the South Carolina Education Television PBS/Look Bermuda film on the *Mary Celestia* and its role in the US Civil War. Analysis of the contents of the wine found on the *Mary Celestia* in 2011 was initiated with Bordeaux University and the results will feature prominently in a special premiere event at this month's Charleston Wine and Food Festival.

Mr. Chairman, recognising the potential benefit that Bermuda's extensive marine heritage brings to attracting visitors to Bermuda the section worked with the Bermuda Dive Association, the body that repre-

sents the local dive shops, and the Bermuda Tourism Authority on several marine heritage related initiatives as part of the ongoing revitalisation of the tourism sector, including the production of several documentaries and news articles, the promotion of the *Mary Celestia* Perfume and the continued search for the *Roanoke*, an historic vessel scuttled at the east end of Bermuda during the Civil War.

Mr. Chairman, the film *Downings Wreck* detailing the rediscovery of Bermuda's founding shipwreck, the *Sea Venture*, was featured at the Bermuda Film Festival. The department has worked in partnership with the film producers and directors since its inception two years ago and the film is already in use by local schools and historical institutions adding an engaging element to Bermuda's history and education curriculum.

Mr. Chairman, this year this section wrapped up its work with the Laval University's Atlantis Mobile Laboratories. The three research campaigns conducted in partnership with the Department of Health and BIOS included an assessment of the environmental contributors to the incidence of *Salmonella Mississippi* in Bermuda water tanks, (a primary cause of gastroenteritis in Bermuda) and an assessment of the incidence and extent of antibiotic resistant bacteria associated with Bermuda's principal sewerage outfalls.

In addition, a follow-up study was carried out measuring the documented beneficial impact of public health advisories for pregnant women in regard to the consumption of local fish that recommended the consumption of fish with high levels of beneficial nutrients and low levels of contaminants such as mercury. All of these research programmes are in the writing phase with results being presented at several conferences in early 2015.

Mr. Chairman, this section also continued important work with partners at the Bedford Institute in New Brunswick to consolidate 10 years of sea level rise research in Bermuda. The inclusion of Bermuda's sea level rise dataset in broader regional studies will add an important element to the scientific models used in predicting the rate of future sea level rise in the Atlantic.

Mr. Chairman, the department, with financial support from the Stempel Foundation and BZS, continued to maintain the protected dive site moorings, which allow visiting local and tours boats to tie up safely in important ecological and historical areas, while minimising damage that would have otherwise been caused by anchors. By the beginning of the 2014 summer season, 75 per cent of the dive site moorings had been serviced. The department is grateful to the Stempel Foundation for its support on this important project.

Mr. Chairman, cost centre 79090, the Terrestrial Conservation Section manages all Government Nature Reserves, some 200 acres. Activities include clearing invasive plant and animal species, and build-

ing artificial habitats such as Cahow and Longtail burrows. The unit is also responsible for developing management plans for all government nature reserves as mandated by the National Parks Act 1986, as well as managing the historic fortifications within the Castle Islands Nature Reserve. An important part of its mission is to provide environmental and habitat assessment advice to the Department of Planning for all matters related to terrestrial conservation zones. In addition, the unit comments on landscape and conservation management plans submitted as part of the planning process.

Mr. Chairman, while proposed development application numbers remained at the same levels as previous years, the department noted that there was a substantial increase in complexity and consequent detailed oversight in order to mitigate environmental damage to Bermuda's sensitive areas. As such, the department undertook 197 consultations on planning applications, Environmental Impact Assessment Scoping Reports, Conservation Management Plans, and proposed landscape schemes.

Mr. Chairman, the section continued its research, management and recovery work, focusing on endangered endemic and native species, invasive species control, native reforestation, habitat rehabilitation, and environmental education and tours. Under the direction of the Terrestrial Conservation Officer, the Cahow (Bermuda Petrel) Recovery Programme, continued to break exciting new ground following the successful establishment of a new nesting colony on Nonsuch Island, which has now reached 14 nesting pairs. The need for such a project was highlighted during recent hurricanes, including hurricane Gonzalo in 2014, which resulted in little damage to Nonsuch but caused serious damage to Cahow nest burrows on the neighbouring nesting islets, which have also suffered heavy erosion and are threatened by ongoing sea level rise.

Mr. Chairman, due to our intensive conservation efforts I am pleased to note that the population of Bermuda's unique and endangered National Bird, the Cahow, has grown to a new record number of 108 nesting pairs, and 59 chicks fledged in 2014. This compares to only 18 nesting pairs with 8 chicks in 1960. It is fitting that the 100 pair milestone for Bermuda's official National Bird was attained during our 400th anniversary year.

Mr. Chairman, the restoration of Coopers Island Nature Reserve continued with the very active and enthusiastic support of HSBC Bermuda. This year's efforts culminated with the planting of additional native and endemic coastal plants around the former radar tower, now a Wildlife Watchtower, which has become recognised as one of the best places from which to watch the annual whale migration and returning Cahows.

Mr. Chairman, work continues to improve Nonsuch Island Nature Reserve. With financial and

volunteer support from the Ascendant Group of Companies, the island was made energy independent by 2014 with a new solar power system. A new interpretive display describing protected species and habitats has also been installed in the Octagon building to assist with future education tours and the Nonsuch Natural History Camp. In addition, a new infrared "burrowcam" was installed inside a Cahow nest burrow on Nonsuch Island to enable video footage of the growth of a Cahow chick to be taken through its development and posted on the Internet for the first time for the benefit of the public and students. This was live-streamed over the Internet to enable live viewing between February and July 2014.

On Nonsuch Island, work by the Terrestrial Conservation Officer to establish a second Cahow breeding colony continued for the second year with the translocation of 20 Cahow chicks to Nonsuch. Highlighting the danger posed by introduced pest species to Bermuda's natural heritage, rats were confirmed as having swum over to Nonsuch Island from Coopers Island for the first time since 2005. As they pose a real threat to the eggs and young of the Cahows now nesting on Nonsuch, as well as the seeds of some endangered native plant species, eradication efforts are underway to remove the rats completely from the island again.

Mr. Chairman, with the assistance of volunteers from the Ascendant Group of Companies, work to eradicate Casuarina and Brazil Pepper trees and other invasive introduced plant species on Nonsuch and the other Castle Harbour Islands has continued, with over 18,783 invasive plants being removed from Nonsuch Island alone during 2014. Volunteers from Ascendant have also helped department staff in removing over a thousand Casuarina and Pepper trees on Castle Island and have completely cleared them from the historic fortifications of the King's Castle Fort and the Landward Fort on the Island, where they had been damaging the masonry of the forts with their rampant root growth. In addition, about half of the Devonshire Redoubt Fort was also cleared of damaging Casuarina trees.

Mr. Chairman, I would like to take a moment to publicly thank HSBC Bermuda, Ascendant Group and the Bermuda Garden Club for all their support in helping us maintain our nature reserves. On behalf of the Government, I would like to express my gratitude for their investments in our natural heritage from which we all benefit.

Mr. Chairman, the Nonsuch Island Nature Reserve has continued to be extremely popular for school education and natural history tours. Over 51 groups, totalling just under 1,000 visitors, 776 of whom were students, were given guided tours of the Island during 2014, despite a number of tours being cancelled due to stormy weather conditions. Groups included school tours, the Bermuda Sloop Foundation's *Spirit of Bermuda* sail training ship education

programme, BZS, Senior Learning Centre, Bermuda Audubon Society, and BIOS.

Mr. Chairman, removal of invasive species such as Brazil Pepper and Casuarina in mainland Nature Reserves continue to be a major and important component of the Terrestrial Conservation Unit's work. Work sites for the Terrestrial Conservation Unit included Cooper's Island Nature Reserve, Lover's Lake Nature Reserve, Shelly Bay Nature Reserve, Spittal Pond Nature Reserve, and the Walsingham and Blue Hole Nature Reserves. This work was interrupted in October by Hurricanes Fay and Gonzalo, which caused extensive tree and vegetation damage in some nature reserves. The Terrestrial Conservation Crew spent the remainder of the year clearing and opening up trails and pathways in these reserves, in particular Cooper's Island Nature Reserve, Spittal Pond Nature Reserve and the Walsingham/Blue Hole Nature Reserves.

Plans for the Upcoming Year

Mr. Chairman, in the coming year, the department will focus its attention and resources on ensuring that services are provided efficiently and critical projects are delivered on budget. The construction on the aquarium hall roof is expected to be completed by the end of March 2015. BAMZ staff have already begun work on reinstating the aquarium tanks and re-vamping the interior. This is expected to take eight to 10 weeks, with the hall being reopened to the public in April 2015, ready for the summer season. The new hall will be an excellent addition to the facility and again improve the visitor experience. The increased visitation to the facility is expected by both locals and tourists as a result of this change.

Mr. Chairman, further construction to the frontage of the facility will occur in the fall 2015 to improve the front entrance layout. This will create a more modern, open plan feel on the interior, while maintaining the historic frontage of the aquarium itself. The new visitor entrance will be welcoming and provide immediate access to an enlarged and updated gift shop. The BAMZ front desk will be improved, as will the transition to the newly updated aquarium hall.

Mr. Chairman, over the last decade, BAMZ has improved and added a great number of visitor amenities, as well as improving our animal care facilities. This has been achieved through following a master plan that was conceived and laid out in partnership with the Bermuda Zoological Society.

Mr. Chairman, the completion of the aquarium hall and front entrance will mark the end of the previous master plan. Consequently, a new master plan will be created in 2015/16 that will lay out BAMZ's course for the next decade. This will be done in consultation with all our partners and key stakeholders in the interests of inclusion and transparency.

Mr. Chairman, 2015/16 will also be an exciting year for our Bermuda Zoological Society's educational offerings, and the BZS and BAMZ look forward to continuing to grow and improve their free classes to all the Island's schoolchildren. (Almost there.)

Mr. Chairman, recognising that alien invasive species are considered to be the main threat to the Island biodiversity worldwide, the department will complete a National Invasive Species Strategy. It is expected that this will result in the amendment of existing legislation and the creation of new legislation in order to effectively manage the Island's nuisance species. Additionally, it is envisioned that each species will require a customised management control plan that will focus on prevention, risk assessment, fast reaction, control and mitigation. Publish management control plan for feral pigeons and red-eared sliders.

Mr. Chairman, the department is mandated to lead efforts to preserve and restore the Island's threatened species and habitats. Working with international research partners, the department will advance the preservation of key species such as the killifish, skink, Governor Laffan's fern and the endemic Bermuda land snail.

Mr. Chairman, in order to better manage the Island's threatened habitats, the department will develop and implement strategic long-term nature reserve management plans. This year's focus will be placed on Nonsuch Island and Castle Island, which are in the final stages of preparation.

Mr. Chairman, work will continue on Castle Island as a priority, both for its historical and ecological importance. While the management plan is being developed to ensure the preservation of Bermuda's earliest fortifications and protected species, invasive Casuarina and Brazil Pepper will continue to be removed from the Landward Fort and the outer ramparts of the Devonshire Redoubt.

Mr. Chairman, the department will continue to ensure the environmental assessments and monitoring programme for proposed development, as Government undertakes as a priority, specifically, the Department of Planning on matters relating to Bermuda's important terrestrial, marine and marine heritage protected areas, as well as protected and invasive species.

Mr. Chairman, the Marine Conservation Section will analyse the data from the eight-year Marine Habitat Assessment Programme, which will provide data for over 183 sites across Bermuda's reef platform. This data set will help develop an integrated marine spatial plan for Bermuda's reef platform. Further, a green turtle population study will be conducted in order to better understand whether Bermuda's green turtle population is increasing or decreasing.

Mr. Chairman, the department will continue to monitor, preserve and promote Bermuda's unique marine heritage. The Historic Wrecks Authority will undertake a review of the wrecks legislation, develop a Na-

tional Underwater Cultural Heritage Management Plan, and continue the Protected Dive Site Mooring Programme as an important component.

Mr. Chairman, in closing, I would like to express my sincere thanks and appreciation to the dedicated team of officers and staff of the Department of Conservation Services. Theirs is an often unseen, but nevertheless important role. They are charged with the custody of our marine and terrestrial ecological heritage. The sustainability of our Island's natural reserves depends on their success.

Mr. Chairman, this completes my overview of the department, Head 69.

HEAD 72—DEPARTMENT OF ENVIRONMENTAL PROTECTION

Hon. Jeanne J. Atherden: Head 72, the Department of Environmental Protection. This is found beginning on page B-144. (This will be shorter.)

Mr. Chairman, it gives me great pleasure to present the budget for Head 72, the Department of Environmental Protection, found on page B-144 of the Budget Book.

The current expenditure is estimated to be \$37.76 *[sic]* million for fiscal year 2015/16 and represents a decrease of \$101,000, or 3 per cent, compared with the budget provisions of last year.

[Crosstalk]

Hon. Jeanne J. Atherden: Mr. Chairman, professional local service contractors and consultants include BIOS for the Environment Programme for \$150,000; Ambient Air Quality Programme, \$200,000; the Bermuda Zoological Society's Amphibian Research Project of \$39,000.

Mr. Glenn A. Blakeney: Mr. Chairman, excuse me. I am sorry to disturb you because I know you have got very limited time.

The Chairman: Yes, Member?

Mr. Glenn A. Blakeney: But—

Hon. Jeanne J. Atherden: If I can go to page C-17, that is where I am going next.

Mr. Glenn A. Blakeney: Okay. But you said \$37 million? Is that correct?

Hon. Jeanne J. Atherden: Sorry. I do apologise.

Mr. Glenn A. Blakeney: Should that not be \$3.7 million?

Hon. Jeanne J. Atherden: The total current expenditure is estimated to be \$3.776 million.

Mr. Glenn A. Blakeney: Thank you.

Hon. Jeanne J. Atherden: Sorry. No, I do not have that much money to spend.

[Laughter]

The Chairman: Thank you.

Mr. Glenn A. Blakeney: Yes, well, a slip of the tongue or a Freudian slip. But I just wanted to make sure because, for the Hansard record, we need to be accurate.

Hon. Jeanne J. Atherden: No. It is \$3.776 million.

The Chairman: Thank you for the clarification, Member.

You may proceed, Minister.

Hon. Jeanne J. Atherden: Okay. If you go to [page] C-17, [page] C-17 will actually indicate the grants that are being given out of this Ministry. And it indicates that BIOS, for the Marine Environment Programme, gets \$150,000, and also it indicates that the Ambient Air Quality Programme gets \$200,000; and the Bermuda Zoological Society Amphibian Research Projects gets \$39,000. And all of these can be found on page C-17 under Grants and Contributions.

Capital Expenditure. The department began planning in 2008 for a facility that would support off-shore fishing in the wider [200-mile] exclusive economic zone (EEZ), and a pro forma business plan was developed in [2010]. In response to the Bermuda Land Development Corporation's [2014] request for proposals (RFP) to develop Marginal (Ships) Wharf in St. David's, the Department of Environmental Protection saw an opportunity to advance the 2008 project. The submission to establish the Shoreside Fisheries Complex was prepared by a project team that was chaired by the director. The project team included technical officers from the Department of Environmental Protection and the Department of Health, the Chairman of the Bermuda Fishermen's Association, and other businessmen.

It was proposed that the Shoreside Fisheries Complex would be developed in two phases, beginning with a pilot facility operating within an existing building. It was hoped that Government capital development funding could be used for the first phase of development, but, as you can see on page C-5, unfortunately, we were not able to secure funding. Nevertheless, we will continue to work on the development plan and we are going to look for alternative methods of funding, because we believe that it is something worth considering.

The first phase of this important project for Bermuda will adapt and perfect the *cold-chain* processes leading to small-scale export shipments to

Florida, where market contacts have already been established. A formal business plan will be developed during phase one, to be available for privatisation and the scaling-up to a commercial business venture.

The vision is that phase two will be built on a new footprint at the Marginal (Ships) Wharf and privately funded as a full commercial enterprise. By working in tandem with both the reef and the offshore fishermen, the Shoreside Fisheries Complex will turn out Bermuda's fish products of exceptional quality, capable of meeting or exceeding the stringent import standards for the United States market. It will establish a Bermuda brand, much as Barbados did some years ago.

Mr. Chairman, when fully operational on a commercial scale, this project will, for the first time, provide the necessary shore-based infrastructure to overcome a major barrier to the expansion of the Bermuda commercial fisheries sector. It will open up new jobs and business opportunities in the fisheries sector. It will also introduce a requisite component for the introduction of commercial mariculture and aquaculture. As a member of the International Commission for the Conservation of Atlantic Tunas (ICCAT), Bermuda must fish its quota of highly migratory tunas and swordfish taken within our exclusive economic zone or risk erosion of quotas issued annually by ICCAT for these specified species.

Finally, Mr. Chairman, \$100,000 in minor works capital will provide for the general maintenance and upgrading of the main buildings in the Botanical Gardens, the Coney Island Facility (for marine resources management and enforcement) and the Government Marketing Centre in Prospect.

Manpower. Mr. Chairman, after two recruitment attempts to find a suitable Bermudian candidate for the vacant post of hydrogeologist, the department has recently identified a suitable candidate from overseas to fill the post. Once the hydrogeologist arrives, one of his tasks will be to develop a suitable Bermudian trainee to shadow him and obtain suitable qualifications over the contract period. Also during 2014, the department saw the departure of Mr. Norbert Simmons, Bermuda's first Fisheries Officer, Extension who retired after 42 years of tireless service. He will be missed by both commercial fishermen and by the many recreational fishermen whose vessels descend on Bermuda annually.

A review of the Department of Environmental Protection and the Department of Conservation Services is expected to be completed shortly and could lead to significant organisational changes.

A complete tabulation of the output measures for the Department of Environmental Protection can be found on pages B-148 to B-149 of the approved estimates.

Significant achievements. Mr. Chairman, the Marine Resources Section's activities during 2014/15 continued to be guided by the "Strategy for the Sus-

tainable Use of Bermuda's Living Marine Resources" (a document that was released in [2010]). Work during the year was heavily focused on developing strategies to mitigate the impacts of the invasive lionfish. A notable increase in lionfish numbers has been observed in recent years, particularly by lobster fishermen who trap in depths greater than 150 feet. The presence of lionfish in the lobster traps negatively impacts lobster catches, and lionfish are also undoubtedly impacting the ecosystem in those deeper areas.

Section staff tested several lionfish trap designs during the summer months with varied success. The trap which showed the most promise was one that incorporated a smaller funnel ring than that currently used in the lobster traps. Following these experiments, six lobster fishermen offered to incorporate the lionfish traps into their offshore lobster sets. At the beginning of the lobster season in September, significant lionfish by-catch was reported from the standard lobster traps, as well.

In addition to the trapping experiments, the Marine Resources Officer continued collaboration with BIOS, the Department of Conservation Services and the Bermuda Lionfish Taskforce to conduct lionfish surveys in order to gather more information on the dynamics of the lionfish population in Bermuda. Funding for the surveys and the traps was obtained in 2013 from the UK Darwin Plus Grant. The section also issued permits to an additional 190 divers wishing to use special spears to cull lionfish. Reports on culling activities from these individuals are deposited into an online database funded by the Ocean Support Foundation.

This section also received support from the *Ocean Vet* TV series for the grouper research project this past summer. The series donated four external acoustic tags, three of which were deployed on black groupers at the south western grouper aggregation site during the filming of the TV series' grouper episode. Previously, groupers had been internally tagged. The late Dr. Neil Burnie also introduced an improved system for releasing tagged groupers.

Mr. Chairman, licensing of commercial and recreational fishermen . . .

Mr. Chairman, can you tell me how much time I have left?

[Inaudible interjection]

Hon. Jeanne J. Atherden: Okay. Just let me know when 10 more minutes are up.

Licensing of commercial and recreational fishermen is a core responsibility of the Marine Resources Section. This fiscal year, there are [555] licensed recreational lobster divers, 268 licensed recreational spear fishermen, 293 registered commercial fishermen and 195 licensed commercial fishing vessels. The commercial finfish catch for the year is estimated at [942,100] pounds, and lobster landings (in-

cluding guinea chick lobster landings) are estimated at 45,502. This compares to catches of 879,000 pounds of finfish and 47,157 lobsters in the previous year. The variability in finfish catches from year to year is due mainly to fluctuations in landings of wahoo and yellowfin tuna (the two main pelagic species landed).

The highly migratory nature of these and other pelagic species requires that they be managed on a regional and international basis. To this end, the Senior Marine Resources Officer continued to participate in meetings of the International Commission for the Conservation of Atlantic Tunas (ICCAT) and led negotiations for appropriate quotas and catch limits of these species for Bermuda and the other UKOT [United Kingdom Overseas Territories] members of ICCAT (BVI [British Virgin Islands], TCI [Turks and Caicos Islands] and St. Helena), at the November 2014 ICCAT Commission meeting. The main outcome of this meeting for Bermuda was an increase in the UKOT's bluefin tuna quota from 4.0 metric tons to 4.5 metric tons.

Collaboration with the Sargasso Sea Commission in areas of mutual interest continued. As a result, the commission funded the attendance of the Senior Marine Resources Officer at the meeting of ICCAT's Standing Committee on Research and Statistics (SCRS) in September 2014. The ICCAT Committee recommended continuing contact with the Sargasso Sea research teams and the UK-Bermuda scientists to develop a scientific plan per ICCAT's Resolution on the Sargasso Sea passed in 2012. An update on the progress of this work was presented to the commission in 2014, and final recommendations are due to be presented in 2015. A draft proposal to strengthen the Sargasso Sea Resolution was also tabled at the commission meeting and was supported by the European Union, but was not ultimately adopted.

Mr. Chairman, fisheries wardens continued to limit illegal fishing activities and during the past year conducted 153 land-based inspections at restaurants, food wholesalers, roadside vendor stalls, the airport and all shoreline areas where fishing occurs. Wardens spent approximately 2,400 man-hours patrolling the Bermuda platform, with special attention to the seasonally protected areas off the east and west ends of the Island. Approximately 425 vessels were stopped, with attention being paid to daily bag limits, size and specimen restrictions. These included the vessels engaged in licensed sport lobster diving. There were 35 complaints from the general public concerning illegal fishing and sales of fish by fishermen, both licensed and unlicensed. Fisheries wardens recovered 16 illegal fish traps and also helped licensed lobster and guinea chick fishermen recover 12 lost or stuck traps.

Wardens issued 22 warnings to mainly recreational fishermen for a variety of minor offences. Wardens spent approximately 430 man-hours on the maintenance vessels and other equipment. Wardens

also assisted in the annual inspections of approximately 195 registered fishing vessels.

Under the Clean Air Act, a total of 21 new and 464 reissued operating licences, plus 23 construction permits for controlled plants, were presented to the Environmental Authority by the Environmental Engineering Section and issued over the calendar year of 2014. Under the Water Resources Act, this section currently has 4,150 active water rights for abstraction wells and disposal boreholes, including 16 new water rights for 2014. Currently, 101 water rights are with debt collection.

Thirty-six stakeholder consultee responses were provided by the Environmental Engineering Section to the Department of Planning for a range of developments including the South Beaches Development, Fairmont Hamilton Princess, Pink Beach, North Channel widening and South Basin for the America's Cup. A total of 565 fuel storage tanks are registered in Bermuda, 362 of which are buried in the ground or vault. In 2014, a total of 13 fuel storage tanks were excavated and remediated according to Bermuda's Risk Based Corrective Action (RBCA) Guidelines. A total of five new tanks were installed in 2014.

Mr. Chairman, total rainfall for 2014 was 66.24 inches, compared to a long-term average of 57 inches. This above-average rainfall will help to address the shortfall that had existed from 2010 to 2012. The Island's freshwater lenses have not been monitored for the past year due to the lack of a hydrogeologist in post. With the higher-than-average rainfall over the past two years, coupled with DEP's [Department of Environmental Protection] understanding of abstraction rates from the commercial water abstractors, the lenses are not expected to be lower than the previous monitoring period.

Mr. Chairman, further to Cabinet accepting the Cabinet memorandum for the proposed Clean Air Act Amendments in September 2013, the public consultation is underway for licensees of controlled plants before the detailed drafting instructions will be developed. Following consultation and stakeholder meetings with the HVAC industry, a mandated permit process for refrigerant handlers has been re-introduced through the Clean Air Rules 1993. The Environmental Engineering Section has been working closely with Bermuda College and the HVAC Working Group to develop a process whereby refrigerant handlers need to first pass a US test (many already do so) or be assessed for equivalency at Bermuda College before applying for a licence from the Department of Environmental Protection. This process is necessary to ensure that Bermuda meets the obligations under the Montreal Protocol, 1976.

The Department of Environmental Protection has assisted with the requirements of the Scientific Technical Advisory Committee (STAC) required by Cabinet to identify the contributing factors to the grease/sewage balls occasionally detected on South

Shore beaches, and to work to define short-, medium- and long-term solutions to address this issue.

Completion of a new monitoring tool to relate nuisance dust to the probability of complaints has been effectively implemented in Bermuda. The process has identified the exact source of the dust, and this data will be used to assist in the development of mitigation measures to address the issue.

The Marine Environmental Programme contracted to BIOS is completing year three of the three-year iteration of a benthic community mapping programme. This is using a range of satellite spectral wavelengths and spectral processing to provide spatially explicit information on the structure and distribution of benthic biological communities across the Bermuda platform. The Air Quality Programme contracted to BIOS highlighted that the site closest to exceeding the annual limit stipulated in the Clean Air Regulations 1993 was at East Broadway.

The Amphibian Research Programme, contracted to the Bermuda Zoological Society, has started to clean up the pollutants derived from vehicle soot washed from the road surfaces in Cloverdale Pond, through a pilot study. These pollutants, linked to poor-quality vehicle emissions, are causing deformities and diseases in toads, killifish and terrapin species in many ponds. The air quality data relative to the limits stipulated in the Clean Air Regulations 1993, coupled with the pollutants monitored in Bermuda's ponds, highlight the need to enact the vehicle emission standards.

The Animal Control (Enforcement) Section is composed of the head animal warden and three assistant animal wardens. This represents a 20 per cent reduction in staffing that was a direct result of financial constraints. The remaining staff have coped with the increased individual workload as they continue to provide a 24/7 public service. This level of service does exact a toll on this small embodiment of only four officers, and so service levels will have to be re-examined.

The Animal Control Section probed 775 complaints in 2014, only 11 more than the numbers recorded in 2013. These complaints included execution of 55 search warrants. The 320 dogs collected represent a 26 per cent increase, which is attributable in part to the *zero tolerance* stance taken regarding illegally bred prohibited dogs. During 2014, twenty-six files were submitted to the DPP [Department of Public Prosecutions], twenty-three of which are in some stage of the prosecutorial process. Conviction rate stands at 90 per cent. Of all dogs collected, 44 per cent were returned to owner or otherwise made available for adoption.

Mr. Chairman, the Plant Protection Laboratory inspected approximately 1.5 million imported plant items. These represented 1,746 individual shipments, a decrease of 4 per cent. Of these shipments, 542 shipments were infested with plant pests and diseases,

and the number of shipments resulting in confiscation declined by almost 21 per cent.

The Chairman: Minister, you have reached the point of your self-imposed limit. Are you prepared to yield?

Hon. Jeanne J. Atherden: In a second. I will see if there is anything else that I believe is important. And if not, I will.

[Pause]

Hon. Jeanne J. Atherden: Two more minutes, and then I will yield.

The Chairman: Proceed.

Hon. Jeanne J. Atherden: Just to indicate that . . . I am just dealing with the plant protection, looking at the pesticides currently permitted entry. And I just want to indicate that this is an ongoing undertaking. And obviously, it results in a lot of research. And the public is always concerned about what we use for pesticides, and I just wanted to be clear that one of the challenges . . . Some of the pesticides that are under review are Captan and Roundup, because this is something which is coming up. And I just want to indicate, because this is important, this year the decision was made to revoke permission for the entry of homeowner formulations of [neonicotinoid pesticides] . . .

[Laughter]

Hon. Jeanne J. Atherden: Anyway, this is another form of pesticides.

And I will yield so that there can be an opportunity for . . . Just last, the completion of the stakeholder consultation for the proposed changes to the Clean Air Act, feedback is being used. And we are going to look at the drafting. And once we have the surveys, then we will get on with looking at marinas and boatyards.

And that, Mr. Chairman, is where I will yield.

The Chairman: Thank you, Minister.

Are there any other Members who wish to speak to these respective heads?

The Chair now recognises the Member from constituency 13, the Honourable Glenn Blakeney.

Mr. Glenn A. Blakeney: Thank you, Mr. Speaker.

Not much time left. And in the time allotted, I will commend the Minister for giving an incredibly comprehensive overview, particularly, I believe, aided by her ability to read really fast. So, you know, I think relatively speaking, a job well done with regard to the time that has been allotted.

I would like, first and foremost, to acknowledge Dr. Fred Ming and Dr. Jonathan Nisbett,

who are both here in the Gallery. And of course, I know them quite well from having had the environment previously under my remit, serving as the Minister. I would say that these two gentlemen are exemplary and, I think, the epitome of what Bermuda has to offer when it comes to the scientific community. I would encourage them and ask them to continue their great work on behalf of everyone here in Bermuda, with the kind of challenge they have with the environmental concerns and the marine, the general environment, the built as well as the natural environments.

With regards to BAMZ . . . And I am going to try to go through really, really quick because I am sure my colleague, the Honourable Member from Smith's, Mr. Simons, wants to get at least five minutes. So let me know when there are about five minutes left, if I do not finish before. That does not leave me very much time, but in the interest of fairness, I think it is warranted, because the environment is something that we should all be extremely concerned about here in Bermuda.

The one thing I will start out with might seem to be a bit controversial by the Government, after having paid the accolades, because there seems to be a bit of a contradiction with regard to the SAGE Commission recommendations. Because if the Government does heed the Sage Commission recommendations, all of this wonderful work that is being done by Dr. Ming, Dr. Nisbett, *et al.* (or *and others*), could be for naught; I do not know. And no one knows, because I do not think we have a crystal ball in 2015, as some would have thought we have had in previous years.

But on page 13 of the SAGE report it has been recommended that this particular department be outsourced. So there is a bit of a dichotomy there with regard to where I sit and how I potentially see things going, if the Government were to take on the recommendation of SAGE.

But notwithstanding, BAMZ, a wonderful facility, particularly with regard to educational experiences for our young students so that they can learn at a very early age how and why they should appreciate the natural, as well as built, environments. We, of course, as the former Government, were charged with a number of projects, some of which or most of which that are now being spoken about were started under our remit, particularly the Madagascar Project, which is a very, very good project.

I am really happy to hear that, even though we experienced the blow-outs of the two hurricanes or tropical storms with those gale-force winds, not everything was destroyed. And I think kudos should be given to the staff there for their proactive action in helping to protect what they could by securing the live animals, as well, that are facilitated there.

I am even going to have shorter time, so let me know when there are about seven or ten minutes

left, because I think my Leader would like about two minutes.

In any case, the wetlands, the migratory species, the biodiversity commitment, very, very good initiatives. And I commend the department for maintaining the commitment to those particular areas.

The 107 visits on the website, with people looking at flora and fauna and all that kind of thing and seeing what Bermuda has to offer, is a wonderful opportunity for us to sing our own praises by exposing the world to the kind of eco-tourism that is available, and that is a direct spinoff with regard to a very good tourism experience.

The Sargasso Sea, another very topical item in our marine environment. And of course, again, I must give credit to Dr. Ming, and also Dr. Rouja, I believe his name was, who went off and actually had the opportunity to meet renowned individuals such as Sylvia Earle, who is one of the oldest female free-diving experts in the world, I think still living and still surviving and still free-diving. And as a result of a casual conversation, they brought up the idea of protecting the Sargasso Sea.

I was completely supportive of that, but in a measured way, with the caveat being that environmental sustainability or sustainable development does not mean no development at all. So if we have a 200-mile marine exclusive economic zone, it should not be totally protected where it cannot be exploited to generate some revenue, with regulations and caveats in place to protect what needs to be protected, but at the same time, allow us to take advantage of the natural environment of the marine with regard to whatever we can derive from that as a revenue source.

That is very, very important. And I think it is a bit controversial now because there are those types of environmentalists who believe that there should be a complete hands-off when they identify something that should be protected, without looking at the other side of the coin to see where there could be a measured approach and thereby ensuring that what needs to be protected is protected, but what can be utilised for revenue-generation, particularly with an economy that has no natural resources, I think there needs to be a sensitivity by the international community to that challenge that this country has. And if they do not have that kind of sensitivity, then we need to put the stop-gap measures in place to get them back in line with what it is that we believe is in the best interests, not just of this country, but of course, of the Atlantic Ocean and the marine environment at large.

I will also mention that there has been a 5 per cent increase in revenue. Revenue is something that we have to identify, and it is up to \$48,000, as indicated on page B-146, with regard to the fees derived from, I think, farmers and the like for when they are using storage to ripen fruit like bananas and that kind of thing. And that is a really good thing.

I will say with regard to that, you know, we need to pay extreme attention to our natural environment, particularly with regard to the challenge that farmers have. And I think credit should be given to farmers such as Richard Bassett [*sic*], such as Carlos Amaral.

An Hon. Member: Bascome.

Mr. Glenn A. Blakeney: Bascome, I am sorry, Richard Bascome. Carlos Amaral. Mr. Bean's father, Tom Wadson, Roger Pacheco. These gentlemen are incredible gentlemen with regard to their expertise, level of commitment and the passion for food sovereignty with regard to what is grown in Bermuda, very wholesomely, I might add. Because Bermuda, I believe, is still one of the few places in the world that has some of the best pesticides. If there are going to be pesticides that are needed to control produce coming out of the earth, well, our Bermuda farmers have a commitment to protecting that environment. So some of the most natural, organic foods that are grown here and are in need of [protection from] invasive pests, controlled by pesticides, these farmers take that to heart and are very, very vigilant with regard to how they use what they use regarding pesticides. So, big, big, big kudos to our farming community.

Also for those who are the . . . What do you call the little garden farmer? You know, they have—

An Hon. Member: Square-box gardeners?

Mr. Glenn A. Blakeney: The square-box farmers and then the private farmers, the community farming, the community farming. The community farming is very, very, very important. If shipping lanes, if air lanes are shut down [like they were] for 9/11 for at least a week at a critical time where there is need for us to feed ourselves at least for a 48 to 72-hour period, especially with regard to fresh produce, these farmers are to be valued for providing that kind of access to good, wholesome food.

I wanted to speak as well, and I am just jumping all over the place, Mr. Chairman, because I want to give time on your instruction, as indicated earlier, to others to have a few words on this. But with regard to the fisheries, this is a very important environment, the marine environment again. And of course, the commercial fishing, the offshore fishing project with the Bermuda brand as a focus is an excellent initiative.

But what I have a question about is, how many wardens to date? I was skimming through, I did not see. How many wardens are currently retained by the department? And how effective are they in monitoring our marine environment? I know you gave me some numbers with regard to 420 vessels stopped and checked, or maybe 420 stops. But is that enough, and is that effective in monitoring our marine environment with regard to those who might poach or those

who might abuse their licences with regard to fishing the protected areas, some of which are seasonal because of fish needing to spawn, such as lobsters and groupers and that kind of thing? How effective is the monitoring, and do you have enough manpower? And what is the plan, going forward, if these budget restraints prevent us from doing what we need to do?

Because it is a catch-22, a damned-if-you-do, damned-if-you-don't scenario. What comes first, the chicken or the egg? And with regard to the marine environment being protected and monitored, that is critical if we are going to actually protect it. If we do not have the manpower, it is going to be an amazing challenge for any department short of staff to do effectively.

Let us see. The sea level rise research, another really great, I think, initiative. It is imperative that we do these kinds of things where we have this cross-border exchange, educationally. Because again, that puts Bermuda on the map. And if at any time one of these internationally or local scientists discover something or figure out the cure or the solution to a marine challenge, that puts Bermuda on the map in the scientific community, in the educational community. It also portrays relevance to the marine and the environment, particularly for students who might have a career path because of their passion for the environment.

If we can identify these kinds of programmes, not only get them on the website, but pretty much use the promotional budget to get out among the community so that there is a sensitivity and an appreciation for the kinds of programmes that are going on that are significant to the education community, the tertiary education community regarding our students here who might want to go further in their scientific endeavours.

The final thing that I will speak on is the accreditation, which goes hand-in-hand with these programmes. To have the accreditation year over year with regard to the BAMZ facility and other initiatives that we do is also a great thing that should be applauded, because this is meaning that the people in the department are doing what is necessary to ensure that their accreditations are approved. And that gives us credibility around the world, which then allows us to be considered for these kind of documentaries which have a relevance to tourism, because again the ecotourism product is something I believe is underserved. And if you have documentaries that are being done at the expense of the History Channel, or producers outside of Bermuda coming into Bermuda and using their resources to expose Bermuda in a scientific way, that only can help the tourism product from an ecotourism perspective.

So there are a number of knock-on effects with regard to how we care for our natural and built environments.

There are a number of things that we did not get into, like the agronomy stuff and other things that,

of course, we could be speaking about here tonight. But I do think that the Minister did a sufficient enough job to give us an idea, an overview of what is going on in both departments, Environmental Protection, as well as Head 69, Conservation Services. So again, I would like to commend the staff under the stewardship of the directors, Dr. Nisbett, and Dr. Ming. Keep up the good work. Every continued success. And with that, I will end my brief contribution, Mr. Chairman, and allow others to contribute. Thank you.

The Chairman: Thank you, Shadow Minister for the Environment.

Would any other Member care to speak to these respective heads?

The Chair now recognises the Member for constituency 28. The Honourable Jefferson Sousa, you have the floor.

Mr. Jeff Sousa: Good afternoon, Chairman.

Certainly, the environment is something that is very passionate to my heart. And I have enjoyed this debate today, and I wanted to contribute just a bit.

Jumping right to invasive species, this is something I am glad to see a lot of work is being done on, and I would like to see much more work done on. We see the Casuarina throughout Bermuda ruining the coastline. We see Brazilian peppers, Mexican peppers have been causing, you know, damage for quite some time. So I am glad that there has been much work on that. And I will not spend a lot of time on the feral chicken management plan, which we did discuss the other evening. And we have heard about the problems with feral chickens and crows, which are damaging our environment.

I was particularly keen to hear of the great work that is taking place out at Nonsuch Island, because that truly is a living museum. And I would encourage anybody in the listening audience, anybody in the House of Assembly who has not been there . . . I was very fortunate to go there and do the Audubon natural history course in 1976, and then did go back 30 years later on a personal tour with Dr. David Wingate, whom I personally think is a legend in Bermuda. And then in more recent years, Jeremy Madeiros has carried on quite eloquently in that field.

I am really happy to hear that many of the Casuarina, which was an introduced species, have been eradicated from the bordering islands, Castle Road and Nonsuch Island. They served their purpose in Bermuda, but that purpose is now complete. But when you look at that, it touches on another thing. When you talk about invasive species or even the plant pathology lab that brings in, that guards us from the plants that are brought into Bermuda, we have to be very careful with that because we have this fragile Island that, anything can be set loose in the country and cause major problems, as we have seen with many of these plants that I have talked about before.

[Inaudible interjection]

Mr. Jeff Sousa: Yes. Yes.

Okay. Just moving on here quickly to Head 72. I did note with interest that the Plant Protection Laboratory, that there was an 8 per cent reduction in the total number of items that were inspected. This was in 2014. But that there was a 27 per cent increase in the certificates that were issued. Of course, that is because two back to back hurricanes hit us back in October, and the plant nurseries, I might add, that Sousa's propagates locally, but that other plant nurseries do bring in quite a bit of stuff from overseas, because we do not have much in the way of flora and fauna on the Island now.

Again, as the Honourable Member who sits across from me mentioned, the farmers and the beekeepers were particularly hit hard in 2014, with the double whammy in the two hurricanes, and likewise the beekeepers. So the more assistance that they can get, the better. I am a guy who is probably outdoors more than most here in the House. And you hardly see a bee out there, which is quite sad.

So I would like to encourage all those who work in the department, from the Permanent Secretary to director, to all those technical officers, to keep up the hard work. And I would yield.

The Chairman: Thank you, Member.

The Chair now recognises the Member from constituency 26, the Honourable Opposition Leader, Marc Bean.

Hon. Marc A. R. Bean: Thank you, Mr. Chairman, and good evening. Good evening, Honourable Members.

Mr. Chairman, I did not plan to contribute this evening, but real quick, in listening to the Honourable Minister's brief, I can say that I was pleasantly and stunningly surprised to hear that the initiative of developing a shoreside facility for the expansion of our offshore fishing industry is now back on the burner. In fact, I think it is very important to point out to everyone, to the media, to the listening audience, especially to those One Bermuda Alliance bloggers and supporters. But today is a very important day. Because for the first time that I can think of since we have been in Opposition, finally, kicking and screaming, maybe it is because of the tenacity and excellent work of the Director, Dr. Ming.

[Desk thumping]

Hon. Marc A. R. Bean: But somehow, some way, in this contribution we realise, even after my Shadow Minister of Finance reiterated the need to look to diversify the economy and the OBA rejected it . . . Even after rejecting it, we hear the Honourable Minister an-

nounce that the One Bermuda Alliance Government will proceed with a Progressive Labour Party initiative to diversify our economy, create jobs and bring in foreign currency into our country. And for that, I think Dr. Ming and his staff in particular deserve congratulations.

[Desk thumping]

Hon. Marc A. R. Bean: Mr. Chairman, I really would like to have more details, because I missed a portion of the brief. The Minister pushed it out, and I missed some of the information. But I would like to get an understanding of more of the details, because I would think that, initially, Government can extract some level of fees for processing through the facility, although I too agree that this is one initiative that should be earmarked for privatisation to be owned by the stakeholders in the industry, and that is the fishermen in this country, in particular, Mr. Chairman.

Mr. Chairman, I have a question to the director or to the Minister: What are our quotas, by species? What is the size of the quotas, and by species? Because once we have that information, then we can all go and google the market price for these species to see what the market value is annually of our quota. And that should give us all the incentive to have a target by which we can focus upon.

Lastly, I will say this. The Minister mentioned the Florida market as being a market that has been initially identified. And, yes, I can see that being a potentially viable market. But—but Florida already has a fairly saturated supply chain. You have the Bahamas, you have Cayman, you have the Cays, you have Honduras, you have Costa Rica. You have a lot of countries to the south of Florida, which readily supply Florida with seafood.

So I think that the best market we need to focus on when we develop our offshore fishery is the Northeast of the United States and the United Kingdom. For example, today if you were to go to the United Kingdom and get a piece of tuna, which sells at about \$6.00 or \$7.00 to \$8.00 wholesale in Bermuda, it is about \$35.00 in Costco's and in supermarkets, a pound—\$35.00 a pound. And likewise you would see a premium on price in the Northeast United States market, and also it makes more sense logistically, as it is a little closer than Florida is.

But again, if Florida is a market that we can tap into, then we should welcome the opportunity. But let us cast our net in other areas in which we think we can get a viable return.

So, all in all, I would just like to repeat this one statement I said earlier: For the first time since we have been the Opposition . . . And I give credit to Minister Atherden and I give credit to Dr. Ming and his staff for having the humility or to see the wisdom in our idea. And I hope that the *Royal Gazette* and all those bloggers take note—take note that this is one of

many ideas we have presented that we hope and expect the One Bermuda Alliance to embrace for the sake of the upliftment of our country.

The Chairman: Thank you, Member.

The Chair now recognises the Member from constituency 8. There are about three minutes left, Member. The Honourable Cole Simons, the Government Whip, you may proceed, sir.

Mr. N. H. Cole Simons: Thank you.

I would like to pick up where the Opposition Leader left off in regard to the shoreside facility. I heard him talk about he is delighted that the OBA was bringing this to fruition. I remember when I was Opposition Environment Minister. I was there for seven years. And the PLP *never* made it a priority. And we have been in two years, and I truly—

Hon. Marc A. R. Bean: Point of order. We could kill the last two minutes—

The Chairman: Yes, point of order?

POINT OF ORDER

[Misleading]

Hon. Marc A. R. Bean: The Honourable Member is misleading the House. Obviously, we reallocated funds for the shoreside facility for the National Infrastructure Strategy that we paid for and the OBA subsequently rejected. But we were committed to it and still are committed to it; hence, my delivery a few minutes ago.

The Chairman: Okay. Thank you, Member.

Honourable Member, you may proceed again.

Mr. N. H. Cole Simons: Thank you very much.

But we are going to deliver. We will deliver!

Now, I would like to continue on the fisheries wardens. I understand that, you know, obviously, their plate is full. They have to monitor our economic zone and the restaurants and wholesalers. And I think that we might consider giving them more resources, because I think we have five enforcement officers, and quite frankly, that is not enough. So I will go there. There is that issue.

The other issue that concerns me most is the coastal erosion. I think after Hurricane Emily, we had a coastal erosion study. I am quite often in the tracks and the coasts and the beaches, and I am getting more and more concerned about the large cliff faces that are basically melting into the ocean. I was down by North Shore, the tracks by Crawl Hill. And I was surprised to see, very recently, a large, large portion of the cliff face had collapsed into the ocean. This is fresh. I think they may have been impacted by the recent storms, but I think we need to examine, keep

an eye on them because that can impact the railroads in that area.

The other issue, again, is the pathology lab at the Botanical Gardens. They need more people. You have one million species to be inspected on a regular basis. And 25 per cent or 22 per cent of the inspections revealed some deficient plants because they were contaminated.

I am concerned that more have gotten through because the resources there are really stretched and the department is understaffed. So I ask the Minister to have a word to see what she can do to get more staff in that area, because as the Honourable Jeff Sousa said, we cannot allow those contaminated plants with unwanted visitors to contaminate our local flora.

The Chairman: Thank you, Honourable Member.

We have now reached the limit in terms of the consideration of those heads.

Minister, are you prepared now to move those heads?

Hon. Jeanne J. Atherden: I would like to move Heads 69 and 72.

The Chairman: Members, the Minister has requested to move Heads 69 and 72.

Are there any objections?

There being no objections, the heads are therefore moved.

[Gavel]

[Motion carried: The Ministry of Health, Seniors and Environment, Heads 69 and 72, were approved and stand part of the Estimates of Revenue and Expenditure 2015/16.]

The Chairman: Minister Richards?

Hon. E. T. (Bob) Richards: Mr. Chairman, I move that the Committee now rise and report progress, to meet again on Wednesday, [11 March 2015].

The Chairman: Thank you.

Are there any objections?

No objections; agreed to.

[Gavel]

[Motion carried: The Committee of Supply rose, reported progress and sought leave to sit again.]

House resumed at 9:58 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Speaker: Members, we have approved Heads 60, 21, 22, 24, 91, 69 and 72. And we will resume in the Committee of Supply on Wednesday, [11 March 2015].

I am told that all orders are carried over except for Order No. 6. So, Orders No. 2 through 5, and 7 through 20 are carried over.

The Chair will recognise the Honourable Minister of Finance. Minister Richards, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

Mr. Speaker, I move that the Bill entitled the Public Service Superannuation Temporary Amendment Act 2015, which has been recommended by the Governor, now be read a second time.

The Speaker: Thank you, Minister.

Are there any objections to that?

Then carry on, Minister.

BILL

SECOND READING

PUBLIC SERVICE SUPERANNUATION TEMPO- RARY AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

Mr. Speaker, Government wishes this Honourable House now to give consideration to the Bill entitled Public Service Superannuation Temporary Amendment Act 2015.

Mr. Speaker, Government announced in the 2015/16 budget that, in an effort to meet its fiscal targets, there were a number of adjustments that had to be made to the budget. It was also noted that we may not have had to take these measures if the furlough had been renewed. One of the measures announced by Government was the partial suspension of its matching contribution to the Public Service Superannuation Fund, known as PSSF. The partial suspension of matching contributions to the PSSF will enable approximately \$5 million to be shaved from the Current Account budget. The suspended matching contribution for the upcoming year will be paid into the fund in the future.

It should be noted that, in prior years, Government had paid special contributions amounting to \$87 million into the PSSF. Mr. Speaker, the PSSF was established on April 1st, 1982, by the Public Service Superannuation Act 1981 and its subsequent amendments. Members will be aware that the purpose of the PSSF is to provide retirement pensions for re-

tired employees of the Government of Bermuda and the employees of various quasi-autonomous non-governmental organisations (also known as quangos).

Section 7(6) of the Act provides that “if at any time the Fund is insufficient to meet the payments chargeable against it the deficiency shall be made up out of the Consolidated Fund.” This, Mr. Speaker, should present a level of comfort for pensioners in that the PSSF is fully backed by the Government. And this suspension that we are talking about today will eventually be made up.

The plan is a typical defined benefit plan. Mr. Speaker, I want to make it clear that the partial suspension of this year’s contribution will have absolutely no impact on a member’s pension when they retire. Any special situations in which the Government’s contributions are factored into a benefit from the fund have been addressed in the Bill. Also, it should be noted that the one-year partial Government suspension will be made up in the future and has no material impact on the funding ratio, moving forward.

Mr. Speaker, as explained in my Ministerial Statement this morning, Government has already started to address the problems associated with the PSSF and also establish a Pension and Benefits Working Group to assist in this initiative.

Mr. Speaker, the latest actuary report of the PSSF was completed as of the 31st of March 2014, and was tabled in this Honourable House this morning. This report indicated that the funded ratio of the PSSF has improved, from 33.4 per cent in 2012 to 41.4 per cent in 2014. This was mainly due to the suspension of the COLA [cost-of-living adjustment] clause.

The risks posed by the deficit and the public debt threaten the welfare of all sectors. And the partial suspension of Government’s matching contribution to the PSSF provides short-term relief towards Government’s deficit reduction plans. Mr. Speaker, in closing, I wish to assure current and future pensioners, and the general Bermuda population, that the Government is sensitive to the challenges facing pension plans of this nature and will continue to monitor the financial position of the fund to ensure that the fund remains viable in the long term. Moving forward, the Ministry will formulate a policy in a manner that is responsible and fair to both the PSSF’s pensioners and Bermuda taxpayers.

Thank you very much, Mr. Speaker.

The Speaker: Thank you, Minister.

The Chair will now recognise the Honourable Shadow Minister of Finance. The Shadow Minister, from constituency 18, Pembroke West Central. MP Burt, you have the floor.

Mr. E. David Burt: Thank you very much, Mr. Speaker, and good evening to you.

The Speaker: Good evening.

Mr. E. David Burt: Mr. Speaker, I will not be very long with my comments on this suspension, except to make sure to take the time to comment what a difference three years makes. Because I remember that when the former Government brought a temporary suspension of funds to the PSSF, it was not supported by the then-One Bermuda Alliance Opposition. And some of the things that were said on that day were (and I quote, Mr. Speaker), “We have this because the Government needs money to operate.

“So, on principle we feel that pension funds should not be interfered with (should we say) because of a lack of operating funds by the Government,” end quote. And that was none other than the Honourable Minister of Finance in 2012. [[Official Hansard Report](#), 16 March 2012, page 1634]

However, three years later, he is coming to the same Parliament, sitting on the other side and saying exactly the opposite of what he said three years ago.

[*Inaudible interjections and laughter*]

Mr. E. David Burt: That is what we have, Mr. Speaker. That is what we have, Mr. Speaker. So, Mr. Speaker, it is interesting—it is interesting that once again, the One Bermuda . . . Because we saw it earlier. We saw it just last time, last debate when we were in committee, that the One Bermuda Alliance is now doing something that the PLP did, that they once attacked. They once said, you know, talking about the Blue Economy, *Oh, there is nothing there, too much*. Now they support it. We heard that, *No, no, You should not suspend money. It is on principle*, Mr. Speaker.

Let us be clear. It was not a particular Act. It said this, “So, we do not agree with this principle. We understand that the Government needs the money. That is pretty clear. But we do not agree with the principle of diverting contributions to the pensions of its workers to finance day-to-day expenses. It just definitely shows a certain degree of (should we say politely) financial stress that exists within the treasury of the Government of Bermuda,” end quote. [*Ibid.*] That is what the Honourable Minister of Finance said three years ago, probably from this very chair.

[*Laughter*]

Mr. E. David Burt: Probably from this very chair. So, Mr. Speaker, it is very interesting. What I am going to say, however, Mr. Speaker, is that we are not going to adopt the position of the then-Opposition. We are not going to say that we oppose it on principle. Just because we know that there are certain measures that need to be taken, as they are now seeing in Govern-

ment, the things that they attacked the PLP for doing, they now find themselves doing the exact same thing.

Now, Mr. Speaker, I will go back and say that they probably would not have had to do this, something that I am sure pained the Minister of Finance . . . It pained him to say, *Well, you know, three years ago I said we should not do it, but we've got to find some money, so let me just go ahead and . . . what bag of tricks can I pull up? Oh, here's one! Let's hope that they don't read the Hansard. Let's hope that they do not see what we said three years ago about the exact same measure!*

[Laughter]

Mr. E. David Burt: But here is the thing, Mr. Speaker. I will again say that if the Minister of Finance would have taken our advice last year, if the Minister of Finance had not put forward a reckless budget that had cuts more aggressive than his own SAGE Commission recommended, if the Minister of Finance had not put that reckless piece of legislation forward, that reckless budget, which stopped any nascent recovery that may have been going on in our economy in its tracks, brought tourism arrivals to the lowest level in 48 years—lowest number of air arrivals in 48 years—saw revenues collapse and financial assistance at an all-time high, I will posit that maybe these steps would not have been necessary, if the Government had listened to the Progressive Labour Party and the budget proposals of which they made last year.

Now, one final point I have to make, Mr. Speaker, because it is very interesting that the Minister in his brief spoke about the \$87 million of special funding that previous governments put into the PSSF. Wonderful, Mr. Speaker! He is saying that the Progressive Labour Party Government topped up the pension funds by \$87 million extra. But, Mr. Speaker, do you know what that \$87 million was attacked as during the election campaign? *Overspending!*

That is right, Mr. Speaker. When there was extra revenue that came into the government coffers and the Government made a special contribution to the Public Service Superannuation Fund, it was attacked as *overspending* by the Minister, oft-quoted by the Honourable Premier, who spoke about, *Oh, the Government overshot their budget targets* and all the rest, Mr. Speaker. Again, it shows for the record that now they will come back here, and they will tout the things that the Progressive Labour Party did to make the PSSF stronger. At the same point in time, things that were attacked as overspending and things that were, at the time, [they said] said, "we do not agree with this principle."

Mr. Speaker, the Progressive Labour Party will not take that stance. We understand that the Government has difficult decisions to make. We will support this temporary suspension of the PSSF. But we do hope that the listening public and the members of

the public, and you, Mr. Speaker, are taking into account the complete about-face, once again, of the One Bermuda Alliance Government.

Thank you, Mr. Speaker.

[Desk thumping]

The Speaker: Thank you, Honourable Member.

Would any other Honourable Member care to speak?

Then the Chair will recognise the Minister.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker. That was an interesting speech.

[Laughter]

Hon. E. T. (Bob) Richards: Because as I recall, when the Honourable Member was a Member of the Government down in the other place, he was busy spouting the virtues of privatisation!

Some Hon. Members: Oh, wow!

Some Hon. Members: Oh, boy!

Hon. E. T. (Bob) Richards: And now he has changed *his* tune. So, you know, we can have fun with all this sort of stuff. But the thing is, Mr. Speaker, *in principle*, I am still against this. But I have a responsibility. And all of us here have responsibilities. And in addition to having responsibilities, we have to set priorities. And the priority for this Government is to break the back of the deficit. So when you have that priority, sometimes you have to do things that you do not want to do. That is the burden of leadership, Mr. Speaker. That is the burden. You have to sometimes do things you do not want to do. And I would not have liked or chosen to have done this.

We had hoped, we the Government had hoped that the public service workers would have chosen instead to roll over their furlough for another period. But they decided not to. So we had to take certain courses of action here in consequence of that. So that is why we are here today. We have to make tough choices, and this is one of them.

So I do not enjoy doing this. I am still, like I was when I was over there, against this in principle. So nothing has changed in that respect. But in a practical sense, you know, when you are at the wheelhouse, you have to make tough decisions on what course to chart. But you cannot make those decisions properly unless you have a very clear view of what your priorities are. And this Government has set its priorities insofar as they are, and they are to break the back of the deficit. And we have done this because we have no choice at this point, because we did not get the savings that the furlough would have manifested.

So, that is basically the story, Mr. Speaker. That is why I found the Honourable Member's speech to be quite interesting and quite amusing, actually. So, with that said, Mr. Speaker, I move that the Bill be committed.

The Speaker: Thank you.

The Minister has moved that the Bill be committed.

Are there any objections to that?

Then the Chair asks that the Deputy Speaker please take the Chair [of Committee].

House in Committee at 9:14 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

PUBLIC SERVICE SUPERANNUATION TEMPORARY AMENDMENT ACT 2015

The Chairman: Members, we are now in Committee for the whole House for further consideration of the Bill entitled [Public Service Superannuation Temporary Amendment Act 2015](#). I call on the Minister in charge to proceed. Minister, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

Madam Chairman, this Bill seeks to make a temporary modification to section 13 of the Public Service Superannuation Act 1981 to allow for partial suspension of Government's contributions to the Public Service Superannuation Fund. I will move all three clauses.

Clause 1 is self-explanatory.

Clause 2 makes a temporary modification to section 13 of the Public Service Superannuation Act 1981 by providing that the section shall be read during the suspension period, which is April 1st to March 31st, as if for the words "an equivalent amount" there was substituted "6.75 per cent of the monthly salary of each contributor." This provides for a partial suspension of Government's contribution to the PSSF in respect of each contributor, which would otherwise be made in the amount of 8 per cent of the contributor's monthly salary, or 9.5 per cent for certain uniformed officers mentioned in section 12(1A).

Clause 3 provides that the Government contributions shall be deemed to have been made at an amount equivalent to the contributor's contributions during the suspended period so as not to disadvantage persons falling within these special cases listed.

Those are the clauses.

The Chairman: Thank you.

Are there any Members who would like to speak to clauses 1 through 3?

The Chair recognises the Member from constituency 18, Pembroke West Central. The Shadow Minister of Finance, Mr. E. David G. Burt, you have the floor.

Mr. E. David Burt: Thank you very much, Madam Chairman.

Madam Chairman, as stated in the general debate, the Progressive Labour Party is not going to oppose these changes. We understand the position of which the Government is in. However, I just would like to say one thing, Madam Chairman. And I think that it is important that when we talk about the fact that the Government wants to break the back of the deficit, the Government must also recognise that their budget last year made our deficit worse and not better. So, as much as we continue to talk about breaking the back of the deficit, we have to realise that these measures are being taken on the back of a bad budget which made our situation worse, which made our deficit worse, which made our economic problems worse, which puts us in the position to do these things.

So, I take the Minister's point about breaking the back of the deficit. However, there are different ways about going about breaking the back of the deficit. He, the Minister, thinks that cuts in spending are going to do it. And I do believe that history has proven, and even his own budget last year has proven, that that is not the way to go. It is causing more harm than it is good. It is damaging the investments that we need to make in our economy. It is pushing air arrivals to a 48-year low. We are seeing the negative effects. We see financial assistance at an all-time high. We see the negative effects that this is causing.

So we hope, Madam Chairman, as he considers this and considers doing things that he never thought he had to do, he will also take a look at the fact that we can make investments that can make our economy stronger.

Thank you, Madam Chairman.

The Chairman: Thank you, Member.

Are there any other Members who would like to speak to clauses 1 through 3?

There are no other Members.

Minister?

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

I just want to say that the Honourable Member says that the deficit got worse under our stewardship. This is not true. The last budget of the PLP was what I call a "bogus budget." The last budget under the PLP Government in 2012 put interest rate payments, they took their money out of the Sinking Fund, and therefore the Current Account and the overall budget was understated by \$110 million.

Some Hon. Members: Ooh!

Hon. E. T. (Bob) Richards: So any comparison to that particular budget is completely wrong and irrelevant.

[Inaudible interjections]

Hon. E. T. (Bob) Richards: So, that is *not* what we are doing right now. What we are doing is not taking out of . . . not putting money into the pension fund.

What I am talking about is the statement in the Budget Book where they had interest, should have come out, and interest was zero, right?

Mr. E. David Burt: Point of order?

The Chairman: The Chair recognises the Member from constituency 18. Your point of order is?

POINT OF ORDER

[Misleading]

Mr. E. David Burt: The Honourable Minister of Finance is once again misleading the House.

The 2012/13 budget did not have interest payments coming out at zero. The Honourable Minister should state the facts as correct.

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: Well, perhaps it was the last budget that was before the election. So like I said, maybe 2011/12. And of course, I had the unfortunate experience of presenting a budget in February of 2013 that was essentially their budget. So, in the last real budget that they had, they misstated, deliberately, the cost of interest. And it understated the overall balance, the Current Account balance and the overall balance by \$110 million!

Mr. E. David Burt: Point of order.

The Chairman: Thank you.

The Chair recognises the Member from constituency 18, the Shadow Minister of Finance. You have the floor.

POINT OF ORDER

[Misleading]

Mr. E. David Burt: Once again, Madam Chairman, the Honourable Minister is misleading the House. If he wants to come with this \$110 million figure, let him give us where he got the \$110 million figure from.

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: Yes. The Budget Book.

With that, Madam Chairman, I would like to move all three clauses.

The Chairman: It has been moved that clauses 1 through 3 be approved as printed.

Are there any objections to that motion?

Mr. E. David Burt: I object, Madam Chairman, because I have not finished speaking.

The Chairman: Ah! There you go. Sorry.

The Chair recognises the Member from constituency 18. You have the floor. My apologies.

Mr. E. David Burt: Thank you, Madam Chairman. No problem. And once again, of course, we are on the clauses. But the Minister of Finance has said, *from the Budget Book*. So I am going to go back to the Budget Book, and I am going to ask him once again to prove where this \$110 million comes from.

And I serve notice, Madam [Chairman], that the Minister of Finance will not be able to prove an understating of the deficit by \$110 million. That is factually incorrect. It is factually incorrect that he said the interest balance was zero in the last budget, the 2012/13 budget. So I would hope that the Honourable Minister of Finance would get his figures and facts correct before he comes to this House. Thank you.

The Chairman: Thank you.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: Madam Chairman, I would challenge the Honourable Member to deny that the PLP took interest payments out of the Sinking Fund instead of where it has its own line. I will challenge and say, if they *ever* did that. I challenge you!

[Inaudible interjection]

Hon. E. T. (Bob) Richards: You did that? No, I am asking you a question. Did you do that?

The Chairman: Honourable Member, speak to the Chair.

Hon. E. T. (Bob) Richards: I will yield, yes.

The Chairman: Members, speak to the Chair, please.

The Chair recognises the Member from constituency 18. You have the floor.

Mr. E. David Burt: I am pleased that the Honourable Minister of Finance has yielded to the young man who clearly has examined the budgets a little bit more than he has. The Minister stated just now that there were

zero dollars on interest. And the fact is that there were no zero dollars on interest recorded; it was \$30 million of interest recorded in the year of which he says zero.

Thank you.

The Chairman: Thank you.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: What about the other \$100 million?

[Laughter]

Hon. E. T. (Bob) Richards: You understated the interest. You understated the interest to show a better deficit figure.

The Chairman: Members, we are discussing the—

Hon. E. T. (Bob) Richards: We are quibbling with things here, Madam Chairman. Let us get back to the actual case here.

The Chairman: Thank you very much. There we go.

Hon. E. T. (Bob) Richards: Do you want to say something, Grant?

The Chairman: Thank you. The Chair recognises the Member from constituency number—

Dr. the Hon. E. Grant Gibbons: [Constituency] 22.

The Chairman: [Constituency] 22?

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

The Chairman: Thank you. You have the floor.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman. I do not have the Budget Book.

The Chairman: Do you have a point of clarification?

Dr. the Hon. E. Grant Gibbons: Yes, I do. I have a comment on this.

The Chairman: A point of clarification?

POINT OF CLARIFICATION

Dr. the Hon. E. Grant Gibbons: I do not have the Budget Book of 2012/13 with me, but I am reliably informed by the Finance Secretary that it was \$51 million in interest payments that year, another \$30 million in suspension of the superannuation account. So it was about \$80 million altogether.

[Crosstalk]

The Chairman: Thank you.

Are there any other Members, first of all, who would like to speak to clauses 1—

Mr. E. David Burt: I . . . I—

The Chairman: The Chair recognises the Member from constituency 18.

Mr. E. David Burt: I am just very happy that the Honourable Minister—former Minister of Finance—has now told the Honourable Minister of Finance that 80 plus 30 . . . or, sorry, that 50 plus 30 equals 80 and not 110. Thank you.

The Chairman: Thank you.

Now, Minister, let us stick to the Public Service Superannuation Bill.

Hon. E. T. (Bob) Richards: Yes. And am glad that the Honourable Member has finally admitted that they misled the public on that occasion.

Now, I would like to move clauses 1 through 3.

The Chairman: Thank you.

It has been moved that clauses 1 through 3 be approved as printed.

Are there any objections to that motion?

No objections; agreed to.

[Gavel]

[Motion carried: Clauses 1 through 3 passed]

Hon. E. T. (Bob) Richards: Madam Chairman, I would like to move the Preamble, please.

The Chairman: We move that the Preamble be approved as printed.

Are there any objections to that motion?

No objections; agreed to.

[Gavel]

Mr. E. David Burt: Madam Chairman, I would like to ask that the Bill be reported to the House.

The Chairman: It has been moved that the Bill be reported to the House as printed.

Any objections to that motion?

No objections; agreed to.

[Gavel]

[Motion carried: The Public Service Superannuation Temporary Amendment Act 2015 was considered by

the committee of the whole House and passed without amendment.]

House resumed at 9:24 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

PUBLIC SERVICE SUPERANNUATION TEMPORARY AMENDMENT ACT 2015

The Speaker: Thank you, Honourable Members.

The Second Reading [and Committee stage] of the Public Service Superannuation Temporary Amendment Act 2015 has been approved.

Any objections to that?

All other orders are carried over. So I will recognise again the Minister of Finance.

SUSPENSION OF STANDING ORDER 21

Hon. E. T. (Bob) Richards: Mr. Speaker, I would like to move that Standing Order 21 be suspended to read the Public Service Superannuation Temporary Amendment Act the third time.

The Speaker: Thank you, Minister.

Any objections to that?

There are none. Minister?

[Motion carried: Standing Order 21 suspended]

THIRD READING

PUBLIC SERVICE SUPERANNUATION TEMPORARY AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: Mr. Speaker, I move that the Bill do now pass.

The Speaker: Thank you.

The Minister has moved that the Bill pass.

Any objections to that?

The Bill is passed.

[Motion carried: The Public Service Superannuation Temporary Amendment Act was read a third time and passed.]

The Speaker: Thank you.

The Chair will now recognise the Honourable Premier.

ADJOURNMENT

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

I move that we adjourn until Wednesday, March 11th.

The Speaker: Thank you.

The Chair will recognise the Honourable Member from constituency 16, Pembroke East Central. MP Michael Weeks, you have the floor.

PALMETTO ROAD REPAIRS

Mr. Michael A. Weeks: Thank you, Mr. Speaker.

I rise tonight during the Motion to Adjourn to talk about a long-discussed situation that has gone on too long. And that is the Palmetto Road closure and the walls and the road that have been damaged over the last two years.

Mr. Speaker, with your indulgence, I would like to refer to some Ministerial Statements, if I may.

The Speaker: Yes.

Mr. Michael A. Weeks: Mr. Speaker, Friday, December 6, 2013, the then-Minister, the Honourable Trevor G. Moniz, said that the first significant impact, or collapse of rock face happened on February 28th, 2013. What I found interesting is that in December of that year was the first time that there was a Ministerial Statement that talked about the collapse of the wall on the Palmetto Road.

Mr. Speaker, in that Ministerial Statement, the Honourable Minister then said that the road would be closed until the wall and the road were rectified and that there was an issue with the landowners, and the Ministry would talk to the landowners and see if they could work out something to expedite getting the wall and the road done.

Mr. Speaker, if I may move on. Almost two months after the Statement on December 13th, we had another Minister, and that was the Honourable Minister Patricia Gordon-Pamplin. This was February 14th, 2014. If I may again, with your indulgence, I will read a part of this Ministerial Statement. The second paragraph reads, Mr. Speaker, “. . . The affected area is east of the section of roads that has been the subject of attention for the past year.

“Today’s collapse caused debris to rain on the houses below.”

This Ministerial Statement goes on to say that, “Palmetto Road has been closed from Roberts Avenue through Saint Monica’s Road.” It goes on to say, Mr. Speaker, that “The Government will be working with the affected area residents, who have undoubtedly been traumatised by this early morning experience.” [\[Official Hansard Report, 14 February 2014, page 604\]](#)

Mr. Speaker, one more Ministerial Statement I need to refer to. Then on May 9th, 2014, the Honourable Minister, Patricia Gordon-Pamplin, read a Ministerial Statement in this Honourable House. And she

said, the Honourable Minister said, "I rise to provide this Honourable House with a brief summary of the progress of the works on Palmetto Road, following the wall collapses that took place on the 28th of February 2013 and the 14th of February 2014."

The Honourable Minister went on to say, "closure of Palmetto Road between Roberts Avenue and Dutton Avenue" now has been closed. Further in the Statement, "Mr. Speaker, the wall affecting Number 6 Perimeter Lane is currently being designed. It is anticipated that this project will go out to tender in July 2014, with a proposed start of construction in September 2014."

Mr. Speaker, further in the paragraph, it says, "The property belonging to Mr. John Roach has been repaired and is now habitable."

I have an issue with that statement there, Mr. Speaker. This Statement was made May 9th, 2014. Mr. Roach is one of my constituents. He informed me that he moved back in Christmas of 2014 because he was tired of waiting. So he moved into an unfinished house. So the statement of the property being ready to be repaired and it was habitable, I have an issue with that. And as a matter of fact, as I speak, Mr. Speaker, his tenant has still not moved back in, almost 14–15 months later.

Mr. Speaker, in the same Ministerial Statement, it says, "Subject to Cabinet approval, it is hoped that a contract will be awarded in early July 2014, with construction to follow shortly thereafter. The anticipated construction period is three months."

"Mr. Speaker, it is therefore anticipated that Palmetto Road will be reopened again to two lanes towards the end of this year." That was 2014. [[Official Hansard Report](#), 9 May 2014, pp 1871-1872]

Mr. Speaker, since then, on March 1st, I believe . . . no, February 28th. It must be something about February, because February 2013 it was the first wall collapse. February 2014, it was another wall collapse. And February 28th of 2015, Mr. Speaker, the temporary repairs that the Honourable Minister had the Works and Engineering do . . . But now I should say it is a third Minister, because in 2015, this is Honourable Minister, Mr. Craig Cannonier. So we have had three Ministers in three years on Palmetto Road, which is a main artery, Mr. Speaker, coming in and out of the city.

Now, my issue is this, Mr. Speaker, that with the road closure, it is one thing us closing the road. One of the suggestions I made early on when it first happened was that perhaps (and it was just a suggestion) that from 7:00 to 9:00 or 9:30, traffic coming into Hamilton, that particular stretch of road be one way. And the Works and Engineering can put the signs up saying that. In the afternoon, Mr. Speaker, from 4:00 to about 6:30, it could be one way going the other way. So that would be minimal disruption of traffic and especially for the residents in the area.

Here is my issue, Mr. Speaker. As I mentioned before, that is my constituency. With the closure of the road from Marsh Folly to Bishop Spencer Lane, more traffic is going up over the hill to Saint Monica's Road, which is an already congested area, Mr. Speaker. So I have been getting calls and complaints from residents talking about the congestion. But not only that, Mr. Speaker, I have got calls from my seniors who are not able to catch the bus now down on Palmetto Road because the road is closed. The road is closed. The buses cannot come through.

We have got schoolchildren, Mr. Speaker, who live up in the Saint Monica's Road area who normally walk down to the bus stop. So this disruption is one thing. First of all, it has been too long. Secondly, I again implore the Government, do not just close the road off completely. Because there are residents there who need to have access to and fro. And with it being open, the buses will still be able to run. And that means they will be able to service my schoolchildren in the area. And they will be able to service my seniors in the area.

So simply put, let us not keep putting the cart before the horse and say, *Okay, we are going to close it because that is the thing to do*. I do not want the road closed. I want it fixed, Mr. Speaker. It has been three years. It is going on three years—a main artery in the Back o' Town. We need the road fixed. Mr. Roach is frustrated. His wife is frustrated, Mr. Speaker. His house has been directly impacted. His tenant has moved out since February of 2014.

An Hon. Member: The economic impact.

Mr. Michael A. Weeks: Even the economic impact is there on this already-distressed family.

So, what we need to do is get a fixed date. Because I mentioned a fixed date in May of 2014. The Honourable Minister had a Ministerial Statement promising that work would start in September and it would be finished by the end of the year. And myself as the duty-bound MP for the area, I go running back to my constituents and say, *Yeah, look! Everything is going to be up and running by the end of the year*. When I go back now, I have nothing to say. I just throw my hands up because it is not being finished. None of it has been done.

And before I take my seat, Mr. Speaker, I need to say that I remember . . . I have done a little homework. And the PLP, my beloved party, last year in our alternate budget proposal, we set aside \$6 million, Mr. Speaker, for infrastructure repairs like walls and road and the like. But further, Mr. Speaker, the OBA, before they even got into office, a part of their platform was that they promised to put aside \$5 million for infrastructure repairs on our roads and walls and the like.

So my question is, first, where is the money? Where is the money? Why is this taking so long? We

keep talking about looking for jobs and what-not. Sometimes, the opportunity for jobs is right in front of us. So if they had put aside the \$5 million, as they promised the people and the electorate of Bermuda, to improve our infrastructure and walls and roads, what is the excuse? What is the hold-up, Mr. Speaker?

[Inaudible interjections]

Mr. Michael A. Weeks: Harbour Road wall got fixed immediately after the hurricane. But, Mr. Speaker, I need to stay focused.

Also, Dutton Avenue—most of us Back o' Town know it as a narrow-path stretch. That road has also been closed, the flood road. And I must say, because as I stand here as the former Minister of Works, I remember monies being earmarked, not only for that particular road, but for the adjacent dump, to make that into a park and a recreation centre facility. I know the money was there, Mr. Speaker, because like I said, I was the Minister.

What I do not want to see, Mr. Speaker, is another two years, like I see on Palmetto Road, that that Dutton Avenue stretch be closed. So I implore the Minister again, let us use some of that \$5 million that you promised the people of Bermuda that you were going to use to upgrade our infrastructure. Do not come over that way two months before the America's Cup to try to beautify my area. My people need it done now. My seniors are being inconvenienced. My schoolchildren are being inconvenienced.

So, to close the whole road was lack of foresight, Mr. Speaker. So I implore the Minister to even consider my proposal to open up half the road, make it one-way going into two from 7:00 to 9:00, and in the afternoon from 4:00 to 6:00, both of them during rush hour. Open it up going east, coming out of town. And there would be minimal disruption. And a lot of those residents who are in the area that depend on public transportation will still be able to have access to it.

Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Member from constituency 6, Hamilton West. MP Wayne Furbert, you have the floor.

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

Mr. Speaker, I listened to my colleague, and it clearly shows what I said during the Budget [Debate], that they really do not care about us. When you talk about it, if that particular road was broken down in Smith's Parish or Paget or some other areas in their constituency, you can guarantee, Mr. Speaker—

[Inaudible interjection]

Hon. Wayne L. Furbert: I can guarantee, Mr. Speaker, that particular wall would have been done a long time ago. As my colleague said, Harbour Road was fixed pretty fast. Maybe it is because it is not in the Back o' Town. But we who come from the east realise that goes on forever.

Now, I am not blaming the current Minister. He just got on the job. But there were two Ministers beforehand who could have gotten the work done.

Mr. Speaker, you know, the older I get, I realise that things are strange. Mr. Speaker, the One Bermuda Alliance does things, and some of their supporters make no noise. They do not say anything about it. They can do anything anytime anywhere, and you hardly hear any noise. You hardly hear a smirk from any particular place. But, Mr. Speaker, you would recall the time, for years, that the Progressive Labour Party took licks on . . . They just dropped pieces of paper, and you can guarantee they were attacked. And, Mr. Speaker, I heard my colleague last week talk about corruption in the alleged . . . of the time . . . and how they can find things under the hood. But either they are not good mechanics or they have not found anything.

Mr. Speaker, I am talking particularly about one particular item. Mr. Speaker, I am talking about the actual amount of money that was paid out on legal fees for, particularly, the Waterfront. I am amazed, Mr. Speaker, that the public has not made one remark about this. They called us *friends and family pay-out*. But for some reason, they call theirs *business*.

Some Hon. Members: Yes, that is right!

Hon. Wayne L. Furbert: But the difference between friends and family and business is, friends and family on this side and business on that side. Do whatever they want, it is business on that side and friends and family on this side. It is corruption on this side, but everything on that side is perfectly done right.

Mr. Speaker, this [\$1.5 million], from what I understand, is paid, basically, to one particular law firm. Basically to one particular law firm. And, Mr. Speaker, I understand that the person who drafted the document was the wife of a current Senator.

An Hon. Member: Wow.

Hon. Wayne L. Furbert: It was drafted by the wife of the current Senator. Now, Mr. Speaker, if you are trying to tell me that . . .

The Speaker: Honourable Member, I am looking at the supplementary estimates, and that is included in the supplementary estimates, which we are going to be discussing next week. So it is kind of . . .

Hon. Wayne L. Furbert: So I cannot say—

The Speaker: Yes. It is kind of pre-empting the debate.

Hon. Wayne L. Furbert: All right. I will repeat it again. I will have more.

The Speaker: Yes. So you will have an opportunity to better deal with it. You will be able to deal with it whenever they do the supplementaries.

Hon. Wayne L. Furbert: I will pick it up next week. I will withhold my gunpowder for next week.

The Speaker: Yes. It is one of the line items.

Hon. Wayne L. Furbert: Okay. I would hold that, but, Mr. Speaker, I will continue this next time. Thank you.

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

The Chair will recognise the Honourable Member from Hamilton East. MP Derrick Burgess, you have the floor.

CONTRACTS AND CONFLICTS OF INTEREST

Hon. Derrick V. Burgess, Sr.: Mr. Speaker, I really want to pick up where I left off on Friday. Time ran out on me, and I understand. But, Mr. Speaker, just to make it clear to the listening audience, I was responding to comments made in this House about the PLP, about removing assets, pilfering and cronies and things of that nature, that I want to comment about.

I started to tell you about some documents that were presented to the PS [Permanent Secretary] on two occasions for two different jobs. One was to do with a building, a fit-out of 3,000 square feet for the police. And the price came at \$1,228,000. And as I think I said, I recall the police commissioner and the Minister responsible for that budget, [I asked] them, was there anything special in this building, in the fit-out, that will take that price to the \$1.2 million? They said, *No, just a regular office.*

So, we got some quotes from two companies. One quote came back for \$287,000. One quote came back for \$310,000. Needless to say, we took the lowest quote because both companies were reputable companies. And with the extras that were added in, as normally happens when you are doing a job, I think the job finished at about just over \$300,000. Where was that almost-a-million dollars going to?

The next one was for the Fort Knox on the Baselands for the Board of Education. We were consolidating so we could put all the Board of Education in one building. Same type of documents came and were priced at \$1.8 million. Well, we gave the documentation to BLDC [Bermuda Land Development Corporation], being they owned the building, and said, *Look. Get a price on this for us,* and did not let them

know what price had been given to us by the civil servant. They came back with a price of \$750,000, another \$1 million gone to waste if, *if* we would have taken it through, passed it. Because I think if I did not have a little bit of knowledge of construction, I think that would have been passed, because the Minister did not know anything about construction, and based on the recommendation that they would have had.

Mr. Speaker, this same employee had his own construction company since 1992—since 1992. And this particular employee is the one who makes the final recommendation on what companies should get this job and what price that they come up with that it should cost—a complete conflict of interest.

Mr. Speaker, you know what sort of amazes me about this whole thing? I told you last week about the \$3.4 million contract that particular employee signed in place of the PS, and the PS knew nothing about it. It did not go to Cabinet. But it was paid by the Accountant General, that \$3.4 million. Mr. Speaker, no department head signs for the PS. If the PS is not in office, whether he is overseas or somewhere else, they have an acting PS. No director can sign for that amount of money. And before that type of money is spent, it has to go to Cabinet for approval. That was not done.

But, Mr. Speaker, we wrote the appropriate officers, officials about this incident, and nothing happened. Nothing happened. And that is what I talk about, the two Bermudas. Because, Mr. Speaker, I remember when I was in the Ministry of Works and Engineering, we had an employee who used a government truck to deliver some goods to his house, goods that he paid for out of this money from a company—not from the government, from a company, and was suspended. Yet, you have an employee who can violate all these agreements and nothing happens.

Mr. Speaker, that same employee refused to cooperate with the people whom Government hired to handle the case against the architecture firm in Canada that filed a suit against us—refused to cooperate. Nothing happened to that employee.

Mr. Speaker, in summing up, the two worlds that we live in in Bermuda . . . I still am puzzled why the \$16.7 million . . . There was no investigation, no attempt to try to get that money from the law firm that fleeced the government out of this money. Instead, we get a report from the auditor saying, *Well, it was inadequate evidence to even go any further.* You say that without an investigation? You cannot be the police and the auditor at the same time.

Mr. Speaker, the auditor did a report on BLDC and omitted key, important information in that report. I wonder why. I wonder why. Mr. Speaker, the actions of the police commissioner in two drug cases, not even similar—one, a person had no knowledge, no involvement whatsoever, no drugs found in any of her belongings, house or anything, was charged. One case, the drugs were in a container; nobody was

charged. In fact, the police went out of their way to sabotage the whole case.

Mr. Speaker, these types of things puzzle not only me; it puzzles Bermuda. Why do we have these two different standards for people in this little small country? We want to live and work in harmony. You cannot continuously go out and accuse people because of what political persuasion they come from that, as my Honourable Member, colleague said, sitting down. When something is done by the other side, it is business. When it done by this side, it is corruption. You cannot continue like that.

And, Mr. Speaker, I bring no allegations. I repeat: These are no allegations. There is no innuendo, there is no gossip. I have the paperwork on this here. I have the paperwork on the \$3.4 million that was signed, signatures, who signed it.

[Inaudible interjection]

Hon. Derrick V. Burgess, Sr.: I have it here. So I do not make this up. I have it all here, Mr. Speaker.

So, I plead again. I plead again. I was born like everybody, just like you and me. We were born, supposedly, equal. Not treated that way, not looked at that way. And you know, Jim Woolridge said it right. I will never forget, page 125, *The House That Jack Built*, that was his father. "They don't mind you having the job as long as they remain in charge." And that is how I would finish tonight. Thank you, Mr. Speaker.

[Inaudible interjections and laughter]

The Speaker: You are very lucky, Honourable Member.

PALMETTO ROAD REPAIRS

Hon. L. Craig Cannonier: Thank you, Mr. Speaker.

I would like to certainly address some of the concerns that our Honourable Member from constituency 16 raised as far as Number 6 Perimeter Lane. We do know that there has been more deterioration that has happened on Number 6 Perimeter Lane. And it is a major concern of mine that this continues to be . . . and I am on record and have been interviewed to say that it is embarrassing that this has taken so long to be rectified.

Not to go into some of the challenges or issues that may have happened in the past, but having become the Minister and in a very short period of time, I recognised that we needed to get moving with the fix for Number 6 Perimeter Lane. I believe it is important to the neighbourhood. It is important to the people who travel on that road. And upon the last hard downpour that we had, we all know that there was a give-way of the road, which was very concerning to the neighbourhood, where a three-foot by approxi-

mately twelve-foot hole, basically, had just dropped from the road.

Upon going out to visit the area that afternoon . . . and I will acknowledge that the Honourable Member from constituency 16 had been called and was trying to get hold of me, as well as my PS, to visit the area. Soon as I got those calls, we went out to go see what was going on. And to my dismay, the road had given way, certainly given way. And really, I was just shocked to see the damage that had taken place.

Now, I spent about two hours there, and within a 45-minute period while I was there, Mr. Speaker, I noticed that the road was still open on one lane. But I noticed that at least seven to eight buses had travelled on that road. And this is a Sunday. So I was shocked at the number of buses that were travelling on the road, not to mention even the regular traffic of cars, but just heavy vehicles that were travelling on that road, even on a Sunday.

What I did do was this: I took a look at the sediment that was lying underneath the road, and I watched as the buses drove over it. And as I watched those buses drive over that road, I could see it vibrating. I could see that bank, in just small amounts, of the sediment that was lying under the road just slightly trickling away. Now, anyone with any common sense would recognise that, after a couple of days of that, not knowing what the weather might do—if it was going to rain anymore or not—that more deterioration of that road would take place and that lives were at risk. It is a very narrow road. A very narrow road. And there are houses that are sitting right on the road.

And I want everyone in the House to know, and the public to also know that there are three main lines that are underneath that road. There is a gas line that goes directly to BELCO. There is a sewage line, and there is a water line. Those not having been affected as of yet, but within days, I believe that, had we not closed the road down, that lives were at stake. And there was no way that I was going to allow a bus to drive across that road, full of kids and senior citizens (as the Honourable Member mentioned), who get on that bus, to be jeopardised and be put at risk. Then it would be a bigger problem.

So I was quite surprised when the Honourable Member said that, you know, maybe we should open up the one-lane road there. Because he is on record as having done an interview with the media as to saying, *Close the road down, immediately.*

Mr. Michael A. Weeks: Mr. Speaker, Mr. Speaker, a point of order.

The Speaker: Honourable Member, the Chair recognises the Honourable Member from constituency 16.

POINT OF ORDER

[Misleading]

Mr. Michael A. Weeks: Thank you, Mr. Speaker.

The Honourable Member is actually misleading the House. Because if you go back in Hansard and call the media—any media, written or print—

The Speaker: All right. What is the correction?

Mr. Michael A. Weeks: Print or—

The Speaker: Just say what the correction is.

Mr. Michael A. Weeks: Well, the correction is that I said immediately when it first happened that you make the road one way in the morning and one way in the evening when you are coming back the other way.

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

Mr. Michael A. Weeks: To close down one side. That is a wide road. So you could close down the part that is affected.

The Speaker: All right. Thank you, Honourable Member. We have got it. We have got it.

Hon. L. Craig Cannonier: Thank you, Mr. Speaker.

I was listening to the news, and the news reported that the Honourable Member said to close down the road. So maybe there is a misinterpretation there; I will take that on hand. We are not throwing any stones here. But the fact is that we were not going to allow that road to be open, based on my sitting there and watching heavy traffic go over that road and to see the sediment underneath that road falling away and putting, potentially, people at risk. That road is narrow. It is not a wide road. If you put two buses on that road, as we investigated, it is a very narrow road. So to say it is wide is incorrect.

So, I take to heart the Member's three concerns. Number one, it is taking too long. It is taking too long to fix this thing! And I am going to fix it. I have taken it upon myself to make sure. I have been out to Mr. Roach on a number of occasions, many, many occasions to ensure that he is feeling comfortable with what we are doing and to get on with the work.

Now, with that bank erosion, Mr. Speaker, I want everyone to understand what we are doing. With the bank erosion there, we are going to gunite the cliff because we need to make sure that our workers are safe as they are building up that wall. And that is the work that is being done now. The formwork has been going up for this last couple of days to ensure that we can gunite the wall so that they can put up a concrete wall—not block. But they can pour a concrete wall, with buttresses to support it, so that we can get this wall back up and get the road back into the shape that it needs to be in.

So, I take to heart what the Shadow Minister is saying, that he is concerned. He is concerned about our constituents within that area and them having to

catch the bus and, of course, having to make alternative measures. But I would prefer for those alternative measures to be in place so that people can be safe. We have closed off a very small part of it.

I will go back. He has asked me to reassess and look, at as far as (I am assuming that is what he is asking) whether we can open it up to one-lane traffic. I will go back and take a look at it, Honourable Member, to ensure that it is safe. But I will not move on opening that road until I feel secure that . . . Within 45 minutes, seven buses? And they were not all full. During the weekdays, those buses are going to be full. So we need to make sure that we keep things safe.

This has been going on for too long, and we will make sure that we correct this thing within the next couple of months—three months, I am being told right now to get this wall fixed and to get that road back where it needs to be so that we do not see any more [erosion] happening to the road. I will investigate Bernard's Park. I do not know about the monies. I certainly have not seen any monies for Bernard's Park in my budget. So they might have to come from somebody else's budget; I do not know. But I have not seen those monies at all if we committed to it. But certainly, something does need to happen.

But Bernard's Park is a part of a larger problem with the whole area going right across to Mill's Creek, where I understand that the drainage is a large area that goes out into one narrow creek. And we need to figure out how we are going to fix that. I am on it. I am looking at the infrastructure of the whole Island and how we have draining on the Island, so that we can get some of these things fixed. But I will say to the Honourable Member of constituency 16, we are going to fix that road, because I care about his constituents as well.

Thank you, Mr. Speaker.

The Speaker: Thank you.

The Chair will now recognise the Honourable Premier.

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

Mr. Speaker, it is a Monday night, and it is getting on to mid-evening. But I thought it was appropriate to comment on a few aspects.

First off, Mr. Speaker, I think it has been a good day. We have had eight hours of good Budget Debate with Workforce Development, with the Ministry of Health, Seniors and Environment. I think both sides have acquitted themselves well. And we have conducted ourselves in an appropriate manner. And I certainly want to applaud colleagues for that type of debate.

I applaud the Honourable Member, the Shadow spokesperson on that side, Mr. Weeks, for getting up in a constructive manner and talking about the challenges we face on Perimeter Lane. And I have to say, Mr. Speaker, that I always had great confidence

in the Minister of Works to get the job done. I think he showed clearly tonight, in the minutes that he spoke, that he has got a total understanding of the challenges we face. He has got a significant cross section of challenges we have to face throughout the community. He is getting on with it.

I am delighted to see that Members on the other side of the House now understand that the closure of that road is the best thing to do. Yes, we do not like that it has taken too long to fix it. But the Minister has given his colleagues a clear update on the challenges we face there, the infrastructure under that road and what needs to be done to get it done. So, I applaud the Shadow Minister, Mr. Weeks, for coming forward and speaking about it and the Minister's passion to deal with it.

Mr. Speaker, what I do want to take a few moments of time is to deal with comments that the honourable colleague across that side spoke about. But first, before I get there, it is always good to have a political debate and one side say something and another side come back and say something else. So, you know, it was interesting for the Honourable Member, Mr. Weeks, to talk about—

The Speaker: Constituency 16.

Hon. Michael H. Dunkley: Constituency 16, 16.

The Speaker: Yes, yes, yes.

Hon. Michael H. Dunkley: Constituency 16. (How I wish I were still 16 again.)

To talk about what is not in the budget for infrastructure. And just in the couple of minutes I had a chance to research the Budget Book, just to confirm my numbers, I looked back. And I did not even have to look in the Budget Book, but I thought about in the Throne Speech, the leak in the Cabinet Office that came right through. Not only did it go into the Senate Chamber, but it went right down into the office below it, Mr. Speaker. And I asked people about it, *How long has that leak been there?* And they say it has been there for a long time. In fact, we are fixing the leak now.

I say that because Government has 800 buildings under its remit, acres and acres of property under its remit. It is easy for us to pick, choose and refuse and talk about the standard of infrastructure and the development of infrastructure and the maintenance of infrastructure and throw out words that are very catchy, like, *Don't believe what the Government says. They don't really care about us.*

You know, all that type of stuff is catchy. And we could all throw those phrases out there. But when you look at it, Mr. Speaker, if you look at the Budget Book, go back and look three or four years ago. Look at the money that was supposed to be allocated to Pembroke Marsh redevelopment. What has happened

there, Mr. Speaker? Look what has happened, look at the money that we were supposed to put into the Pembroke Canal upgrading, Mr. Speaker. Look what was done there. With the 16 inches of rain we have had so far this year, we see that now you need one of those special police cars to get out there during the floods and see what is going on.

Mr. Speaker, so we can go on and on. I do not want to take the debate there tonight, because we have had a good day. But what I do want to say to the Honourable Member from constituency 5, the topics that he raised are very concerning. When the Honourable Member talks about—these are his exact words, “the police went out of their way to sabotage the whole case.” When you make comments like that for a community who is trying to build confidence and support of the police to deal with the challenges, the many challenges we have, not only in law enforcement generally, but in dealing with guns and gangs, which both Governments have sacrificed, put a lot of time, effort and resources into trying to deal with these challenges, not only those, but look at road safety. Look at the challenges of road safety.

And look, perhaps just as importantly, Mr. Speaker, look at the effort that the Bermuda Police Service has put into trying to build community relationships over the past four or five years, because clearly, if you go back four or five years ago, there was a bit of a void there in the community partnership. And the police have spent a lot of time developing that.

So, while as politicians we want to come up here and give a speech that makes us feel good, hits a few of the right nerves in parts of the community that we want to deal with, the last thing we want to do as politicians, when we leave here, is put our head on the pillow at night and feel we have undermined good work that has taken place in the community. And that good work I am talking about is the relationships the police have built up.

Now, as the Minister of National Security, I am not going to stand here tonight and say that the police have got it all right. But, clearly, they are doing many things right. So to make irrational comments like that, I do not think it is appropriate. Because if, Mr. Speaker—

Hon. Derrick V. Burgess, Sr.: Point of order, Mr. Speaker.

The Speaker: Yes, Honourable Member, MP Burgess?

POINT OF ORDER

Hon. Derrick V. Burgess, Sr.: Mr. Speaker, it was not an irrational statement. It was a statement that happened. I think it was about four or five years ago. And it was not the present police commissioner.

The Speaker: All right. Thank you.

Hon. Derrick V. Burgess, Sr.: I think the present police commissioner is doing an admirable job.

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

Premier?

Hon. Michael H. Dunkley: Thank you, Mr. Speaker. I appreciate that clarification.

But the point that I was going to get to before the clarification was that if we have concerns about the police, we should deal with them in the appropriate avenue, and there are many avenues we can follow. Because the public, whether we like it or not—and sometimes, we probably do not like it—they listen to and watch just about everything we say. And if there are positions in this country that are respected, looked up to, and more importantly, Mr. Speaker, we count on them to do that job, if we are going to make those comments . . .

You know, I feel the Honourable Member is sincere in the point that he is trying to get across. He feels that things were not conducted in the appropriate way. Well, we should follow those channels.

And what I did not hear in the comments from the Honourable Member was what was done, whom he has talked to, how he has tried to resolve it. Because I was going to stand up and ask for a point of clarification or ask for a point of order and say, *Please give some information on the civil servant who has not done the right thing*, because clearly neither side wants to support that stuff. We all want to try to clear it up, Mr. Speaker.

So the time for politics is always there. But the time to improve the situation is now, and it is tomorrow, Mr. Speaker. So we can work on that, and I am happy to talk to the Honourable Member from constituency 5 and see what we can do and how we can work together.

So with that, Mr. Speaker, I wish colleagues a pleasant evening, and I look forward to seeing you Wednesday. Thank you, Mr. Speaker.

[Crosstalk]

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

Let me get these dates straight. The 11th of March, is it? The House is now adjourned to Wednesday, March 11th.

[Gavel]

[At 10:08 pm, the House stood adjourned until 10:00 am, Wednesday, 11 March 2015.]

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

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

Are there any objections or changes necessary?

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

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

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

The Speaker: There are no messages from the Governor.

**ANNOUNCEMENTS BY THE SPEAKER
OR MEMBER PRESIDING**

The Speaker: No announcements of the Speaker.

MESSAGES FROM THE SENATE

The Speaker: No message from the Senate.

**PAPERS AND OTHER
COMMUNICATIONS TO THE HOUSE**

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

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

The Speaker: Good morning.

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

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

The Speaker: Thank you, Minister.

Are there any objections to that?

None. Minister Crockwell, I recognise you again.

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

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

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

The Speaker: Thank you.

Any objections to that?

There are none.

Thank you, Minister.

PETITIONS

The Speaker: No petitions.

**STATEMENTS BY MINISTERS
AND JUNIOR MINISTERS**

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

REPORTS OF COMMITTEES

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

QUESTION PERIOD

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

QUESTION 1: BERMUDA TOURISM AUTHORITY WASHINGTON MALL OFFICE

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

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

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

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

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

[Pause]

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

SUPPLEMENTARY

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

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

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

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

The Speaker: Honourable Member? Minister?

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

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

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

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

The Speaker: Yes.

SUPPLEMENTARY

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

The Speaker: Yes, Minister?

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

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

The Chair will recognise the—

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

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

[Pause]

The Speaker: All right.

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

The Speaker: Good morning.

SUPPLEMENTARY

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

The Speaker: Does he find it acceptable? Yes.

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

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

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

The Speaker: Yes, Honourable Minister.

POINT OF ORDER

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

The Speaker: Yes, yes.

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

The Speaker: All right. Thank you.

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

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

SUPPLEMENTARIES

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

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

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

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

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

The Speaker: All right. Thank you.

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

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

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

The Speaker: Minister?

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

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

QUESTION 2: BERMUDA TOURISM AUTHORITY WASHINGTON MALL OFFICE

Hon. Zane J. S. De Silva: Yes, Mr. Speaker.
Will the Honourable Minister please inform this Honourable House what square footage rate the BTA is paying for these areas?

The Speaker: Minister?

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

The Speaker: Thank you. Thank you.

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

The Speaker: Yes, yes.

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

The Speaker: Yes.

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

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

The Speaker: Minister?

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

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

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

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

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

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

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

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

QUESTION 1: DEPARTMENT OF PUBLIC TRANSPORTATION—OVERTIME PAY

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

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

The Speaker: Minister?

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

The Speaker: Thank you, Minister.

The Chair will recognise again the Member from constituency 24.

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

SUPPLEMENTARIES

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

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

The Speaker: Minister?

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

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

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

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

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

The Speaker: Minister?

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

The Speaker: Yes. Thank you.

Yes, Honourable Member from constituency 24.

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

The Speaker: Yes.

QUESTION 2: DEPARTMENT OF PUBLIC TRANSPORTATION—OVERTIME PAY

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

The Speaker: Thank you.
Minister?

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

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

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

The Speaker: You have a supplementary, yes?

SUPPLEMENTARIES

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

The Speaker: Minister?

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

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

The Speaker: Yes, thank you.

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

The Speaker: Yes.

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

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

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

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

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

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

The Speaker: Yes, Minister?

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

The Speaker: Thank you, Minister.

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

SUPPLEMENTARY

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

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

The Speaker: Minister?

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

The Speaker: Thank you. Thank you, Minister.

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

Mr. W. Lawrence Scott: Yes, supplementary.

The Speaker: Yes.

SUPPLEMENTARY

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

The Speaker: Minister?

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

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

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

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

The Speaker: Yes.

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

The Speaker: Yes.

POINT OF ORDER

Mr. E. David Burt: The Honourable Minister—

The Speaker: Do you want a supplementary?

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

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

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

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

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

That completes the questions in the name of MP Scott.

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

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

The Speaker: Good morning.

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

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

The Speaker: Minister?

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

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

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

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

The Speaker: Yes?

SUPPLEMENTARIES

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

The Speaker: Minister?

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

The Speaker: All right. Thank you.

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

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

The Speaker: Is this another supplementary?

Mr. Jamahl S. Simmons: Supplemental, yes.

The Speaker: Yes.

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

The Speaker: Minister?

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

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

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

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

Mr. Jamahl S. Simmons: Mr. Speaker.

The Speaker: Yes.

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

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

The Speaker: Minister?

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

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

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

The Speaker: Supplemental?

SUPPLEMENTARY

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

The Speaker: Minister?

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

The Speaker: Yes. Yes.

Hon. Shawn G. Crockwell: But, yes.

The Speaker: So then, yes. The questions are . . . There are several questions on that matter.
The Chair will recognise now the Member from [constituency] 29.

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

The Speaker: Yes.

SUPPLEMENTARY

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

The Speaker: Minister?

Hon. Shawn G. Crockwell: Yes.

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

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

The Speaker: Yes.

SUPPLEMENTARY

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

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

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

SUPPLEMENTARY

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

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

Hon. Shawn G. Crockwell: Yes.

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

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

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

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

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

Yes, Honourable Member?

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

The Speaker: Yes.

SUPPLEMENTARY

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

The Speaker: Minister?

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

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

[Inaudible interjections]

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

[Inaudible interjections]

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

[Pause]

The Speaker: We are not ready yet.

[Pause]

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

SUPPLEMENTARIES

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

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

The Speaker: Minister?

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

The Speaker: Yes, Honourable Member?

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

The Speaker: Minister? Is it an unusual request?

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

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

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

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

Yes, you have a supplementary?

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

The Speaker: Honourable Member! A supplementary.

SUPPLEMENTARY

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

The Speaker: Minister?

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

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

No, you have had your supplementaries, Honourable Member.

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

An Hon. Member: It is three.

The Speaker: It is two.

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

SUPPLEMENTARY

Hon. Zane J. S. De Silva: Thank you, Mr. Speaker.
Minister, can you confirm that the Whitfield Group received any money from the BTA prior to this loan for tourist-related activities?

The Speaker: Minister?

Hon. Shawn G. Crockwell: I cannot.

The Speaker: Right. Thank you.

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

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

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

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

The Speaker: [Constituency] 24. Sorry.

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

The Speaker: We have 32 minutes left.

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

The Speaker: Minister?

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

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

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

SUPPLEMENTARY

Mr. Jamahl S. Simmons: Thank you, Mr. Speaker,
At the risk of repeating myself, will the Honourable Minister please provide this Honourable House the breakdown of expenses that were in the \$180,000 loan?

The Speaker: Minister?

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

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

The Speaker: Thank you.
Yes, Honourable Member?

SUPPLEMENTARY

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

The Speaker: Yes, Honourable Minister.

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

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

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

SUPPLEMENTARY

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

The Speaker: Minister?

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

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

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

The Speaker: Yes.

SUPPLEMENTARY

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

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

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

The Speaker: Minister?

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

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

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

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

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

The Speaker: Constituency 18, yes.

SUPPLEMENTARY

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

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

The Speaker: Minister?

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

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

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

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

The Speaker: We now move to—

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

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

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

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

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

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

Hon. Zane J. S. De Silva: This—

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

[Inaudible interjections]

The Speaker: Do not speak back to me!

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

The Speaker: Do not—

[Laughter]

The Speaker: Honourable Member! Honourable Member!

[Pause]

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

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

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

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

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

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

You have a question?

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

The Speaker: Yes?

POINT OF ORDER

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

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

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

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

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

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

The Speaker: That's it!

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

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

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

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

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

The Speaker: Mr. Fox, Mr. Fox.

[Pause]

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

The Speaker: Yes.

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

The Speaker: Yes?

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

The Speaker: I appreciate that.

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

The Speaker: I appreciate that, sir.

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

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

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

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

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

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

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

The Speaker: Yes.

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

The Speaker: Absolutely.

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

The Speaker: Absolutely.

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

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

QUESTION 1: CLUB MED PROPERTY AND STARWOOD GROUP COMMITMENTS

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

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

The Speaker: Yes, Minister?

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

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

SUPPLEMENTARIES

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

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

The Speaker: Minister?

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

The Speaker: Thank you, Minister.

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

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

The Speaker: Yes.

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

I will then move on.

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

The Speaker: Minister?

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

The Speaker: Thank you.

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

SUPPLEMENTARIES

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

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

The Speaker: Minister?

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

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

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

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

The Speaker: Minister?

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

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

The Speaker: Thank you. Thank you.
The Chair will recognise now the Honourable Member from constituency 13, Devonshire North Central, for a supplemental?

SUPPLEMENTARIES

Mr. Glenn A. Blakeney: Yes, thank you, Mr. Speaker.
So then the Minister would agree that the financing is not in place for the development?

The Speaker: Minister?

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

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

Mr. Glenn A. Blakeney: Second supplementary.

The Speaker: —second supplementary.

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

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

The Speaker: Thank you.
The Chair will recognise the Member from constituency 29.

SUPPLEMENTARY

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

The Speaker: Minister?

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

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

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

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

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

The Speaker: Supplementary, yes.

SUPPLEMENTARY

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

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

The Speaker: Minister?

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

[Inaudible interjection]

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

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

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

The Speaker: Yes.

SUPPLEMENTARY

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

The Speaker: Minister?

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

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

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

The Speaker: Second supplementary, yes.

SUPPLEMENTARY

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

The Speaker: Minister?

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

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

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

The Speaker: All right.

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

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

[Inaudible interjections and crosstalk]

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

Mr. Michael A. Weeks: Sixteen, sir.

The Speaker: Sixteen, sorry.

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

The Speaker: Good morning.

QUESTION 1: BERMUDA TOURISM AUTHORITY LOAN TO WHITFIELD GROUP

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

The Speaker: Minister?

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

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

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

The Speaker: Yes.

SUPPLEMENTARY

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

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

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

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

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

[Inaudible interjection]

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

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

The Speaker: All right. Okay.

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

The Speaker: All right. Thank you.

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

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

Just to confirm, we have about 10 minutes left?

The Speaker: Twelve, just over twelve.

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

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

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

The Speaker: Minister?

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

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

The Speaker: Thank you.

Yes, you have a supplementary?

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

The Speaker: Yes.

SUPPLEMENTARY

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

The Speaker: Minister?

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

The Speaker: That was done before.

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

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

[Inaudible interjections]

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

The Speaker: Yes. Carry on.

SUPPLEMENTARY

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

[Crosstalk]

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

[Pause]

The Speaker: You have a second question.

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

The Speaker: This is a supplementary?

Hon. Wayne L. Furbert: Yes.

The Speaker: Yes.

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

The Speaker: Minister?

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

The Speaker: Thank you.
Yes?

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

The Speaker: Minister?

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

The Speaker: Thank you.

Hon. Wayne L. Furbert: Second question.

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

QUESTION 2: BERMUDA TOURISM AUTHORITY— BONUS PACKAGE FOR CEO

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

The Speaker: Minister?

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

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

Hon. Wayne L. Furbert: Did he?

The Speaker: No.

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

QUESTION 3: GAMING COMMISSION MEMBERS REMUNERATION

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

The Speaker: Minister?

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

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

The Member from constituency 29, you have a supplementary?

SUPPLEMENTARY

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

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

The Speaker: Minister?

Hon. Shawn G. Crockwell: That is correct.

The Speaker: Do you have a second supplementary?

SUPPLEMENTARY

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

Will their pay be retroactive from the date they started?

The Speaker: Minister?

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

The Speaker: All right. Thank you.

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

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

The Speaker: Good morning.

SUPPLEMENTARY

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

The Speaker: Minister?

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

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

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

The Speaker: All right. Thank you.

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

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

QUESTION 1: ACREAGE OWNED BY NON-BERMUDIANS

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

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

The Speaker: Yes, Junior Minister Richards.

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

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

The Speaker: Thank you, Minister.
MP Burgess?

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

The Speaker: Yes.

QUESTION 2: LICENCES ISSUED TO PRCs PURCHASE CONDOMINIUMS

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

The Speaker: Yes, Junior Minister?

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

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

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

MP Burgess, again?

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

The Speaker: Yes.

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

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

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

The Speaker: Thank you, Minister.

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

SUPPLEMENTARY

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

The Speaker: Minister?

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

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

The Speaker: Thank you.

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

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

The Speaker: Yes.

SUPPLEMENTARY

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

The Speaker: Yes.

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

The Speaker: Minister?

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

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

All right. Thank you.

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

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

CONGRATULATORY AND/OR OBITUARY SPEECHES

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

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

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

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

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

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

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

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

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

Would any other Honourable Member care to speak?

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

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

The Speaker: Good morning.

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

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

The Speaker: Thank you. Thank you, Premier.

Would any other Honourable Members care to speak?

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

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

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

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

Would any other Honourable Member care to speak?

That will conclude our congratulatory and obituary speeches.

MATTERS OF PRIVILEGE

The Speaker: There are no matters of privilege.

PERSONAL EXPLANATIONS

The Speaker: No personal explanations.

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

The Speaker: No notices of motions.

INTRODUCTION OF BILLS

The Speaker: No Bills being introduced.

NOTICES OF MOTIONS

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

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

The Speaker: Good morning.

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

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

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

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

[Desk thumping]

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

ORDERS OF THE DAY

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

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

House in Committee at 11:15 am

[Mr. Glen Smith, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

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

MINISTRY OF ECONOMIC DEVELOPMENT

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

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

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

The Chairman: Honourable Member?

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

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

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

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

[Laughter]

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

[Inaudible interjections]

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

HEAD 95—MINISTRY OF ECONOMIC DEVELOPMENT HEADQUARTERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The core responsibilities for the project office are to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Pause]

HEAD 39—REGISTRAR OF COMPANIES

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

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

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

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

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

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

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

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

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

Mr. Walton Brown: Point of clarification.

The Chairman: Honourable Member.

POINT OF CLARIFICATION

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

The Chairman: Thank you.
Honourable Member?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Proceedings suspended at 12:24 pm

Proceedings resumed at 2:00 pm

[Mr. Walton Brown, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

[Continuation thereof]

The Chairman: Good afternoon colleagues.

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

MINISTRY OF ECONOMIC DEVELOPMENT

HEAD 39—REGISTRAR OF COMPANIES

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Chairman.

Just to catch everybody up, just before lunch we had started Head 39, which is the Registrar of Companies. I think, as Honourable Members will recall, the total estimate that has been allocated for the coming year for that Head is \$2,845,000, and we are on page B-331 of the Budget Book.

I had already gone through a description a couple of cost centres here. I had completed Policy and Planning, and that brings me up to the cost centre 49010 (page B-331) and that is the cost centre for Registration and Revenue.

Mr. Chairman, just before lunch I noted that the estimate for 2015/16 for this cost centre was \$1,063,000, which amounts to a \$46,000 decrease, or some 4 per cent from the previous year, and the previous year budget was \$1,109,000.

This cost centre is also responsible for a significant, one would almost say almost all of the revenue for the Registrar of Companies, and that revenue, which I will get to in a few minutes, is some \$64,780,000 (page B-332).

This cost centre, which is the largest one in the Registrar of Companies, also has some 18 full-time equivalents.

Mr. Chairman, the "Registration and Revenue" cost centre, includes the registration of companies and the processing and maintenance of statutory and legal documents which must be registered and available for public inspection in accordance with the prevailing legislation. This section is also responsible for the collection of the annual fees submitted by companies in accordance with the Companies Act 1981, the Segregated Accounts Companies Act 2000, and the Partnership Acts.

Expenses under this cost centre include the salaries of one Assistant Registrar, one Supervisor of Registration, one Systems Administrator, two Administrative Assistants, five Registration Agents, five Data Entry Clerks and one Receptionist/Filing Clerk. Other expenses are related to training. Sounds like a list of partridges in a pear tree.

I am on page B-331.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: Five.

The decrease of \$46,000 in the budget for the "Registration and Revenue" cost centre for the fiscal year 2015/16 is primarily due to the removal of the cost allowed of the need for temporary staff. The basis for this reduction is also due to the efforts to achieve savings.

The estimated Revenue for this cost centre, reflected on page B-332 is, as mentioned, \$64,780,000 and represents the majority of the total Revenue anticipated for the department. The balance

of the revenue is derived from the Licencing and Insolvency Cost Centre, which I shall now discuss.

So, still on page B-331, now moving to the third cost centre, which is 49040, Licensing and Insolvency, and the estimated budget for the coming year is \$1,278,000. That is a \$143,000, or 10 per cent, decrease from the previous year. In the previous year [2014/15] it was \$1,421,000. There are three full-time staff in this Licensing and Insolvency, cost centre [49040, line item 3901]. And the revenue is estimated to be some \$250,000.

Mr. Chairman, the Licensing and Insolvency cost centre is responsible for the execution of court orders to administer liquidations in accordance with the Companies Act 1981, the Companies (Winding-Up) Rules 1982 and the provisions of the Bankruptcy Act 1989 relating to personal bankruptcies.

This section also includes the processing and issuance of licences and permits to exempted, local and overseas companies to carry on business in Bermuda, the processing and issuance of licences to, and the regulation of, real estate agents and salesmen, and the provision of technical advice on holiday trading legislation. Expenses under this cost centre include the salaries of: one Assistant Official Receiver, one Technical Officer (Insolvency), and one Administrative Assistant. Other expenses are for professional liability insurance premiums, communications, and costs of professional services (legal, accounting, contractors, et cetera) which are required to assist in administering court appointed corporate liquidations and personal bankruptcies.

The decrease, Mr. Chairman, of \$143,000 in the budget for the Licensing and Insolvency cost centre for the fiscal year 2015/16 is due to a decrease in legal services and professional fees available for the administration of corporate and personal insolvency cases. The decrease in this expenditure area has also been made possible as the department continues its strategy of obtaining preferred and significantly negotiated discounted rates from local insolvency practitioners.

Mr. Chairman, I am now going to refer you to page B-332. On this page you will note that Local Conferences has been increased by \$20,000 (under cost centre 49040, [line item] 6497) in anticipation of costs that will be required in Bermuda's hosting of the upcoming International Association of Insolvency Regulators (IAIR), which I will touch upon in the department's major accomplishments and plans for the upcoming year. The department anticipates most, if not all, of its costs will be offset by the conference registration fees which the host country collects through the IAIR from conference delegates, and sponsorship from Bermuda's insolvency practitioners and firms.

Also, since the furlough scheme officially ends at the end of this fiscal year, it has not been accounted for in the calculation for salaries, which is why cost items captioned Salaries—Bermuda Public Services

under Licensing and Insolvency and Policy and Planning appear to have increased by \$21,825 and \$8,380, respectively.

Mr. Chairman, I would also like to draw your attention to the fact that the insurance expenditure estimate has been increased by approximately \$56,000 (when compared against the 2014/15 revised amount) in anticipation of an increase in the liability insurance premium payment for 2015/16. The department's liability insurance policy comes under the government's "umbrella" insurance policy and the terms and payments are negotiated in the London market by the Accountant General's department.

Mr. Chairman, there are no other significant changes between the budget estimates for the 2014/15 and the 2015/16 fiscal years

Moving on, I am still on page B-332, I would like now, Mr. Chairman, to touch on the Revenue generated by the Registrar of Companies. The figures can also be found on page B-332 and are significant. The department is forecasting overall revenue of just over \$65 million (\$65,030,000). This is approximately \$4,956,000 more or approximately an 8 per cent increase in projected revenue over the revised revenue estimate for 2014/15. As the increase in company registrations has been steady, the department has taken a conservative approach by forecasting its increase in revenues based on actual audited revenue figures available for the fiscal year ended 2013/14. Applications for refund of company fees and removal of companies from the register as they are dissolved, struck off or discontinued are just some of the unknown factors at the time that the budget estimates are developed, hence the prudent strategy in estimating revenue.

On page B-333, Mr. Chairman, there is a table for employee full-time equivalents. The department's manpower budget supports an establishment of 23 full-time equivalent positions. As a result of the Early Retirement Incentive Plan which was accepted by two of the department's staff late in 2013, the department had two posts that were frozen for a two-year period under the terms of its Plan. It is anticipated that these two posts, along with two other vacant posts within the department, will remain frozen for the next budget year period; representing a total cost savings of \$219,592, and some cents as well.

Mr. Chairman, the department believes in good value for money by operating effectively and efficiently in the face of limited available resources. Despite the reduced budget, the department expects to maintain the same service delivery levels and targets for the next fiscal year.

Mr. Chairman, the department has been active this current fiscal year and I would like to go through a couple of the highlights in the next little bit:

First, the Registrar of Companies has won the bid (as mentioned briefly earlier) to host the International Association of Insolvency Regulators Confer-

ence. This is the world's annual meeting of government insolvency regulators, bringing receivers and liquidators from all over the world to the Island in September 2015. This is actually an historic event for Bermuda, since it will be the Island's first time to host such a significant event.

Traditionally, each conference is hosted by a member jurisdiction's local equivalent of the Official Receiver's office (one of the three hats the Registrar wears under our Companies Act 1981). The International Association of Insolvency Regulators, or IAIR, is an international body that brings together collective experiences and expertise of government insolvency regulators from about 25 member jurisdictions from around the world such as the United States, England and Wales, Canada, Scotland, the British Virgin Islands, Trinidad and Tobago, and as far away as Mauritius, South Africa, Russia, Hong Kong, Australia, and Singapore to name a few.

On another note, in the IAIR's last Annual General Meeting on the 11th of September 2014, our very own Registrar of Companies, Mr. Stephen Lowe, and official receiver has been elected as vice chair to the IAIR's Executive Committee. The IAIR Conference will provide tremendous networking opportunities for official receivers around the globe and will provide essential information and updates for regulatory bodies around the world that are facing similar and complex challenges in order to continuously provide an effective insolvency regime in the current financial climate.

Along with the establishment of local and global links, the conference will also raise Bermuda's international profile amongst its colleagues in insolvency regulation, facilitate building recognition to the insolvency field locally, and stimulate growth, development and opportunities for the insolvency practice locally.

Another area the department has been successful in bringing to a conclusion this year was the Registrar's role in helping to avert what could have been a potential shortage in the supply of the Island's milk. Outerlea Dairy, which supplies about 55 per cent of the Island's fresh milk, was on the brink of being insolvent and had been struggling financially to keep its doors open in coping with the demand of its wholesale customers.

This prompted the Official Receiver and the Registrar of Companies to immediately take action and apply to the court in late September 2014 to be appointed as Provisional Liquidator of Outerlea Dairy Ltd. This action was taken to avoid delays in providing assistance to the farm with due concern for the deteriorating health of the herd of about 265 cows. This, along with the assistance and cooperation from the private sector, ensured the protection of the herd, the continued operation of the dairy farm, and the orderly transition of the farm business to a new owner. Mr. Chairman, you will recall that there was a while there

where a lot of the farm hands were not being paid and there were issues about feed supply as well. So the Registrar was very instrumental in getting that sorted out before it could become rather tragic.

The department was also successful in continuing to improve on its efforts to streamline internal processes and speed to market. Whilst the Performance Measures in the Budget Book refer to average processing times of between two and five days, the vast majority of incorporation applications are turned around within a four-hour period on a routine basis.

The department is also key to the presentation of statistics and data to the Ministry.

In addition, the department embarked on a joint project with the Bermuda College to fully computerise the real estate examinations. The first of this series of new exams was administered in late January of this year. With the computerisation, the college began scheduling the exams every month, a move which is anticipated to increase real estate exam revenues for the college. Information can now also be obtained at a click of a button as the new system provides a secure platform whereby it enables candidates to see their "unofficial" results in real time. The new system also enables cost-efficient marking and/or re-marking (as applicable) of examinations by the administrators, and is based on a secure database for maintaining and updating examination questions and test results.

In another area the Government has continually expressed and sought to demonstrate its commitment to achieving a high level of compliance with international standards. The Financial Action Task Force (FATF), an intergovernmental body established by the Ministers of its member jurisdictions, has established international standards on combating money laundering and the financing of terrorism and proliferation. Its standards require that one of the sectors that must be brought into scope is the real estate sector. The department has continued to provide technical input to the National Anti-Money Laundering Committee in the area of real estate, and has agreed to be the Competent Regulatory Authority under Bermuda's anti-money laundering (AML) legislation to the real estate industry. The Superintendent of Real Estate and the National Anti-Money Laundering Committee (NAMLC) have jointly established a working group to work with the real estate sector to develop an appropriate AML regime which aims to be as cost-effective as possible for Bermuda's realtors. A framework is now in the proposal stage, which I will expand upon as I discuss the department's plans for the upcoming year.

Mr. Chairman, the department will continue on its commitment in working with Bermuda's International Business industry, the Bermuda Monetary Authority (BMA), and with the Ministry in improving its processes and implementing its various projects, which are as follows:

1. The opportunity to host this year's IAIR Conference will showcase the Island as an important business centre and a wonderful environment in which to conduct business. The Registrar and his team have been very diligent in planning this year's conference to carry out the hosting activities for the conference in a cost-effective manner.

The conference will highlight new developments in Bermuda's insolvency field and provide a unique networking opportunity for Bermuda's Judiciary and local Insolvency Practitioners to meet with Insolvency Regulators from across the globe. It will also allow us to showcase Bermuda's extremely talented Corporate Service Providers and Practitioners as potential resource persons for other conferences, panel discussions or workshops at conferences in other jurisdictions. The conference will also bring residual tourism business from the attendees, their families, friends, and business associates, as they return to Bermuda as tourists after being exposed to our tourism products as a result of the conference.

2. Beyond compliance with international standards, our fight against money laundering and terrorist financing translates equally to protecting the reputation and the economy of Bermuda. A review will be ongoing on the proposed changes to the Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) regime to establish an appropriate AML/ATF framework for the real estate sector. The proposals contemplate updating the relevant AML/ATF and real estate agency legislation to integrate the Superintendent of Real Estate into the AML/ATF framework by designating the Superintendent as a "competent authority" under the Proceeds of Crime Act 1997 and by including the Superintendent as a supervisory authority for the real estate sector. This will entail an expansion of the Superintendent's remit to include monitoring and enforcing compliance by real estate practitioners with established AML/ATF requirements.

The working group, Mr. Chairman, in which the Superintendent and his team are a part of, will continue to work closely with representatives from the Real Estate Division of the Chamber of Commerce, which represents a significant number of real estate firms in Bermuda, as well as with all other firms that may not be members of the Chamber. The proposals are expected to be finalised and be ready for Cabinet review and approval before the end of this calendar year.

3. The department will continue to further streamline its processes to be able to work in conjunction with the Economic Development Committee (EDC), Business Development Unit (BDU) and the Business Development Agency (BDA) as expeditiously as possible, particularly on projects of national economic importance.

4. The department will continuously look to identify new sources of revenue by continuing to review its service and fee structure. It will also embark on "con-

tinuous improvement" projects where internal processes could be further enhanced to achieve savings. For the next fiscal year, the department is looking to work on the following projects:

- a) The department will work on a new "paperless" receipting system where digital receipts will reach the designated inboxes of companies and/or service providers within minutes of receipt preparation. This system will be environment-friendly as it will enable the department to significantly cut back on physical paper storage, printing costs as well as mailing and handling costs.
- b) With the assistance of an external contractor, the department will work on upgrading and updating its website to make it more appealing to customers while providing more information on frequently asked topics, and making relevant application forms and documents conveniently accessible.
- c) The department will explore the possibility of allowing the direct upload of corporate service providers' customer information directly into its systems. The benefits of this will include the elimination of the need to encode the same information received from CSPs twice, which translates, needless to say, into cost savings, faster application turnaround times, and the assurance of accuracy and consistency in the information being captured. The department may incur further minimal costs in this endeavour, over time, and the projected savings and other benefits that will be derived from such a project, however, will far outweigh the costs.
- d) Through the "asset claw-back" provision under section 262 of the Companies Act 1981, the department will explore the engagement, on a straight commission basis, of an expert firm which specialises in investigating and recouping assets that formerly belong to struck off and dissolved companies. Such assets would be liquidated and deposited to the Consolidated Fund.

5. The department will continue to work with the Real Estate Division of the Chamber of Commerce and with the Bermuda College to continuously improve the quality of the real estate examinations.

Mr. Chairman, before closing I would like to extend my appreciation for the work undertaken by the Registrar of Companies, Mr. Stephen Lowe, and his team, particularly Ms. Maria Boodram, the Assistant Registrar, and Mr. Hanny Consolacion, the Assistant Official Receiver.

Thank you, Mr. Chairman, this concludes my remarks on the Registrar of Companies, Head 39.

The Chairman: Moving on to the next?

Dr. the Hon. E. Grant Gibbons: Moving on to the next.

The Chairman: And you are going to let me know which one that is?

HEAD 46—DEPARTMENT OF TELECOMMUNICATIONS

Dr. the Hon. E. Grant Gibbons: I will. It is the Department of Telecommunications, Head 46. Skip a page or two and that brings us up to page B-335 in the Budget Book

And the cost estimates for that can be found on pages B-335 to B-337 and also on page C-7 of the Budget Book as well.

So, Telecommunications, Mr. Chairman, the Mission of the Department of Telecommunications is to enable an innovative and sustainable telecommunications industry for Bermuda by formulating sound policy.

The objectives of the department, again, on page B-335, are as follows for the coming fiscal year 2015/16:

- protect the public interest;
- provide technical support to the Broadcasting and Telecommunications Commissions;
- develop policies which promote the introduction of new telecommunication services;
- market the newly established satellite BermudaSat-1 network;
- effect the migration of the Broadcasting Commission to the Regulatory Authority.

Turning to numbers, you will see on page B-335 that the estimate for 2015/16 is \$1,083,000. That is actually a \$183,000, or 20 per cent increase from previous year which was budgeted at \$900,000. The revised budget for 2014/15 is actually \$1,180,000. And in the back of the book in the C-section, Mr. Chairman, you will see that the Capital Funding of \$390,000 is dedicated to Bermuda's Satellite Orbital Slots, and I will explain what that is about in a few minutes.

Mr. Chairman, the Department of Telecommunications, as noted, has been allocated a little over \$1 million for the next fiscal year. This amount is reflected across three cost centres and those are: Administration; Technical Services; and Other Services, which I will expand upon as I progress through this brief. The department's allocation for the next year is an increase of \$183,000, or 20 per cent over the financial year 2014/15 allocation. This increase is primarily attributable to the reimbursement of funds to World on Wireless (WoW) for their spectrum migration. And I will talk a little bit more about that a little farther along.

Mr. Chairman, the department is responsible for providing policy advice to the Minister on all tele-

communications related matters and works very closely with the Regulatory Authority (RA) to establish policies and develop legislation that enables the efficient regulation of the telecommunications sector in Bermuda. As an independent entity, prescribed by the Regulatory Authority Act 2011, the RA is solely responsible for the regulation and supervision of the telecommunications industry, but must be guided by the Minister's policies with regard to its work plan, priorities and budget.

The RA is led by a board of Commissioners, chaired by Mr. Carl Musson. The Chief Executive of the Authority is Mr. Robert Watson (who just joined a month or so ago—maybe two months ago) who is responsible for the day-to-day operations and who is supported by a staff of six additional people.

Mr. Chairman, the department's work with the RA during the current fiscal year included a wide range of policy and practical issues. They include:

- the publication of the Spectrum Policy Statement, which sets out the manner in which the RA will allocate frequency bands to wireless telecommunications service providers;
- finalising the spectrum migration and reimbursement of funds to World on Wireless (WoW);
- the investigation into the payment of all licence fees by public telecommunications service providers;
- CellOne's litigation against the Minister and the RA regarding the Spectrum Policy and the allocation and assignment of spectrum in Bermuda; and
- Digicel's proposed acquisition of the Bermuda Telephone Company Limited (BTC).

Mr. Chairman, on September 22, 2014, the Minister's Spectrum Policy Statement on the allocation, use and pricing of certain portions of Bermuda's radio frequency spectrum was published. This policy sets out the manner in which the Regulatory Authority will allocate frequency bands to wireless telecommunications service providers, such as the cell phone companies. The purpose of the policy is to ensure the most efficient use of the available spectrum and to ensure that incumbent service providers, as well as potential new entrants, have fair access to that spectrum.

The policy also promotes optimal use of the radio spectrum, as well as creating additional benefits for the consumer. These benefits include, encouraging greater competition amongst the service providers to further enhance the speed and reliability of their networks and to ensure that as new and more sophisticated mobile devices are produced, they become readily available to the Bermuda market.

Mr. Chairman, the policy includes a new range of frequencies that will be made available for mobile services. The range in the 700 MHz band has

been previously used for broadcast TV services (WoW), but with the recent transition from analog TV to digital TV, this particular band is no longer required for TV broadcasting. This transition has been called the “digital dividend,” in that it has allowed regulators to increase the amount of spectrum available to the ever expanding mobile telecommunications sector. The availability of this particular frequency range for mobile broadband services has an added public benefit. Since these frequencies are at the lower end of the spectrum, they can cover a wider geographic area and provide better signal strength inside buildings. The policy also includes a structured pricing mechanism to incentivise the efficient use of that spectrum by the service providers.

Mr. Chairman, I would like to once again thank the Regulatory Authority for their invaluable assistance and cooperation in developing the Policy Statement and for drafting the consultation document that was used to solicit the views of the industry. I would also like to thank those service providers who participated in the consultation process and provided their technical and commercial input.

Mr. Chairman, the Regulatory Authority has been empowered to make what are called “general determinations” in order to carry-out their regulatory responsibilities. Determinations are Statutory Instruments and therefore have legislative effect. During the current year the Authority has issued five such determinations, and they are:

1. The Cell Phone Locking General Determination;
2. The Schedule to the Adjudication Rules General Determination Regulatory Authority (Adjudication Rules) General Determination 2014;
3. The General Determination of Consumer Rights;
4. The General Determination for Price Comparison website; and
5. most notably, the Numbering Plan Interim Determination.

Further to the requests and directions of the Minister, in the coming year, some of the areas that the Regulatory Authority will focus on include:

- Carrying out a consultation on broadband policy and universal service policy;
- A review of the Electronic Communications Act 2011 (ECA) and the Regulatory Authority Act 2011 (RAA) to ensure their effectiveness;
- A review of the Broadband Access Markets to ensure that these markets are competitive and functioning;
- A review of the Wholesale Network Infrastructure Access Market to ensure that service providers have equal access to infrastructure networks on a non-discriminatory basis; and
- A new Integrated Communications Operating Licences (ICOL) Entrants Policy. Mr. Chair-

man, you will recall that there was a moratorium on new entrants to that, so it is coming up to the [end of], I think it was a two-year period, in which that will be reviewed.

Currently, Mr. Chairman, the broadcasting sector is governed by several different acts including, but not limited to:

- Cable Service Television Act 1987;
- Television Broadcasting Service Regulations 1987;
- Films (Control of Exhibition) Act 1959;
- Broadcasting Commissioners Act 1953;
- Telecommunications Radio (Stock) Regulations 1987;
- Sound Broadcasting Service Regulations 1994; and
- Various radio class regulations.

But in addition to these, there are several other pieces of legislation that have relevance to the broadcasting sector, such as the Prohibited Publications Act 1963 and the Obscene Publications Act 1973.

Mr. Chairman, there is a need to streamline and condense as much of this legislation, while ensuring that it is still sufficiently thorough to allow for the breadth of broadcasting technologies that are currently available.

The main function of the Broadcasting Commission, in the current context, is to make decisions on the ratings of films being shown in public, to make decisions on the suitability of broadcast content, ranging from movies to radio adverts, and to address complaints from the public on those matters noted above. Some of the legislative amendments required involve updating the role of the Commission and reducing the amount of time spent reviewing films that are already rated. The Films (Control of Exhibition) Act 1959, for instance, only provides for three possible categories of rating as follows and those are:

- “G” for general exhibition;
- “PG” for advised parental guidance; and
- “R” which restricts audiences to age 18 and above. Those under 18 must be accompanied by a parent or guardian for an “R” rated film.

Mr. Chairman, streamlining the process of film ratings is a must, since many of these films have already been rated by a responsible overseas organisation tasked with this process. Generally, (I think as Honourable Members are aware) these ratings come from the US, Canada or the United Kingdom. The majority of films shown at theatres or by recognised film groups in Bermuda are so rated. Bermuda’s current legislated rating scheme does not align precisely with overseas ratings. The Commissioners, therefore believe that minor legislative changes could be effected

to allow the adoption of ratings from prescribed internationally recognised and named rating boards.

The Commission also believes that issuing a rating is only part of their responsibility and in the context of making ratings meaningful, they have required content warnings to be included with the ratings—these warnings give greater guidance to the community as to why the film rating was given. This is particularly important when there is a misalignment between the foreign and local ratings. The volume of films and limited time generally available to the Commission has made it difficult to ensure that ratings are managed efficiently. Also, the rating of the more esoteric films shown by local film festivals, such as BIFF and Bermuda Docs, puts additional pressure on the Commission. The department will therefore work with the Commission during the coming year to make recommendations to improve the efficiency of the films rating process, which will probably involve some legislative changes.

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITORS

The Chairman: Honourable Member, just pause . . . I just want to acknowledge the presence of Senator Baron and Senator Vic Ball in the House today.

You may proceed.

[Committee of Supply on the Estimates of Revenue and Expenditure for the year 2015/16 continuing]

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Chairman, that gives me an opportunity to take a drink of water as well.

As I mentioned earlier, the department will begin the process of working with the RA to effect the second major phase of the Telecommunications Regulatory Reform Initiative—this is the transition of the responsibility of regulating Broadcasting to the RA. The benefits to the Broadcasting sector, once regulated by the Regulatory Authority, will be the availability of appropriate and robust regulation. As shown already in the telecommunications marketplace, the RA will undertake Significant Market Power (SMP) studies, with the application of appropriate remedies, so that we can enable a modern and lively local broadcasting sector. The RA will also be responsible for collecting the relevant Broadcasting licensing fees, further reducing the administrative burden to the Government, and thereby allowing the department to be more efficient in its operations.

The department will also begin work with the Department of Environmental Protection to develop legislation that will create environmental protection zones for undersea communication and power transmission cables. Just as a side note on that, Mr. Chairman, we have . . . I think we have got about five

or six fibre optic cables coming into Bermuda from points north, west, south and east, and there is an opportunity for more of those, but I think other jurisdictions have found a way to create a particular zone to bring these cables which addresses in one fell swoop the environmental and logistical issues involved. And we think we can bring some efficiency to that process which will perhaps allow even more global undersea cables to come into the Island.

I am now moving on to the Expenditure Overview and analysis by cost centre and those are on page B-335.

So I would like to focus on the specifics of the budget allocation for the Department of Telecommunications. And as you will see on that page the department is comprised of three cost centres; they are:

- Administration;
- Technical Services; and
- Other Services.

I will start with cost centre 56000, which is Administration. And you will see in the Budget Book, Mr. Chairman, that the allocation for 2015/16 is \$768,000 which is a \$40,000, or 5 per cent reduction from previous year of some \$808,000. This cost centre also has attached to it four full-time staff.

The Administration cost centre is used primarily to fund the administrative expenses of the department, which include: Salaries at \$496,000; Rentals at \$171,000; and other minor general office expenditures. The decrease for this cost centre is largely due to a reduction in operational costs. The department is anticipating a further reduction due to the proposed move from its current rented premises into the Government Administration Building later this year.

While some of the roles that were previously undertaken by the department are now assumed by the Regulatory Authority, the department retains responsibility for policy, as well as for broadcasting. Functions relating to broadcasting regulation are still within the remit of the Broadcasting and Telecommunications Commissions, which includes the granting of new licences. This involves public consultations and hearings prior to permissions and licences being granted. This year, there have been no new applications.

Mr. Chairman, the funded positions in the Administration section currently comprise: one receptionist/clerk, one telecommunications officer, one administrative officer and one senior legal counsel. It is, I think, worth noting that there has not been a substantive director in the Department of Telecommunications in well over five years, due primarily to a variety of changes in organisational philosophies. These changes were the direct result of the creation of the Regulatory Authority and several ministerial portfolio realignments during that time. In October of 2014, Ms. Maxanne Anderson, the Senior Legal Counsel for the department, took on the role as Acting Director. Dur-

ing this time we have appreciated the support of a series of acting directors who have been temporarily seconded and have been doing double duty while maintaining their other responsibilities.

Moving now to the next cost centre, and that is cost centre 56010, Technical Services. The estimate here for what is a very small cost centre for 2015/16 is \$15,000. That is a \$2,000 decrease, or some 12 per cent from previous year where the budget was \$17,000.

Mr. Chairman, the budget for the Technical Services cost centre for the next fiscal year is \$15,000 is a slight decrease as noted. This funding is used to maintain equipment and the Emergency Broadcasting Station on 100.1 FM.

Moving now to cost centre 56020, known as Other Services, the estimate for the coming year 2015/16 is \$300,000 and that is an increase of \$225,000, or some 300 per cent from previous year. The budget for the previous year as noted in the book was some \$75,000, and the revised budget is \$531,000.

So, as I think everybody will appreciate, the budget for this cost centre has been significantly increased. The \$300,000 in this year's budget has been allocated for the balance of the funding required to reimburse World on Wireless (WoW) for all reasonable expenses for their spectrum migration. The revised budget for the current year of \$531,000 is the result of budget transfers from other departments within the Ministry to facilitate that reimbursement. I think as Honourable Members may recall I was talking earlier about virements so that we could avoid a supplementary expenditure, and we have been able, so far, to do that.

WoW currently provides terrestrial television broadcast services and had been given the rights to use frequencies in that 700 Mega Hertz (MHz) band for that purpose. However, in numerous other jurisdictions, this band has been made available for (as it is sometimes called) "re-farming" as a result of what we refer to as the "Digital Dividend." The use of the 700 MHz band for the provision of mobile broadband services is broadly viewed as providing the potential for very significant economic benefits. This is particularly true given the exponential growth in data traffic which is driving the need to provide additional spectrum for the provision of mobile broadband services. As a result, governments and international regulatory organisations have typically concluded that mobile broadband is a superior use for the 700 MHz band. Furthermore, Bermuda's economy is heavily dependent on international business and tourism. A band plan that is compatible with the devices from countries that provide a significant source of business visitors and tourists will therefore facilitate economic development and promote the purposes described in the Electronics Communications Act 2011.

The WoW Spectrum Migration will therefore require WoW to vacate the 700 MHz band and relocate to another band and to be compensated (because they are doing this willingly) for all reasonable costs for reengineering their wireless network to facilitate the reassignment to that new portion of radio frequency spectrum.

Okay, I am going to switch briefly to page C-7 because I would like to talk about Capital Funding.

And as you will see on page C-7, the Department of Telecommunications has been allocated \$390,000 in additional capital funding for fiscal year 2015/16.

And with your indulgence, hopefully, Mr. Chairman, and hopefully with the agreement of the Honourable Members on the Opposition bench, some of whom who were directly involved, I would like to provide this Honourable House with a little background on the whole satellite industry situation and sort of an update.

Mr. Chairman, I believe most Members of this Honourable House will recall that in 1983, the International Telecommunication Union (ITU) allocated four satellite orbital slots to Bermuda. Three of these are for Broadcasting Satellite Services for direct-to-home reception and the fourth is for commercial communications.

One of the direct-to-home satellite slots, located at 96.2°WL, now designated as BermudaSat-1, was identified as the most commercially viable slot and in 2004 the Bermuda Government began to develop plans to commercialise this asset. To this end, the global satellite operator SES, which is the world's second largest operator, was selected to work with Bermuda to identify a suitable in-orbit asset to bring BermudaSat-1 into use by the ITU regulatory deadline of April 15, 2013. As you know, Mr. Chairman, there are a certain number of years as a window in which you have, once you try and activate or bring into use a slot, to get an asset into the slot itself.

So following many years of challenges and frustrations, in February 2013, a satellite designated as EchoStar VI was made available to be moved into the 96.2°WL slot. On April 1, 2013, despite the eleventh hour objections of a Dutch registered company, the United States Federal Communications Commission (FCC) gave their approval to relocate EchoStar VI from its previous location at 77°WL to 96.2°WL.

EchoStar VI arrived at its new orbital location on April 13, 2013 two days in advance of the eight-year ITU deadline and successfully operated at this location for ninety days, thus fulfilling the ITU requirement by which a satellite network must be, as they term it, "brought into use."

Mr. Chairman, in September 2013, this Government reached another significant milestone in the efforts to commercialise our satellite slots. On this date, an Orbital Resource Use Agreement (ORUA) was signed between the Bermuda Government and

SES Bermuda Ltd. This agreement is an exclusive commercial agreement and is designed to ensure that Bermuda's rights are protected and that the orbital resource (that is at 96.2°WL) is optimally developed.

Mr. Chairman, due to the confidentiality clauses contained in this agreement and the commercial sensitivity of some of the provisions, I am not at liberty to divulge the details of that agreement; but I can confirm that these terms are well within the norms of the satellite industry and that Bermuda's interests have been protected. There have, however, been additional developments relating to BermudaSat-1; one being, that the owner of the actual satellite, EchoStar, has now partnered with SES to develop BermudaSat-1 through the joint venture company known as Satellite Ventures (Bermuda) Limited (SVBL).

Mr. Chairman, other developments include the continued efforts of the Dutch company to vigorously oppose the development of the BermudaSat-1 satellite network. Satellite Ventures (Bermuda) Limited (SVBL) with the support of the Government continues to defend these attacks at the Radio Regulations Board of the International Telecommunications Union and at the Federal Communications Commission. Their efforts to defend the status of the BermudaSat-1 satellite network has been successful to date, however, SVBL expects that the efforts to obstruct this project will continue.

Notwithstanding the Dutch company's continued efforts, including a failed appeal in the US federal courts, EchoStar has now received final authorisation for the relocation of the EchoStar VI satellite to the BermudaSat-1 orbital location. The Dutch company, however, continues to seek the FCC to reconsider this decision.

Satellite Ventures (Bermuda) Limited continue to market BermudaSat-1 and has initiated discussions with several leading providers of satellite service applications. Potential markets for the joint initiative include commercial, leisure, and government consumers. While the ongoing discussions have been positive and productive, no commercial agreements have been concluded, and SVBL expects to make significant progress on the commercial development of BermudaSat-1 in the future.

Mr. Chairman, according to a report prepared for the Satellite Industry Association called "State of the Satellite Industry Report—October 2014," the global satellite industry grew by 3 per cent in 2013, slightly outpacing both worldwide economic growth at 2.4 per cent and US growth at 2.8 per cent to reach a total of \$195.2 billion in 2013. The satellite industry includes: Consumer Services such as satellite television, radio and broadband; Mobile Satellite Services, which include mobile data and mobile voice; Remote Sensing/Imaging Services; the use of managed network services; and a variety of commercial contracts.

So, Mr. Chairman, some would say that the global satellite industry was recession proof, but re-

gardless of the accuracy of that assertion, it is clear that the revenues generated by the satellite industry are worthy of our attention. The Department of Telecommunications will continue to engage the global the satellite industry to enhance and develop services that will attract these companies to our shores. The department will work with the Ministry's Business Development Unit, the BDA, other organisations and local service providers in support of these initiatives. Examples of these services include:

- Improvements to the satellite network filing regime in accordance with the Satellite Network Notification and Coordination Regulations 2007;
- The promotion and marketing of Bermuda's additional satellite orbital slots;
- The development of a Satellite Tracking Licensing regime to support the periodic use of Bermuda as an ideal location to track satellite launches from the western hemisphere;
- The investigation into the viability of using Bermuda's high-capacity trans-Atlantic communication links to compliment various satellite services; and finally
- The promotion and marketing of Bermuda's Insurance and Risk Mitigation services to the global satellite industry.

Mr. Chairman, the Bermuda Government has developed a Satellite Tracking Licensing regime that authorises various entities to establish and operate in Bermuda transportable facilities to perform tracking and receive telemetry data for the benefit of their launch vehicles, or other projects as may be agreed. Presently, ESA (European Space Agency), NASA (National Aeronautic Space Administration) and SpaceX (much in the news recently) have tracking and telemetry facilities on the Island. These facilities are located at the Cooper's Island site of the ex-NASA station and at the old Cable & Wireless facility in Devonshire (now LinkBermuda). The main purpose of these projects is to provide data collection from the launch missions as they pass overhead the Bermuda area during their orbits. Bermuda is the only geographic location able to track this phase of their projects.

Mr. Chairman, the \$390,000 that has been allocated to the Department of Telecommunications will be used to fund these global satellite industry initiatives as part of the department's role in participating in the Ministry's efforts "to promote and strengthen economic development on the Island." The satellite industry is a growing enterprise within the telecommunications industry which is rapidly becoming more and more integrated with currently entrenched terrestrial communications' facilities. This means that satellite space telecommunication has become a critical component of any advanced telecommunications network today. This allocation of \$390,000 in fees will be used

to cover the cost of specialist satellite consultants, marketing, ancillary costs, and to develop Bermuda's satellite industry.

I am now shifting over to page B-336 and will comment on the Revenue Summary there.

As you can see, Mr. Chairman, the estimate of revenues for 2015/16 is \$12,575,000. This is actually an increased estimate of \$2,215,000, or some 21 per cent from last year (or actually the year we are in) when the budget was \$10,360,000. The revised budget, as you will note there is \$11,045,000.

So the projected revenue for the Department of Telecommunications for the next fiscal year of \$12,575,000 represents an increase of \$2.2 million over the previous year. This revenue is primarily composed of fees for Integrated Communications Operating Licences (ICOL), cellular handset licences, the new radio spectrum licences, and licences for various other commercial and private radios.

The ICOL fees for the next fiscal year is set at 3.75 per cent of gross revenue as reported from the licence holders, which represents a 0.05 reduction in fees from the previous year. Of this, the RA will retain 1.5 per cent for their operating expenses and transfer the remaining 2.25 per cent to the Government. This portion of the ICOL fee will generate approximately \$4,150,000 of the total projected revenue of \$10,360,000 as shown under [line item] 8431, General Fees. The balance of \$6,210,000 will be generated from the cellular handset fees, which will remain at \$7.35 per month per handset.

The Electronic Communications Act provides for the establishment of Government Authorisation Fees for spectrum licences. On the recommendation of the Regulatory Authority and after consultations with the affected service providers, an incentive pricing scheme was recently introduced for those bands of the radio spectrum that are considered to be in high demand. This scheme is consistent with the economic and technical efficiency objective as outlined in the Electronic Communications Act, and adheres to the pricing guidelines, and these recommendations will result in an estimated increase in revenue of \$1,900,000 as reflected on page B-336 under [line item] 8434, Carrier Fees.

Okay, moving along . . . so, Mr. Chairman, I would like to conclude my comments for the Department of Telecommunications by indicating that even with an extensive mandate and limited resources, they continue to strive to provide a high level of service. In a recent "Measures to Improve" survey conducted by the Department of E-Government, the Department of Telecommunications was found to have one of the highest customer service ratings in Government—a customer satisfaction rating of 76 per cent. This survey was conducted in September 2013, with the results tabulated in January 2014.

This level of commitment from the Telecommunications staff cannot be achieved without many

long hours and very often without compensation. In this regard, I would like to thank the staff and in particular the Acting Director, Ms. Maxanne Anderson who has taken on these duties, while maintaining her role as Senior Legal Counsel.

Thank you, Mr. Chairman. This concludes my remarks on the Department of Telecommunications, Head 46.

The Chairman: Thank you, Honourable Minister. And the next head?

HEAD 67—DEPARTMENT OF E-COMMERCE

Dr. the Hon. E. Grant Gibbons: And the next head is going to be the Department of E-Commerce and that can be found on pages B-338 through B-341.

Okay, starting out on a broad-based level, as you can see there on page B-338, the Department of E-Commerce has been allocated \$914,000 for the fiscal year 2015/2016, slightly under \$1 million.

Mr. Chairman, the mission of the Department of E-Commerce is to develop the right regulatory framework and to facilitate the adoption and advancement of Information and Communications Technology (ICT) skills and innovation so that Bermuda continues to be recognised as a prime jurisdiction that successfully leverages and advances the digital economy.

The department has four principal objectives, and they are:

1. To advocate for the continued development, safe use and adoption of technology across all organisations, the government and within the community;
2. To ensure the appropriate policies and legislation are in place to support e-business and the digital economy, with a focus on developing privacy legislation;
3. To facilitate demonstrable opportunities for technology education, mentoring and training, as well as encouraging e-entrepreneurship; and
4. To promote Bermuda as a sophisticated and security-conscious technology and e-business jurisdiction, in order to continue to attract and maintain international business.

Mr. Chairman, we live in constantly changing times. Our environment is one where technology innovation occurs at a rapid pace. That said, the digital and knowledge economy brings with it great opportunities.

To seize these opportunities and to allow the Island to navigate and survive change, Bermuda and Bermudians need to be technology literate and to keep their technology skills current.

Individuals and organisations can use technology to their benefit in identifying trends, enhancing

relationships, experimenting with new ideas, and using change to their advantage. Indeed, technology is often a key part of the winning formula for those individuals and enterprises that are able to successfully manoeuvre through changing environments. Technology allows for a controlled and deliberate response. It also assists us in being flexible in our strategic planning and implementation, employing innovative practices and building an optimal environment for growth.

Whether for-profit or not-for-profit, public or private, technology supports almost all aspects of our society. Bermuda takes pride in the sophistication of our infrastructure and in the availability of specialised ICT resources. They both aid in serving to attract and maintain business in Bermuda. And going a step further, it is critical that our ICT and legislative policies continue to facilitate business in Bermuda and encourage innovation and new enterprise.

So on page B-338 you will see there, as I said, that the overall estimate for the Department of E-Commerce for 2015/16 is \$914,000. That is compared with the budget in 2014/15 of some \$962,000. That represents a \$48,000 decrease, or 5 per cent from the previous year.

The funds are allocated to four separate areas, and those are: Administration; Policy and Legislation; Marketing and Promotion; and E-Business Awareness.

And I will start with cost centre 77000, Administration, again, on page B-338. And you will see there, Mr. Chairman, that the estimate for 2015/16 is \$518,000. This is an increase of \$1,000, or 0.2 per cent from previous year, which was budgeted at \$517,000. There are three full-time equivalent members of staff in this particular cost centre.

The Administration section includes all functions related to the operations of the Department of E-Commerce, including the support of the E-Commerce Advisory Board (ECAB, as it is often called), operational requirements in accordance with the Electronic Transactions Act 1999, and administrative support to ad hoc committees such as the Internet Governance Policy Advisory Committee. The mandate of the Internet Governance Policy Advisory Committee (IGPAC—that does not sound very attractive) is to provide input into Bermuda policy in the areas of global Internet Governance and cyber issues that may impact Bermuda relating to: security/privacy, infrastructure, global Internet issues, consumer protection, or other information economy matters.

The IGPAC employs a multi-stakeholder model, reflecting best international practice, to provide input into Internet governance proceedings, comment on Bermuda Government policy on Internet governance matters and be an advocate within their respective communities both locally and internationally. Members of the IGPAC include:

- Honey Adams—Consumer Affairs, the Regulatory Authority;

- Michael Oatley—ITO;
- Stephen Davidson—QuoVadis;
- David Atwood—E-Government;
- Martin Walsh—E-Government;
- Fred Oberholzer—KPMG, ISACA and Bermuda Chamber of Commerce—Business Technology Division;
- Chequila Walker—Registry General;
- Aubrey Pennyman—Registry General;
- Mark Clarke—Bermuda Police Service;
- Ronnie Viera—First Atlantic Commerce;
- Maxanne Anderson—Telecommunications; and
- Patricia DeShields—Telecommunications.

This initial group is establishing the longer-term mandate of the IGPAC, with the intention of expanding membership to reflect the broader Internet governance interests within the community.

At the time of the budget preparation, there were three full-time employees in the Department of E-Commerce. Expenses under this cost centre include the salaries of one director, one administrative assistant and two senior analysts. The position of, and associated funding for, a junior analyst has been frozen for this fiscal year.

Mr. Chairman, I would also like to highlight the valuable work done by the E-Commerce Advisory Board, headed by its Chairman, Mr. Aaron Smith. The ECAB (as it is called) continues to meet regularly and has made a number of valuable suggestions in their year-end report to the Ministry. These initiatives include proposals to attract further ICT business and jobs to Bermuda, providing input into technology education, and exploring beneficial IT governance models that might benefit the Government. ECAB also provided the Department of Statistics with valuable industry feedback on their annual ICT Report and on other relevant research.

Other expenses in this cost centre include equipment and utilities, computer hardware, software maintenance, office supplies, training, and office operations.

Moving down the page to cost centre 77003, Policy and Legislation, the estimate for 2015/16 is \$210,000. That represents a \$25,000 reduction, or 11 per cent from previous year of \$235,000.

Mr. Chairman, the Policy and Legislation cost centre consists of activities relating to the oversight role that the Department of E-Commerce plays in Bermuda for Internet and e-business policy and legislation, by ensuring that the correct legislative and policy frameworks are in place to facilitate the creation, growth and attractiveness of e-business. This includes research activities and membership in relevant international organisations in order to develop comprehensive e-commerce policy advice for the Government,

the E-Commerce Advisory Board and other committees.

Mr. Chairman, the development of privacy legislation, a Throne Speech initiative, falls under this cost centre. A primary focus for the department during this next fiscal year will be to complete the development of data privacy and protection legislation.

The protection of personal information is a fundamental human right and is particularly critical in this information age. It is meant to further our efforts to ensure that the appropriate policies and legislation are in place to support e-business and the digital economy, which is the second objective of the Department of E-Commerce. In doing so, Bermuda's model is meant to meet best international practice and to recognise the complexities and concerns of the digital age and the global environment in which we operate. Keeping data safe and secure continues to be paramount for businesses and consumers, both locally and globally. The proposed legislation is intended to address these challenges while being suitable for our small jurisdiction to administer.

A draft privacy model has been developed and is currently being refined with international best practices in mind. The department has also benchmarked the draft legislation against comparable jurisdictions, such as the Cayman Islands, the Isle of Man, and the province of Alberta, to make sure we provide the most beneficial regime for both citizens and businesses.

At the same time, we must recognise our economic ties and opportunities. The goal of the legislation has always been to balance sound regulation with the ability to attract new companies to our shores. Introduction of this legislation would prove beneficial for companies that operate globally out of Bermuda, facilitating requirements for transborder data flows of certain personal information to other countries with privacy regimes.

I move on now, Mr. Chairman, to the topic of cybersecurity. Cybersecurity and related Internet matters continue to be a priority for the Department of E-Commerce. The *Cybertips* website was successfully re-launched during 2014/15, with five presentations to schools already taken place. What is more, *Safer Internet Day*, an event for the Island's Seniors, was celebrated for the first time in Bermuda on February 10th of this year. Nine topical presentations were offered during *Safer Internet Day* to participants and 93 per cent of attendees rated the quality of information shared by the exhibitors as "good," while 84 per cent provided the same rating for the presentations.

Through *Cybertips*, the department partners with many entities, which include the Bermuda Police Service and other committed community representatives. Together, they continue to promote safe online practices and good digital citizenship, particularly amongst the Island's youth.

Mr. Chairman, the department will also carry out the background research into and assess best practice in national cybersecurity strategy. In this vein, the department will engage local and international cybersecurity sources to determine considerations for the development of an optimal framework.

Other expenses in this cost centre include: specialised consulting services, travel and participation at conferences, documentation, educational and promotional materials. Initiatives relating to Internet governance policy matters and cyber security are also included in the expenses under this cost centre.

Moving now down to cost centre 77004, Marketing, Promotion and Outreach. This cost centre has been allocated \$42,000 for the 2015/16 budget year, which is actually a 31 per cent decrease from the previous year of \$61,000.

The Marketing, Promotion and Outreach cost centre enables the Department of E-Commerce to continue representing Bermuda as an e-business jurisdiction in both the local and overseas markets through marketing, advertising, promotional and market research activities. The sophistication of what Bermuda has to offer with our information technology and communications landscape and work force is vital to the international businesses who make the decision to operate in this jurisdiction. Through publications such as the *World Commerce Review*, we are able to showcase our infrastructure and capabilities directly to global opinion leaders.

Expenses under this cost centre include activities relating to marketing, benchmarking and research, editorial content in local and international publications, in addition to advertising and promotion.

Mr. Chairman, it is important for us to regularly measure the progress of Bermuda as a digital economy. The statistics on the state of ICT in Bermuda for the current fiscal year are currently being finalised and include statistical analysis on local ICT-related factors such as technology trends, costs, business and residential attitudes and uses, and on the associated demand for Information and Communication Technology services. The final report, which is entitled "The State of ICT in Bermuda Benchmarking Statistics for 2014/15," will be published in spring 2015 and will provide useful data for the local community. Some highlights from the forthcoming report (and I will go through a few of these) are that:

- residents using the Internet from any location at least once a week—98 per cent;
- businesses having Internet access—99 per cent;
- households having access to the Internet—89 per cent;
- households owning a smartphone—85 per cent;
- residents owning a Wi-Fi or Internet-ready device, such as a tablet or e-reader—78 per cent;

- residents shopping online with overseas merchants—63 per cent;
- residents shopping online with local merchants—22 per cent;
- businesses having a corporate social networking presence—60 per cent;
- businesses using technology for business to business interactions, such as procurement, inventory control and payments—93 per cent;
- businesses using technology for business to consumer interactions, such as facilitating payment, sales and providing information—89 per cent; and
- businesses using technology for business to government interactions, such as payroll tax, immigration and social insurance—82 per cent.

[All of] which certainly suggests quite extraordinary penetration in Bermuda.

Additionally, Mr. Chairman, the use of international indicators allows for comparison with other jurisdictions.

The data collected is coordinated with other local studies undertaken by the Department of Statistics and by the Regulatory Authority, so that the information is both complementary and supplementary. In line with the Government's objectives to highlight the attractiveness of Bermuda to international business, having timely data readily available to potential global investors shows the sophistication and scope of ICT services and skills in Bermuda, and supports our marketing efforts.

Other initiatives promoting Bermuda's ICT strengths will include marketing material targeted to international ICT businesses to encourage them to establish an active presence in Bermuda.

And I now move to cost centre 77005, which is the cost centre for E-Business Awareness and Development.

Mr. Chairman, this has been budgeted for the 2015/16 at \$144,000 which is a \$5,000 decrease, or 3 per cent from previous year of \$149,000.

Mr. Chairman, E-Business Awareness and Development involves promoting the importance and adoption of technology skills for personal and professional empowerment. We like to say that "Every Career Needs IT" because today all sectors are reliant on the use of technology.

Expenses in this cost centre, therefore, include activities to support e-entrepreneurship and programmes to train and mentor youth in ICT careers, and to stimulate innovation.

In this vein, the annual Technology Innovation Awards were held as part of Global Entrepreneurship Week in November 2014. This initiative encourages and promotes innovation in the technology arena. This year's Tech Awards saw 38 different organisations,

companies and individuals nominated in the competition across five categories.

Trunomi, a local tech start-up, won the International Innovation of the Year Award with their online personal identity protection technology for the financial services industry. The Local Innovation of the Year Award went to LookBermuda, for their Nonsuch Island CahowCam, and to Jobber.bm, the employment matching website. These and the other winners of the evening all embodied Bermuda's technology successes, showcasing small and large ventures that have local and international reach and that span the private, public, and third sectors.

Mr. Chairman, also during Global Entrepreneurship Week, the Department of E-Commerce hosted the Pitch Tech component of the Rocket Pitch Competition. Participants competed for prizes to assist them in launching their businesses and only had a few minutes to present a "Rocket Pitch" about their business idea. The Department hosted the Pitch Tech component of the competition and saw entrepreneurs share ideas for new, innovative technologies and e-business ideas. Pitch Tech supports technology-focused entrepreneurial ventures, and the winner received a financial award to help grow their business. We look forward to the Pitch Tech Rocket Pitch event in the fall to support e-business expansion and further encourage innovation.

Mr. Chairman, Inspire eBusiness, continued to develop local e-business and supported existing local online retail. A total of six "How to Start an Online Business" workshops were held with partners throughout the year related to starting an online business. The sessions in November attracted 61 attendees, and the March 2015 sessions have exceeded that with over 70 participants. The final session for this fiscal year, on marketing and social media, will take place this Thursday. In addition, three entrepreneurs that the Inspire eBusiness initiative had previously sent to the US-based Startup Weekend entrepreneurial event, organised Bermuda's first Startup Weekend from March 6 to March 8 of this year. That was last weekend, and I expect some Honourable Members probably went to listen or view some of that.

The inclusion of the Bermuda-based Startup Weekend under the Inspire eBusiness initiative, where aspiring entrepreneurs spend an intense weekend to find out if their ideas are viable, engages participants of all ages. They receive assistance from mentors and have access to a range of resources and tools. This past weekend had over 40 participants. On Friday, more than 20 ideas were pitched by participants and nine teams were formed. By Sunday the nine teams had to pitch their business plans. The judging panel assessed each on the business model, customer validation, technical execution and design, and execution. The audience selected 16-year-old Dejai Grime's business, TechChoppers, custom-built gaming computers as the People's Choice. Third place, was Ber-

muda Hacks, an online platform and app for making life easier when moving to Bermuda. Second place went to K.I.M.S. List, an online educational resource for parents of children aged 5 to 16 years old. First place went to The Kitchen, a shared kitchen concept for all home cooks and chefs on the Island.

Entrepreneurship is a recognised tool for stimulating innovation and a proven alternative in assisting individuals with employment challenges. As technology plays a critical role in enabling e-commerce, e-business and e-entrepreneurship, the department and its partners will continue to support and promote Inspire eBusiness activities for entrepreneurs.

Mr. Chairman, we will continue to offer the regular and popular “How to Start an Online Business” workshops” under the Inspire eBusiness banner in 2015/16. We also look forward to the next Bermuda Startup Weekend. During the summer, efforts to engage our youth in e-entrepreneurship will continue through the popular Biz Camp.

Mr. Chairman, the TechTalk Initiative gives technology organisations the opportunity to provide the community with information and professional development prospects. In 2014/15 the Business Technology Division of the Bermuda Chamber of Commerce and the Bermuda Chapter of the Information Systems Audit and Control Association (ISACA), partnered under the TechTalk banner to present current and emerging technology trends that may have an impact on or be useful for e-business. Five TechTalk sessions were offered in 2014/15. In 2014, three of the sessions were offered with over 150 people attending with 93 per cent of the attendees indicating that the panel discussions met their expectations.

Mr. Chairman, the Technology Leadership Forum (TLF) Internship Programme completed its sixth year of operation. To date, more than 40 students have successfully graduated out of the programme. Of these, 10 are still continuing their college education, while 75 per cent of graduates have already found full time ICT positions with local or overseas firms.

This summer, the TLF’s Summer IT Student Networking event was held for all students interested in ICT (this is this past summer) and to allow for exposure to top local industry professionals. In February 2015 the TLF’s Twitter Party allowed IT students and professionals to network in person and online. The one-hour long event saw over 690,000 impressions (how many times followers would see posts that are made by those who are posting) and approximately 700 tweets, with participants in Bermuda and in many locations around the world.

We are pleased to confirm that the Department of E-Commerce, in collaboration with IT sector partners, will continue to support the TLF (the Technology Leadership Forum) and to offer the successful IT Student Internship Programme, with the objective of grooming and mentoring the best and brightest

young local IT talent. Since the information age will continue to require skilled IT workers, the TLF will also increase its efforts to provide information on ICT careers to schools and students on the Island through various initiatives.

Okay. I am going to switch over to Manpower which is on page B-339, the Employee Numbers.

Mr. Chairman, for effectiveness and efficiency, the Department of E-Commerce works in partnership with stakeholders wherever possible. The private sector is an important partner because much of the department’s work is in furthering a beneficial digital environment for the country. The department, however, still requires its own resources in order to appropriately carry out its objectives. At the time of the budget preparation, there were three full-time employees in the Department of E-Commerce and, as mentioned earlier, the junior analyst position will not be funded for the next fiscal year. The department is presently operating with a staff of only two full-time and one part-time person; but is currently in the process of filing the policy analyst position.

The Department of E-Commerce plays an important role in ensuring Bermuda’s competitiveness in ICT, and the funding allocated in this budget supports this mission.

Mr. Chairman, in concluding my comments on the E-Commerce Head—Head 67, I would like to commend the work of the former Director of the Department of E-Commerce, Ms. Nancy Volesky, the current Director, Ms. Marisa Stones, and the entire E-Commerce team.

And that concludes my comments on this section. Thank you, Mr. Chairman.

The Chairman: Thank you, Honourable Member. I believe you have one further Head.

Dr. the Hon. E. Grant Gibbons: I do.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: She has been replaced by Marisa Stones.

HEAD 89—DEPARTMENT OF ENERGY

Dr. the Hon. E. Grant Gibbons: That brings me, Mr. Chairman, as you noted, up to the final head, which is Head 89 which is the Department of Energy. That can be found on pages B-342 through B-344 of the Budget Book.

And let me start by making some general comments about the Department of Energy. First of all, the continuing mission of the Department of Energy is to develop energy policy, legislation and regulation in order to ensure an affordable and secure energy future for Bermuda.

The main objectives of the department are:

1. To create a culture of energy conservation and efficiency in the public and within the public service;
2. To continue a broad public education campaign on energy matters;
3. To develop and support initiatives within the public service that enable Government to lead by example;
4. To develop and support policies and programmes to promote the goals of the 2011 Energy White Paper; and
5. To provide technical and administrative support to the Energy Commission.

Mr. Chairman, many Bermudians are aware of the key goals of the 2011 Energy White Paper, which are: 1) the significant reduction in emissions; and 2) the diversification of our energy supply.

We are all well aware of the severe weather events that continue to affect our planet, having ourselves experienced two hurricanes inside of a one-week period in October of last year. Climate change is real. We have also seen the volatility and unpredictability of oil prices, even though the current price levels are the lowest they have been in the past four years. According to the World Bank, oil prices are predicted to stay relatively low, at least through 2016. If this prediction proves to be accurate, it will provide a bit of respite from the escalation of costs, but we are also acutely aware that this is only a temporary condition, for as global demand escalates on this finite resource, oil prices will again rise.

In order for Bermuda to be less susceptible to the effects of pricing and supply shocks, it is imperative that we develop policies and legislation that promote a competitive environment for the generation of electricity from renewable sources of energy. The benefits of achieving this objective will be the diversification of our energy supply, and the stabilisation and the potential lowering of the cost of electricity for our citizens. Without a robust policy and legislative framework, we would simply continue our reliance on fossil fuels, which would keep Bermuda exposed to the fluctuations of the international oil market.

Mr. Chairman, rising energy prices affect the price of almost every other commodity, for example food prices soar when oil prices rise, and investor confidence decreases with the diminished ability to predict and control operating expenses. In the hospitality industry, for instance, approximately 20 per cent of revenues may be spent on energy. In a jurisdiction which is almost solely dependent on imports and inward investment, minimising exposure to fluctuating energy costs could make us a more attractive business domicile when compared against our competitors.

On page B-342 you will see, Mr. Chairman, that the Department of Energy has been allocated

\$988,000 for fiscal year 2015/16, and it is under one cost centre there, which is Administration. That \$988,000 is a reduction of \$52,000, or some 5 per cent from previous year, and the previous year's budget was a little over \$1,040,000. There are three full-time equivalent personnel in the Energy Department.

The decrease of \$52,000 is primarily attributable to several factors; most notably the termination of the Solar Rebate Initiative, which is offset by an increase of \$20,688, or 6 per cent, in salary expenses, due to the expiration of the furlough day.

Mr. Chairman, the Rebate Initiative for Solar Thermal (hot water) and Solar Photovoltaic systems was terminated on April 30, 2014. In order for the department to provide for those applications that had been received before that date, \$90,000 in funding has been allocated for fiscal year 2015/16, which is a \$101,000, or 53 per cent decrease from the original budget of \$191,000 for the current fiscal year. This allocation is reflected in the "Other Expenses" object code on page B-343.

Over the life of this initiative, there have been over 200 photovoltaic systems installed, for an installed capacity of approximately one megawatt. There have also been approximately 100 solar thermal systems installed during this time. The department has paid-out over \$540,000 in rebates for both initiatives over the last two years. It is therefore safe to say that these rebates have achieved their goal of encouraging the uptake of residential scale renewable energy systems, with the added benefit of creating construction jobs in the economy.

Mr. Chairman, the projected budget for Professional Services for fiscal year 2015/16 is \$382,000. This is an increase of 11 per cent over the current year's allocation and will primarily be used to fund the development of the policies and legislation required to reform Bermuda's energy regulatory regime. This reform will result in the responsibility for regulating the energy and electricity sector changing from the Minister and the Energy Commission to the Regulatory Authority. The contract for this work was awarded as a result of a joint venture bid and has been assigned to Castalia Advisors, LLC (a specialised global policy and economic consulting firm) and to Legal and Drafting Services, Ltd. (a specialised legislative drafting firm, based in the Caribbean, I think it is St. Lucia). The value of this contract is approximately \$227,000.

The balance of this allocation will be used to fund the careful analysis required to consider the introduction of Liquefied Natural Gas (LNG) as an alternative to the fuel oil currently used to generate electricity; and to fund the development of a Request for Proposal (RFP) to solicit bids for a utility-scale solar photovoltaic facility at the airport "Finger."

Mr. Chairman, in developing the new energy policy for Bermuda, the department has and will continue to consult extensively. The department began

this process in December of last year by targeting key stakeholders and soliciting feedback on a series of broad policy building blocks. This process continued with additional workshops being held in January and February, with a wider group of stakeholders, and has resulted in the creation of a more refined series of policy statements. The resulting consultation document, which outlines these energy policy proposals has been published on the department's website, and has invited public comment until this Friday, March 13th.

Mr. Chairman, developments in technologies for renewable energy, energy efficiency, and conventional energy give Bermuda the opportunity to change how it sources and uses energy. Introducing new technologies to the Island may lower the cost of service, reduce local pollution and global greenhouse gas emissions produced by generation, improve the security of supply, and improve affordability, all while maintaining or improving the quality of service.

Mr. Chairman, developing new energy options requires a new framework of policy, legislation, and regulation. The current framework, developed when liquid fossil fuels were the only viable option, lacks the flexibility to integrate new options. The updated framework must also ensure that the benefits of introducing new technologies into Bermuda are shared by the consumers, the utility, and the Government.

This National Electricity Sector Policy ('the Policy') will be key in helping us to realize these new opportunities—it will also lay the groundwork for the new Electricity Sector Act, create a new regulatory framework, and produce an updated licensing regime. The Policy will also build upon the work done in developing the Energy Green Paper 2009, as well as the Energy White Paper 2011.

The consultation document, which I hope Honourable Members will have a chance to look at, covers proposed policies for all of these key areas of Bermuda's electricity sector, which are:

1. The objectives for the electricity sector;
2. A vision of what the sector could look like, using a matrix of supply and demand options;
3. The desired structure of the sector, including roles and responsibilities of the participants;
4. The process for determining the sources of Bermuda's electricity, using an Integrated Resource Planning methodology;
5. The framework for promoting distributed generation;
6. The desired structure of the transmission, distribution, and retail subsector,
7. Government support for more efficient use of electricity; and finally
8. The legislative, licensing, and environmental permitting and planning framework that supports the Policy implementation.

So, Mr. Chairman, following the consultation process, the department, using the input received from the public and with the assistance of its consult-

ants, will formulate a final set of policy proposals for the Minister's consideration. These proposals will then be submitted to Cabinet for their approval and subsequent publication. This process will continue throughout the first half of this year, resulting in the development of the legislation and the implementation of the initial phases of the new regulatory reform measures by the third quarter of the calendar year.

Public education and awareness will continue this year, and it is the department's intent to co-host another Energy Summit, to continue the momentum created by the first Summit held this past November. The 2014 Energy Summit introduced and explained several key energy issues to a select audience, who represented a broad cross-section of the community. These participants included renewable energy businesses; non-Governmental organizations (such as Greenrock and BEST); BELCO; the Regulatory Authority; local and international businesses; local economists; and current and former politicians. The presenters were both local and from overseas and addressed such topics as: the best energy technologies for use in Bermuda; tariff structures for renewable energy; and creating the enabling environment for independent power producers. The Summit ended with a facilitated workshop, which informed the department about those topics that the participants were particularly interested in and passionate about. The department also used this opportunity to introduce the policy and legislative consultants to the key stakeholders.

Mr. Chairman, the department will also continue its public outreach initiatives, by participating in public lectures, presentations through Community Education programmes, and assisting with the Greenrock Eco-Schools initiative, to name but a few. The department's goal is to raise the level of consciousness about energy in our community in order to educate the public about its realities, the desire to adopt more renewable technologies, and to encourage better conservation habits. If this goal can be achieved, Bermuda will have informed consumers and educated customers who are empowered to make the right decisions for a sustainable energy future.

Mr. Chairman, in addition to the Regulatory Reform project that the department has as its priority for the next fiscal year, they will also focus on the following projects, and those are:

- The creation of a transmission and distribution licensing framework, so that the rules of engagement with BELCO by independent power producers are well-defined;
- The creation of a licensing framework for utility-scale renewable energy facilities;
- A review of the duty rates on fuels to introduce incentives for the use of high-energy/low-carbon emitting technologies;
- An analysis of the elements of the value chain required to consider LNG (Liquefied Natural Gas) as a viable option for Bermuda;

- The development, on behalf of the Ministry of Public Works and the Department of Airport Operations—an RFP for a utility-scale solar photovoltaic development at the old munitions pier (the “Finger”) at the L. F. Wade International Airport.

I turn now to page B-343 which speaks about manpower or employee numbers.

The Department of Energy operates with three full-time employees: a director, a policy analyst, and one research and development officer. Some resources are shared with the Department of Telecommunications, with whom the Department of Energy shares office space.

Mr. Chairman, the department will continue to provide administrative and technical support to the Energy Commission and will work with the Regulatory Authority to facilitate the transfer of responsibilities to them at the appropriate time. The members of the Energy Commission include two board members of the Regulatory Authority, and consequently they will be able to assist with this transition. The current members of the Commission are:

- Mr. Michael Leverock (Chairman);
- Mr. Kent Stewart (Deputy Chairman);
- Ms. Leslie Rans;
- Ms. Angela Berry;
- Mr. Colin Smith.

The staff of the department will also continue to enhance their policy and regulatory capacity by participating in training opportunities, such as webinars, online courses and opportunities to interact with regulatory and policy experts.

Mr. Chairman, in concluding my comments on the Department of Energy, I would like to thank the Director, Ms. Jeane Nikolai and the Bermuda Energy Working Group (BEWG) for their commitment in providing valuable insights and feedback to the department throughout this current year, particularly during the regulatory reform policy development activities. And I will just mention the members of the BEWG (the Bermuda Energy Working Group) are:

- Mr. Alan Burland;
- Mr. Stuart Kriendler;
- Ms. Judith Landsberg;
- Mr. Patrick Caton;
- Mr. Michael Daniel;
- Mr. Denton Williams;
- Ms. Carol Dixon;
- Ms. Tonya Marshall;
- Mr. Niklas Traub;
- Mr. Nick Duffy;
- Ms. Anne Glasspool.

Thank you, Mr. Chairman. That concludes my comments on the Department of Energy and it concludes my comments on the heads.

The Chairman: Thank you, Honourable Minister.

Is there any other Member who wishes to speak on these debate items?

The Chair will recognise the Honourable Member from constituency 6, the Shadow Minister for Economic Development, the Honourable Wayne Furbert.

You have the floor.

Hon. Wayne L. Furbert: Thank you, Mr. Chairman.

First of all let, me say hello to my favourite civil servants. That is Mr. William Francis and, of course, the great honourable, Jasmin Smith, who is in the House today. And—

[Inaudible interjections]

The Chairman: Member, proceed. Do not get distracted.

Hon. Wayne L. Furbert: These individuals, I know, are hard workers. And I believe that the Minister has two good people on his team. I am sure other . . . I said these two, I do not see any more . . . and I am sorry, the great accountant who sits behind them who I have worked with before, and I forget what Ministry I was in at the time.

[Inaudible interjection]

Hon. Wayne L. Furbert: I forget his name. I just said a great accountant, Mr. Meyers, who I have worked with before when I was minister of . . . I forget which department it was at the time.

So I am sure that the Minister is in good hands. Hence, why I know that we had asked for four and a half hours, but we may finish a little earlier because the staff did a great job in preparing his brief. And let me thank the Minister—the only Minister that has given us his brief. And because of that I will not be as hard as I was going to be. So we appreciate that.

But, Mr. Chairman, let me just say up front, we are talking about the Ministry of Economic Development, and the debate that we are having today on all the heads, I just think this is one of the most wasted exercises that we do in Parliament every year. We have got to change this crazy system—

The Chairman: Honourable Member, you are making general comments about the structure of the budget debate, as opposed to speaking to the Ministry.

Hon. Wayne L. Furbert: Yes, I am speaking—

The Chairman: You might want to move on.

Hon. Wayne L. Furbert: No, I am speaking about the actual debate on this. [It] is a wasted exercise that we do every year for . . . I do not know [for how long] we have been doing this. But I just think that it is a waste because we get up here every year and pontificate. The Minister stands up with his big brief, and it does not matter if we increase the hours from 4 hours to 10 hours—

The Chairman: Member.

Hon. Wayne L. Furbert: I am talking about these heads. I am talking about the time spent on the heads, Madam—Mr. Chairman.

[Inaudible interjections]

Hon. Wayne L. Furbert: Well, sometimes he wears pink so . . .

So I am just talking about the idea of us talking about these particular heads. The heads that we have in front of us, to me, is a . . . and those are Heads 95, 39, 46, 67, and 89 are wasted. We could spend our time more usefully. I believe that the actual barometer or graph or whatever you want to call it of the listening audience decreases tremendously when these particular things take place. And I think in the future we can look at much more, change whatever we have got to change, and make it much more—and I use the PAC Committee [Public Accounts Committee] as an example. It should be where every Minister with his technical staff meet around a round table. Government can have more members as a PAC Committee has—and have a whole discussion.

I heard John Barritt talk about it for years on how we can talk around the table as far as committees on different . . . and we ask more questions.

The Chairman: Member, come on.

Hon. Wayne L. Furbert: I am talking about numbers—

The Chairman: You are not talking about any numbers, Member, just move on—

Hon. Wayne L. Furbert: Mr. Chairman, I am talking about the numbers. I am talking about the numbers.

The Honourable Member read out everything that he wanted to on under his . . . everything that he read out had hardly [anything] to do with the numbers. I never heard you, Mr. Chairman, challenging the Member when it came to that. Okay? He spoke generally about the heads. And he spoke generally about the actual line items.

So I am talking about how we can spend more, better time on these heads. That is what I am

talking about. Okay? And I think that in the future that we can look at it much more clearly. So I am going to speak about that as we go on.

Mr. Chairman, I am going to talk particularly about . . . starting out with where the Minister started out with. Unfortunately, I do not see (unless Mr. Francis has the information) particularly about the Bermuda Development Agency on Head . . . where he started out at. In particular, I am missing something . . . maybe I missed something, Minister. Has the—I call it the Bermuda Small Business Development Corporation—is that in another Ministry because . . .

[Inaudible interjection]

Hon. Wayne L. Furbert: Well, I would have thought when it comes to economic development . . .

[Inaudible interjections]

Hon. Wayne L. Furbert: Yeah, I thought so too. Yeah. I would have thought that was where it should be, under Economic Development, instead of being under the Ministry of Immigration, as I understand. I do not know how that works in there. It makes no sense at all. And, unfortunately, I can talk a little bit about under Economic Development heads about small business development, but not actually talk about Immigration.

Mr. Chairman, if there is ever a ministry that is going to change the whole concept of and develop Bermuda going forward, it is this ministry. The other ministries are . . . you know, they help out immigration and everything else, and finance. But this ministry helps to cause an increase in GDP, helps per capita income, it has to have a whole concept of what I think the visionary goes about and how we can get . . . If this ministry is able to make it happen, then we will not have anything much to worry about. Okay? I know tourism is there, but new creations or new ideas have to come from this particular ministry.

So let me talk about Bermuda's BDA (Bermuda Development Agency). And as the Minister is well aware, we have played a key role—the PLP Government—in moving the process ahead to combine the Bermuda (at that time it was BIBA—Bermuda International Business Association), and I am talking about the grant that we give them on line item 9503. In case the Chair is not aware of what I am talking about.

The Chairman: I am fully with you, Member, I know where you are.

Hon. Wayne L. Furbert: The whole idea that BIBA (Bermuda International Business Association) . . . I think it was IDC (I think that was the other heading) that we pulled together to embrace this one concept. And I think that we are on the right track. But to me, Mr. Chairman, I think we have got it partly wrong be-

cause something is definitely wrong. And I refer to . . . the Minister early on said something about (let me pull it up) that they had . . . and this was supposed to be a private/public partnership. Okay? I could not figure out why the Minister said (and I will quote what he said), you have oversight. I am not sure what he means by “oversight” of this particular agency. I do not see the ministry having oversight, all right?

Maybe he can explain that question, but it was on page 3 of his brief, “Within the Ministry of Economic Development, the Ministry HQ has overall responsibility for five Government Departments and oversight for” and blah, blah, blah, blah. I understand the Regulatory Authority of Bermuda, the ACBDA, but I am not sure how you have oversight of that.

Now, I know you have someone that sits on the board, but I do not know what . . . the board makes a decision and, I think, unless the Minister tells me he can change those decisions, as far as I know he cannot. But maybe he can. I know he can flex his muscle and withdraw support, and that has a lot of oversight, and then you can decide what you want to do.

Maybe that is what he is talking about—if you don’t do what I say, then . . . Or, if you are not carrying out your job as [we] thought that [you] should, we would form another organisation. We will do something else. That is why we formed this, because at the end of the day, as far as BIBA was concerned, and IDC, sometimes they were duplicating the work. They would print something on insurance—BIBA would print something on insurance. They would go to RIMs, IDC goes to RIM, everybody is going there, and so you were duplicating a lot of expense. And so they understood it . . . I did it. We did have some opposition at the beginning from the individuals, particularly the local providers who thought they were losing control of their little thing, their body—BIBA. But we stood our ground and pushed ahead.

So the question comes down to, Has BDA performed as well as it should have? And let me just say we spent millions of dollars over the time that BIBA was organised and we asked ourselves the question, did the country get a return on its investment? Hence why I am now asking the question, Are we getting a return on our investment? The Government in 2013, I believe, put out, \$5 million, I think, in their budget and \$4.5 million-something in the next year, and now they are decreasing it to \$4.2 million. Interesting numbers, they are going down.

I know when I was a Minister, I am not sure whether it was this Minister, but they used to accuse us of not funding that particular organisation as we should. We have heard the outcry that we were funding tourism with \$32 million (or whatever it was), and there are people that want us to reverse the numbers. You should be funding BIBA or BDA \$32 million and you should be funding Tourism by \$5 [million].

I could understand that. I mean, I know . . . I understood it, but what they are saying is, *We’re giving you more throughout the year. We are making a better return. We, (the international business) are giving more money to our GDP than Tourism does, hence we should have a larger budget*, not recognising that tourism was employing a lot more people, and we had to spruce it up and go from there.

So is BDA doing what it should be doing effectively? And who is the watchdog for that? Maybe that is what the Minister is saying, *I’m watching them. I’m keeping an eye out for them*, to see whether they are doing what they [should be] doing. I am surprised, like I said, none of the representatives are in this room today. I know we had, and I know they are, per se, . . . well, they are too busy. The Minister said they are too busy to come here.

But I do not know who is going to be able to answer some of these questions. I had a lot of questions for them.

The Minister says, *I’m going to answer them*. I do not know.

Well, I asked you how much the CEO gets paid, I am sure you cannot answer that question.

All right, is his pay less than the person they brought in at first? Remember when they brought that high affluent individual from Canada?

The Minister says yes.

So Bermudians can get less than a person doing the same work. Do you follow me?

So you brought in this high paying individual from Canada and he kind of quietly at night slips out. He slipped out—nobody knew—and he came with all these great accolades, supposed to change the world and make things happen. Someone tells me he was in the Ministry, in his department, reading on how to handle staff or some book he was reading [on] how to deal with staff. That is what they tell me. I do not know whether it is true, but that is what was told to me. So he disappeared. Nobody asked a question. We do not know what happened. I think he terminated before his three months, six months, or whatever it is that they give those individuals, and he disappeared. No question.

So he may have been getting the same as Hanbury, \$500,000–\$600,000 a year. Right? We do not know. But a Bermudian gets involved and he gets, I do not know, probably less than the permanent secretaries. Maybe he is getting more than the permanent secretaries because he was there, maybe \$200,000 to \$250,000. I am sure he is not going backwards. Okay? So \$250,000, let us say that is the number he was getting, maybe \$300,000, okay? But we are paying 80 per cent of the funding to this organisation, or more, because the only grant they got last year was \$300,000 from their organisation outside. So 90 per cent or more comes from the Government.

So, again, it gets back to . . . I know, salaries are one of the big things that we have been throwing

up and every . . . when we were on that side, they threw it up. You know, so I just want to be interested as my colleague said, in the performance. A person makes a million dollars and brings in \$20 million—you have got me. You get \$2 million and you are bringing in \$50 million—you have got me. All right, so that is not the big issue. The question is, are we getting a return?

Fortunately, the CEO was my Permanent Secretary when I was Minister, so you know, I know some of his strengths and I know some of his weaknesses. Overall, I think he is a nice guy, at least in my eyes. I am not going to put it, you know, what I see, beauty is in the eye of the beholder, as they say. My weakness may be some other person's strength. Some of his strengths may be somebody else's weakness.

So what do we get from this group? As a matter of fact, interestingly enough, I looked at who made up the committee, and, unfortunately, unfortunately, unfortunately . . . and I could be wrong, but the committee members . . . I only see one person on that board that is like me, and I could be wrong. There are not any other . . . whether the Minister could answer this question, unless he is going to use his phone like Hillary and such and text it off to them, and ask whether the individuals are . . . I cannot remember, are they appointed by the . . . and let me just say this first of all. I am not going to be standing up here on my feet for the next two hours. What we are hoping to do, and I am hoping the Minister will agree with me, is to have a reasonable debate, short questions on heads. And I spoke to the Minister the other day, so I would hope that he would control some of his Members that they do not go all over the place.

So right now we are talking about one item—that is the Bermuda Development . . . BDA. And I will sit down if anybody wants to ask any question on that, so be it. But do not get up there and start asking questions about Energy when I am talking about the BDA, that is my point. That is what we want to do.

The Minister and I have talked about it. And I am hoping that he has all his troops in line. And I told my colleagues to ask questions on that, do not go talking about everything else. That is how we want to do it, okay? So if you have got another suggestion, and talk for three hours and two hours, well, it will not happen. I am asking for a reasonable debate so the public can start hearing more and learning more about these things. That is what we hope to do.

So it gets back to BDA, how are the members appointed? Are they appointed or elected by a group? How does that work?

Mr. Chairman, this is supposed to be an independent body, and I am not sure whether too many people know about social media, but I am pretty good at social media—Twitter, LinkedIn, the rest of them, Facebook, Instagram—all of them, I am there, Pinterest. I must admit I learned a lot from just . . . I just

study it. Right? So because I go on LinkedIn and read what they have on LinkedIn—this is a business, it is supposed to be a business, per se, social media. And what do I turn to? The first page on LinkedIn says, listen to this, this is a posting done by the BDA, “The previous Government’s Immigration policies have been blamed for many of Bermuda’s economic woes.”

[Inaudible interjection]

Hon. Wayne L. Furbert: A posting by BDA.

The Chairman: Do you have a date for that?

Hon. Wayne L. Furbert: Well, it was posted one day ago, all right? Somebody has, you know, upped it and said, *Great posting*. They are trying to explain—

The Chairman: Sorry, you said one day ago?

Hon. Wayne L. Furbert: One day ago.

The Chairman: And do you want to read the statement again, the comment?

Hon. Wayne L. Furbert: The whole thing was a posting done by, it was a ¹[Royal Gazette](#) story where the Honourable Member who speaks in another place, the Honourable Michael Fahy, was speaking about what the work permit rules mean. Why could they not just do a little writing themselves, instead of posting what the *Royal Gazette* is saying?

So what is my point? The first thing that a person who goes to LinkedIn, who wants to bring [business] to Bermuda, sees [is], “The previous Government’s Immigration policies have been blamed for many of Bermuda’s economic woes since before onset of the Great Recession, and one of the central promises of the One Bermuda Alliance was to reform the policies and make them.”

Let me make this very clear, let me make this very clear, this Government has two more years left. Okay? So if you are trying to build investor's confidence, you cannot be putting any innuendos out there. If they want to be politics, that is a different story. But BIBA, or Bermuda BDA, is supposed to be sending a message that Bermuda is in the right place. All right? So somebody calls them up and says, *Do you agree with that? Do you agree, Mr. CEO?* By the way, and you was Permanent Secretary. Do you agree? You were Permanent Secretary of the former Government. Do you agree with what they were saying? I mean, your policies that you formed as Permanent Secretary? Do you agree with that?

That is my point. What is . . . what are they going to say? *Oh, yes, I agree.* Or, *I don't agree.* You posted it on one of your recent updates. So the BDA

¹ 10 March 2015

has to be careful on the statements they make. I am aware when the Canadian person came on board—

[Inaudible interjections]

Hon. Wayne L. Furbert: Mr. Chairman, I am aware when the Canadian . . . and I hope they are listening. I hope the CEO is listening. I hope the Chairman is listening. I hope the Deputy Chairman is listening—all individuals that I appointed when I first got involved. I love them to death. As a matter of fact, the Chairman was very much involved in the process because she came from Pricewaterhouse. (I could tell you a lot more stories.) All I am saying is she was involved in the process, so I support them being there. But they have got to be careful of what they send out there, what the message is that they send out there during this time.

So you are asking me to come to Bermuda and . . . *Well, hold on, they are going to be back in in the next two years, two and a half years. Do you want me to come now?* Yeah, come now because you can do your work for two years. That is nonsense. All I am saying is that I am aware that when the Canadian person took over, came here, he did not last three months, six months, whatever the period is they wanted him to go out there and blame the Progressive Labour Party.

Now, I am aware of that and, Mr. Chairman, you can stamp your feet as much as you want—

Dr. the Hon. E. Grant Gibbons: Point of order.

The Chairman: The Chair recognises the Honourable Economic Development Minister.

POINT OF ORDER
[Misleading]

Dr. the Hon. E. Grant Gibbons: Yes, I think the Honourable Member is unintentionally misleading the House. That is the first time I have ever heard that and certainly I do not recall it from the former CEO over there.

The Chairman: Thank you, Honourable Member.

Hon. Wayne L. Furbert: Mr. Chairman—

The Chairman: The Chair recognises the Honourable Member from—

Hon. Wayne L. Furbert: I am not misleading this House.

The Chairman: The Chair will recognise the Honourable Member from constituency [6].

Hon. Wayne L. Furbert: I am not misleading this House, and the Honourable Member . . . Yes, that is up to him, if he did not hear it. I am saying I heard it. We were in the same room when this person told me. I am just telling you what I heard, okay? Remember, walls talk. Walls talk, okay? So, you know, that was the . . . you know, just trust me. It was said.

So now I read this headline here, and it makes me wonder if that is the way they are trying to get it out there. *Let's blame them.* I mean, we heard some things during the tourism stuff. And I am not going back to tourism, but *it was them, it was them.* If we are going to build investor confidence we have got to make sure that the stability of this particular Island for international growth is there from the very beginning.

Hence why, Mr. Chairman, we reached out to the Minister. I am not going to the America's Cup yet, but we have reached out to the Government on many occasions on, *Let's work together on this particular thing*—on international business. Why? Because we want to ensure that international business recognises that no matter who is there everything is okay. If we do not do anything that is right . . . we might disagree on whether who builds a wall. We may disagree on a few things, but we have got to send a clear message to international business that that no matter who is in Government there is some stability and things are going to take place.

So I reach out one more time and say, *Let's get together.* Let's get together some of their key people—Minister of Finance, Economic Development, maybe the Premier and a few others, and some from our side—get together and let us discuss some stability on ensuring what policies we both can agree on.

I have not told you about the Corporation of Hamilton. It is like ping-pong—we do something, they do something. We are going to do something. When we get back in we will change some things again. That does not create stability on an Island as we are. So we do it, not for ourselves, but for our children and our grandchildren. That is if we get anything right, that is what we are going for.

So we have approached entities (that is all I will say) and said, *You broker the deal between us and me together.* That is all I will say; I am not calling names. Broker a deal so that we can get together on how we can progress. We do not care if international business balloons between now and 2017. That is what we want. That is what we want. But we do not want any uncertainty, as the Minister of Finance is aware, of how the market reacts, whether the Republicans are in power, the Democrats are in power, what the President says, he sneezes, he has got a cold and something is going to happen to him—and the market shares drop. And so the same thing happens when you send out these wrong messages. So watch what you say, that is all I am saying.

This is a very, very important part of our economy because if you do that not only does . . . everyone suffers, everyone suffers. So you do not see me getting up there and attacking them much on America's Cup. I do not agree with everything, but I am not going to attack them. Something is done in international business. Now we have made some clear suggestions by our Shadow Minister of Finance on where we see things could be going (and I am going to talk about that in a few minutes), how we see things could be progressing on that particular field, and how we can make sure that we get new business in. That is all we want on this side. That is all.

We have nowhere else to go. So we want to be . . . yes, we all could head up to the mother country. But if you go up there, you cannot find anything either. So we want to ensure that international business grows.

So the Government gave \$5 million in 2013/14, dropped it to \$4.5 million in 2014/15, and now they have dropped it to \$4.25 [million]. Again, I guess the question is, why? Why? We cannot debate the numbers because we do not know where the money is going. So it is very hard to . . . so we are debating in philosophical on the amount of money that is being given.

Dr. the Hon. E. Grant Gibbons: Mr. Chairman, just a point of clarification if I may.

The Chairman: Will you yield for clarification?

POINT OF CLARIFICATION

Dr. the Hon. E. Grant Gibbons: Yes, just on the actual 2013/14 for that grant of \$5.8 million. That is not all BDA. There may have been some small business development in there as well, and also that was before the BDA was actually set up because it did not come into effect, as you may recall, until about April of 2013. So be careful with the apples to apples because it is not.

Hon. Wayne L. Furbert: That is fine. I appreciate the Minister clarifying that information, but it still does not remove the fact that we are giving \$4.2 million—\$4.25 million, and it is a grant. It is a grant. So you know, maybe "Grant" could ask them what is the grant breakdown. Maybe he has a breakdown. I doubt it. You give a grant to an organisation and they spend it the way they want, that is how it works. But we as shareholders—the Government—have to be confident that we are getting the return that we are.

So, yes, I heard the Minister say legislation was put through. It has been happening from time and eternity. Yes, they attracted some of these asset management conferences here. And another question I would ask the Minister is, Is the Government funding part of that conference? Is the BDA funding part of it

or are they coming here of their own will? Because a lot of conferences will travel around the world based on . . . because I can tell you, I was the Minister. They used to call me up and say, *Minister, would you fund this organisation to come here?*

I remember one of them was \$450,000, I think, one it was. And they will come. They will come if you fund it. Right? So are they coming of their own free will? And that is where you have got to find a balance, because some you have to pay. Some you have to pay because you want to bring them here to see what Bermuda is like. You want to get tourist numbers here, you know. It is the whole economic aspect of it. So I am not knocking it, I am just saying *are we . . .* because the Minister is saying that these new groups. So, asset management, and so on.

Trust business is looking up. I have had an opportunity to talk to a few people in trusts and so because of the trust legislation changes people are now looking at it. So these are changes which are good and help us improve ourselves as a jurisdiction.

But the question I ask the Minister is, What do we see new happening over the next 3, 6 to 12 months as far as new business? He is quite aware that we believe in attracting international law firms here. I know the Minister said they have got one, a gentleman from Canada, who is probably doing the work for CCC or whoever. I am not sure what he is doing.

Attracting international law firms. Why, Mr. Chairman? Because they will bring business. When a person is looking around the world for a jurisdiction . . . and I can tell you right now there are a lot of international businesses who would welcome that idea. First of all, it might help lower some of those fees that they have got out there—accounting and legal fees—to help them to decide whether they come here, go to Cayman, Jersey or wherever. And, yes, the partners of those local firms can then merge into . . . I used the idea when I was working for Gray & Kemp, the local accounting firm, then Pricewaterhouse came along and we merged. And now you do not even hear . . . most people, young people, do not know who Gray & Kemp were. All right? But Gray & Kemp merged and all the locals merged into international practice. And I think that can be done.

Conyers Dill & Pearman (CD&P) [and] Appleby have probably one of the largest international practices. They form partnerships with these groups overseas, so they are all over the world. So they should not have a problem in allowing other international business to come here. It will, I can tell you, Mr. Chairman, it will. I believe very strongly that it will increase business here tremendously because you are now feeding your organisation in Bermuda instead of saying, *Well, I've got an organisation in Cayman or Jersey or Hong Kong, or wherever. Do I give it to a Bermuda company which I will not get any return or do I give it to my . . .* it is common sense. Now these

guys, these law firms that form partnerships over the years—good partnerships, so they got some meat—they get some crumbs.

But all I am saying is I believe that the international . . . the number of companies that register here will increase. Appleby was the first law firm that opened up the technological . . . that opened up the . . . I think the first customer or client down in the Cayman Islands—Appleby—that is a Bermuda company. They made a decision to send the business to Cayman. Right? When they were doing business in Hong Kong with some aircraft registry, and we changed . . . I think the Minister . . . We were working on it before I left, but I think the Minister made some changes.

They were sending the air craft registry to some other places. When they had to do the stock exchange, deciding on which jurisdiction that we could go in (again, I think it was Conyers [Dill & Pearman]), they asked me why I was in Hong Kong. I was not in Hong Kong to do with tourism. I was there to do with international business. We came back and I think the Minister put it in place just after we left office to allow these companies to place their . . . and I may be getting it wrong and the Minister can correct me . . . place their companies on certain exchanges while being here. Before they had to only place them here, I believe, I could be wrong. So those are things that help to remove some of the encumbrances.

So where are we going? Where is the law firm progress? Is the Government supporting that? That is the question. Is the Government supporting—I heard them talk about banking, but how . . . where are we on that? Are we moving quick enough? Are we Nike? Are we just doing it? Or are we too busy consulting and trying to make everybody happy to allow some financial institutions to come here? Where are we on that? Are we almost there? Because this would generate new business.

Where are we on the technological part that should be at Southside? And let me just say, the Minister . . . I applaud him for it, because it was that Minister (when I was in another place) when he was the Minister responsible for taking up the Base Lands, and we were setting aside areas out at Base Lands, and I remember clearly he talked about . . . and maybe it was E-Commerce at the time, the word “E-Commerce”—

An Hon. Member: Business technology.

Hon. Wayne L. Furbert: Business technology. How . . . where . . . how long . . . Do you know how long that has been? Twenty, 25 years. So the UBP did not do it, the PLP did not do it at the time. Where are we on that? It is another 25 years? It might be pushing up tulips, daisies, before something comes into place. Where are we on this? This is what I am talking about, the whole idea, wondering why . . . I guarantee . . . I

most likely will not be in this House in 25 years, if it took that time again. Where are we on these new initiatives that would create new business, new ideas, as my Shadow Minister of Finance was talking about?

That is what the country needs to be hearing, not just work . . . Where are we on this, then? I have given you \$4.2 million a year and, you know, you are travelling all around the world to all of these conferences. And, yes, they had to be ensuring that the businesses we have here are stabilised. We accept that. Right? That is why I talk about, *Let's work together on some of these things*, to make sure international business is quite . . . you know, where?

Let me just make it clear. International business grew faster from 1998 to 2006 than it did in years gone by. GDP grew from \$3 billion to \$6 billion under the Progressive Labour Party. We all know what happened after that—things changed. And even now, when I was the Minister they used to say to me, *Minister, time is changing, things are changing*. And no, they kept on saying that there are other reasons why they are leaving—it is you. No, things were changing.

So here is my next question. What can we do different to set aside a piece of land down on, . . . on, . . . on there now, because the insurance business, as far as employees, is growing everywhere else but here, as much as we should have. They are growing everywhere else. And it is not like they are standing still. They are growing the number of staff. But what can we do different and what is BDA recommending to the Government we do different if we set aside a piece of land on the Base Lands? I do not care if you call it the “58th State,” because that is where they wanted . . . remember when the Americans were here and we could not go down there because they did certain things. How can they operate . . . but achieving benefits of employing some of our Bermudians because that is the whole thing that we want to do is to allocate.

I do not know, there are a thousand acres on the Base Lands. Allocate 100 acres for a park for insurance to allow new types of insurance people to come in that get certain benefits. I know the Americans are taxed on their worldwide income, but other jurisdictions are not. Canada is not. I am not sure about Australia, or wherever. Mexico, I think, is not. I think it is only the United States and, I think, Russians are taxed on their worldwide income.

So how can we set aside something . . . this is different. So I am not going to talk . . . because I promised I was not going to talk so long because I want to deal with that, and I want my other colleagues and other people to ask questions on BDA. So I am going to sit down right now, Mr. Chairman. And, like I said, I am asking, Mr. Chairman, with cooperation from the Minister as we talked, to allow Members to ask questions, but do not go all over the place now asking about Energy and any other heads right now.

Thank you.

The Chairman: Thank you, Honourable Member.

Is there any other Honourable Member who wishes to speak?

The Chair recognises the Honourable Member from a constituency in Pembroke, the Honourable Walter Roban.

Mr. Walter H. Roban: Thank you very much, Mr. Chairman, for the opportunity to contribute to this discussion as it relates to the Ministry of Economic Development.

I have a few questions on a couple of different heads for the Minister, Mr. Chairman. I am very interested in the Bermuda Development Agency and what it is doing. One particular question I would like to know is if the Ministry has considered perhaps diversifying the board to some degree. From my observation the board is pretty much accountants and insurance persons, which is fine. Those are some of the people of excellence in the country.

But as I would like to see from my perspective, if this is supposed to be the Bermuda Development Agency, it should, frankly, not only have persons on the board looking at how to develop our existing industries and financial services and other areas of that, but look at other practical industries that might be deployed in Bermuda that can add to diversification of our economy. And there are persons in the community who are not accountants, who are not insurance executives, who actually have ideas about what can be done in the country further.

I think it would be a good idea to approach some of those people to add to the board as time goes on to bring their ideas . . . whether it is Dr. David Saul, Nicholas Hutchings or persons who since the . . . since the Government has seen it fit to look at commercial fishing, some persons who have expertise in other aspects of how we can develop our Blue Economy as well. Because, obviously, having the development of the seaside . . . and although this is not in his ministry it is a new . . . it is about economic development. And looking at industries like that, like the new fishery side, the commercial fisheries landside facility which the Government has made a commitment to develop, these are new industries that could potentially bring in revenue to the country.

I know that the mission of the Economic Development Agency is, irrespective of what the industry is, to earn more revenue for the country. But I do think that some diversification of that board would be appropriate, whether it be . . . even as the Honourable Minister spoke about E-Commerce, maybe having some E-Commerce people on the board because there are, as the Minister did outline in some of his presentation, new ventures. There are new potentials of business in our E-Commerce framework and our IT

infrastructure, which, clearly, is an area that is changing rapidly.

And there are things that potentially Bermuda can take advantage of because of our superior infrastructure. We have some major undersea cables that come in and out of Bermuda going to the North American seaboard and down to South America, which potentially in the long term can reach even greater revenue as that industry changes over time. Perhaps the Minister and the Government might consider adding some of these persons to the board of the BDA as well. And people who can bring new ideas about new industry—not just about re-shaping our existing ones.

So I would hope that the Minister can look at some things like that. How do we continue to look and prepare ourselves to develop new industry?

We on this side, as you will remember in our Throne Speech Reply, actually proposed a totally different organ of Government to take on that since the BDA appears to be focused on our existing industries. Let us create a new agency that will actually look at policies and development of new industries. Now, if that is not the preference of Government, to create another bureaucracy of such, then augment those sorts of attributes to your existing framework. So I think that is something that the Minister should look at . . . looking, as we discuss the BDA under page B-327, under the Ministry Head.

I did hear some of the information that the Minister articulated as to what the BDA is doing, but what has been its progress in sort of moving and looking at Bermuda's areas of opportunity in hedge funds and mutual funds and financial services? We hear a lot about what is happening in Cayman and other places, which have a well-established presence in those businesses. It is my understanding that we have not seen much happening over the past year or so for us to, I guess, get our foot into that.

Obviously, the IMF business is where there seems to be the most progress, but there are other aspects of the industry. Perhaps the Minister could talk more about, or give more detail as to where he sees us going, particularly with some other aspects of financial services.

But my main interest is perhaps some diversification to the BDA board by the Government that can see it take on other attributes in looking at new industries.

I would like to now move from that particular head to Head 46, Telecommunications. I listened attentively to what the Minister articulated under Head 46 and it was pleasing to see, Mr. Chairman, that there has been some progress under our continued evolution of our telecommunications framework. We obviously now have the Regulatory Authority which seems to be the key organ for the management and development of our industry in telecommunications

[Inaudible interjection]

Mr. Walter H. Roban: I have been given some direction by my colleague, but I will just touch briefly on this, because this is more of a personal interest of mine. And I will then close out and someone else can move and go further into the BDA.

I believe the satellite venture is a very exciting area where there is potential revenue—greater revenue development for the country. Obviously in 2014 the Minister talked about the conclusion of some of the arrangements around our satellite slots which (we are now under Satellite Ventures Bermuda Ltd.) appear to be developing irrespective of the obstacles that were once presented by the Isle of Man and now there seems to be a Dutch company that is ostensibly trying the same thing on again of making it difficult for us to move forward with this development.

But I am very pleased that the Government is, it seems, moving with enthusiasm in this area. It is an area of some interest of mine which I thought was a real genuine area of new revenue generation for the country. When you consider the value of that slot, it must be certainly near a billion dollars or more, and there is a potential for us to develop over time as the capacity of any satellite there is actually utilised to develop substantial revenue from any satellite business that we can get. I do hope that this work continues with the same level of enthusiasm that, certainly, the PLP had for it. And it does appear as if the current Government is taking it on as the Minister outlined.

That industry is certainly \$200 billion to \$300 billion in value, in revenue, and it is growing. And it is growing, in particular, Mr. Chairman, because (and this is under Head 46 just to repeat for the benefit of the public, Telecommunications) this is an area that, certainly from the standpoint of what is happening in North America somewhere between the year 2008 and 2010 the US Government directed NASA to commercialise a lot more of its activity. And this has itself essentially created a lot more opportunity in the space industry, which used to be, perhaps prior to the 1990s and the 1980s and the 1970s and back, purely a governmental area of activity—putting up satellites, whether it be commercial, military, or otherwise.

Some of those developments we are benefiting from now like GPS. That was obviously a government military technology that now everybody uses in some way and it is becoming highly commercial, even more commercial than it was under just military use now. And that is where there is a lot of opportunity for us to move to get involved with this commercial satellite industry as it continues to grow.

I would be interested to know from the Minister what other detailed steps have been made over the past two years to look at what we can do in this space, particularly from the area of satellite administration and registrations and some of the activities that I know the Isle of Man, in particular, has seeming-

ly had some dominant role in. But considering our sophisticated environment of business there is no reason why we cannot get involved as well and develop a satellite administration infrastructure that we can get involved with now that we have our own slot that has been occupied. That can be somewhere we develop.

I know companies like Intelsat once had a presence here for many years, but have moved to another jurisdiction, I think officially. But we have had a history in this area from a commercial standpoint and I would like to perhaps know from the Minister what other steps are likely to be made by the Ministry with widening our activity in this particular area.

I did note that the Minister talked about the presence of ESA and NASA here. That is an arrangement that began under the previous administration in which we developed arrangements with both of those agencies to monitor their mobile satellite launching activities from Bermuda, taking advantage of our already-established historical role in that with the US Government. What I would like to hear from the Minister is, When did SpaceX come on board? Which I think is a wonderful thing actually because SpaceX is perhaps the leading commercial launcher right now. I believe, they have a contract with the US Government to launch their satellites going forward since there is no longer a shuttle.

So they are a private enterprise, they are one of the companies that have taken advantage of this commercialisation of space from North America's standpoint and I would be interested to know when they came on. And if there are other efforts to get others here in Bermuda to leverage this reputation we have with NASA with ESA to get more.

The other thing I would like for the Minister to speak to is that one of the arrangements that we discussed with NASA and ESA is leveraging their presence for a more local benefit outside of their activity, outside of being down at BLDC. And my honourable colleague, Mr. Furbert, spoke about doing more with BLDC in the area of these commercial technology activities. Perhaps a space enterprise zone is something that can be moved forward, other technologies. There is so much land over there for economic diversification I hope that the Government looks at other things that they can do with the BLDC other than with this in particular.

But the local component that we had talked about with ESA was some of their persons coming here and coming to our schools and talking about space technology and exposing our young people to what opportunities are in the wider global technology world. And, clearly, the people working with ESA and with NASA are the top people in the space field in the world. To have even one or two of their people here who could go around to our schools and excite the interest in technology, particularly in space, I think would be a wonderful thing. And they would do it for free rather than us paying anybody. And who are the

better teachers than those who are in those industries?

So I would hope that that particular component of the arrangement is aggressively pursued by the Minister and the Ministry so that we can leverage these resources that we have from these international players here. And the same with SpaceX. I mean, the gentleman who is the leader of SpaceX is seen as one of the modern visionaries in technology and in the modern industrial world. We can also have them here discussing what the opportunities are, because they are more a product of the dot-com and this modern generation of technology, whereas NASA and ESA are the older legacy companies.

But this is one of the new generation of companies so they are going to be at the cutting edge of what is going on. And if we can have some of their people also talking to our young people, those who are interested in technology and those who are looking as to what they might do, perhaps the Minister can look to get them on board and use these opportunities to enhance what is happening in our schools around science.

STEM is a commitment that the Government has made within Education. Who better to help us with that than NASA, SpaceX, and ESA? They are the perfect partners with advancing those opportunities that we are looking to advance with our young people.

Just a clarification, as to the amount under Telecommunications that the Minister said was going to be spent on the specialist consultants. I did hear the Minister say \$390,000, if that is the correct figure. If I am wrong I would be happy for the Minister to give me a correction on that.

Also the precise amounts that will be going to the Regulator from the ICOL fees . . . well, running the regulatory body and also to Government. I thought the Minister said \$1.5 and \$2.5—are those the correct figures?

[No audible reply]

Mr. Walter H. Roban: Okay, they are. And how much we are recouping from the \$10.3 million, again, for the cellular fees. I would like the Minister just to confirm those numbers.

[No audible reply]

Mr. Walter H. Roban: Okay, 1.5 and 2.3, thank you.

I do hope that . . . and I will swing back right now to . . . having spoken about that, because I think that the Telecommunications head and certainly the Ministry have a lot that they can be working on in reference to new revenue.

Clearly, the satellite opportunity is something that is long term, and hats off to those who many years ago saw this as something that Bermuda should pursue. Dr. Stubbs was, I believe, one of the people

very early on in the 1970s who saw this as something that we should pursue. Clearly if Dr. Stubbs had not aggressively done that, and I do recall he might have been a Minister of Telecommunications as well, perhaps the first at the time (I can be corrected on that), clearly, his steps then are benefitting us now.

And it says something about governance in that government is not a four-year episode. Governance is a continuous path of activity that should be seen as continuous. And it does not necessarily . . . it is like fundamentals do not change with a change of a political party, there are some things that are always going to be going on. And if we have people—whether they be in government or out of government—whose novel ideas, like what Dr. Stubbs did in telecommunications, are embraced, then potentially . . . and if Dr. Stubbs did think about this 40 years ago, it is now only being realised.

At that time there was very little commercial activity in space. It was all governmental control, and it was all very much . . . there was no way Bermuda was going to be in a position to do anything. But with what happened 30 years after that, this now is a real revenue opportunity and a new industry. I believe technology is an area that is one of the potential new areas that Bermuda can look to because of the infrastructure we have already laid for our importance with the whole telecommunications network between the United States, South American and Europe.

This is an area that we can begin to direct our people to be more involved with and to get training, if the realisation of education around STEM can be truly committed to, I believe that we can create a whole generation of people who are self-sustaining in their professions. They can be global in their expertise, and they can be earning real revenue for Bermuda if we can push ourselves in this area and embrace science, mathematics, engineering and technology in a way that we have not done before. And we can move beyond, which I would say is a very important component, the technical skills that we have as a country with our electricians and other people in those technical fields.

They are very important to our economy, but we need to develop this other aspect as well and make computer programming, coding, and all those things are a part of the current generation of technology, as important as those industries were to us in the past. And make the training of our people a priority in these areas, because the only way that we are going to embrace and absorb what is out there globally is if we have the skill sets here so that we do not have to import as much. If we are training our people already others will come, and the business will come, just as we have done with re-insurance, just as we have done with tourism in the past.

So having made those comments, I believe that the BDA the Bermuda Development Agency, can do a lot more under . . . on page [B-327], Head 95.

There is a lot more that they can do to truly be developing new business, new revenue streams, for the country. And I do hope the Government looks to diversify that particular board so that many other aspects of opportunity out in the world that Bermuda should see as ripe for the picking are embraced.

Thank you very much, Mr. Chairman.

The Chairman: Thank you, Honourable Member.

The Chair recognises the Honourable Member from constituency 20, the Honourable Susan Jackson.

Mrs. Susan E. Jackson: Thank you, Mr. Chairman. I just want to speak briefly so that I can relieve you in the Chair.

I just want to congratulate the Ministry. They have been able to perform very well and what I am interpreting from this brief is that this has been fantastic return on investment. There clearly has been a very well thought out and efficient and effective use of the taxpayers' funds this year. Of course, the gold star goes for the way that they were able to very efficiently apply for and win the America's Cup. So clearly there is a very disciplined manner in which the funds are being spent in this Ministry.

But I want to speak just briefly to the BDA. I have certainly been observing how this very creative and energetic group of people have been very effectively creating an environment to attract new business to Bermuda. And again, what is going to be the return on investment? Well, I would imagine that it is going to be substantial. One, they are doing a great job collaborating and partnering with other industries on Island. They are making full use of conferences, both in Bermuda and abroad—their high visibility, their engagement with prospects, new business opportunities that could possibly come to Bermuda. They are doing a great job in telling the Bermuda story and providing, as mentioned in the brief, concierge services to help navigate new businesses through the bureaucracy of settling and starting up new businesses in Bermuda.

So I highly commend them for their efforts. I believe that the money that will be spent—and I am referring to Head 95, [line item] 9503—will reap us financial benefits in the future. And of course you know one thing we have to remember is, again, that Government's role is to create the opportunity and framework to attract new business and to grow new business. It is not our job to actually find those jobs and create those actual positions, but to create an environment where these positions can grow.

So the BDA is well on its way. And, you know, aside from the conferences . . . and one of the things I was thinking, too, you know, this is . . . people are saying, you know, sort of, *Well, what new is going on?*

It is just a thought, but in the past Bermuda spent an awful lot of time attracting businesses to Bermuda to have conventions. And really it was a

tourism product and proposition. Now with these conferences it is almost like it has mushroomed into something else, because with a convention you have maybe one company that would come down and bring 50 or 100 of their staff. But they were all one company and they would spend time here and brainstorm and do what they do. But in the situation and the makeup of a conference, this is a collection of hundreds of businessmen and women coming to Bermuda and each one of those businessmen and women represent all of the staff and infrastructure of a possible company that could be here in Bermuda. So each one of those members or participants at a conference could be, you know, the staff of anything from 25 to 2,500 new jobs on the Island.

I mean the scope is unlimited. And when I think that the BDA have successfully navigated companies from as far afield as Singapore to come and establish new businesses in Bermuda, I realise that, again, not only are they reaching far and wide to attract these new businesses, but they are also subtly promoting Bermuda as a tourism destination. So you know this is a sort of tourism destination market for entrepreneurs, or significant net worth individuals, that will bring good revenues to Bermuda.

So I commend them because, not only are our dollars being spent on promoting and encouraging and supporting new businesses to Bermuda, but they are also very quietly and subtly also promoting this Island as a jurisdiction under the tourism banner. And so I really commend them for that.

Now, I also just wanted to mention too under [line item] 9502 that there is the introduction of scholarships through the BDU. And, you know, we often talk about how it feels as though Government is not providing the educational opportunities for people in Bermuda to study further. And what are we doing . . . well, this is an example of how the model is changing. Compliance, as an example, is very new phenomenon in the business community. And the fact that the Ministry of Economic Development has identified this and is creating an environment and financially supporting people in Bermuda to train in these fields is a very good use of money. And to think that there is an allocation in the budget that is going toward educational opportunities is admirable and money that is well spent. So I just wanted to recognise the Ministry for their commitment to education and scholarships.

Under [cost centre] 77005, there is discussion about Rocket Pitch and the entrepreneurial weeks and these programmes. I have watched colleagues and associates participate in the Rocket Pitch competition in particular, and the opportunity to focus and create a business model and to have the support of the Government of Bermuda to go out on their own and give this a try. And in the case of Rocket Pitch, where there is at least a nominal prize in the form of a financial support for entrepreneurs to get on their feet and get started.

I know of one particular business that went through the Rocket Pitch process. She won and is now able to . . . she has left sort of the nine-to-five and she has gone on her own and has her own business and is doing very well. I have stopped by on a couple of occasions to visit her and see how she is doing. She is happy, she is creative, she is working hard. She has got plenty of business and, again, it is just an example of how this is helping our community to develop entrepreneurs and to really support people in the local economic development.

Again, I cannot think of a better use of taxpayers' money than to support entrepreneurial environments, to support scholarships, to provide opportunities for, you know, sort of teams like the BDA to get out there and promote.

I am just going to go back to the BDA for one minute, because the other thing that is a fantastic and efficient use of money is that they are so technologically savvy. I know the team and they are doing away with very expensive forms of advertising. They are making great use of often free or very, very inexpensive social media channels that are very effective, that give you that one-on-one direct marketing, direct contact with your target audience and the website, LinkedIn, all of these channels—good use of money, if any money is spent at all, and a much more effective way of communicating with our target audiences. So you know, again, I appreciate the efficiency and the smart use of money.

I am going to end by just saying that here comes the America's Cup. I am glad that funds have been designated for the convening of the America's Cup project and the things that will need to be done moving forward. I believe that this is not a space where we should try to sort of squeeze pennies and make do where we can. I am glad that funds have been specifically allocated for this cost.

I greatly appreciate and respect that this Ministry will be disciplined and efficient in their spending, and I look forward to a very robust and creative environment where I believe a number of initiatives that will assist the local community will create environments for people in Bermuda to prosper financially and prosper intellectually. And I give my full support to the Ministry.

So I thank all of those involved, and I am most proud that I am a part of this Government and being able to speak to and support this particular Ministry because I really am proud that they are going to make the best use of Bermuda's money.

Thank you.

The Chairman: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency [6], the Shadow Minister for Economic Development, the Honourable Wayne Furbert.

Hon. Wayne L. Furbert: Yes, thank you, Mr. Chairman.

I tried something different but it did not work. You know, the Member who spoke just now said the exact same words that the Minister . . . I do not need to know about the praising of . . . this is supposed to be a debate.

And she gets in the Chair now.

[Mrs. Susan E. Jackson, Chairman]

Hon. Wayne L. Furbert: I am in trouble.

[Inaudible interjections]

Hon. Wayne L. Furbert: This is supposed to be a debate, and I was hoping . . . because you cannot get proper debate unless questions and answers are going back and forwards. All right? And that is what the Minister and I had agreed on. All right? And so wandering all over around the world . . . so I am just going to ask questions of the Minister. Okay?

Out of the \$4.2 million that we gave to the BDA, how much is spent on marketing dollars and how much is spent on salaries? Do you know that?

How much is spent on travel?

So those are the three I wanted to ask on the BDA.

Madam Chairman, out of the Ministry there are 41 staff in this year's budget. Are all of those positions filled right now? Or, as we know in Government, they hold on, they budget for it and they do not . . . and then the Minister finds somebody to spend it later on, or every ministry finds . . . that is typical. So I am asking the Minister, is every one of those 41 that we are budgeting for right now, are they all filled right now?

The Government wanted furlough days, so the 41 members—I think it is eight hours, or one day out of a month, therefore it would have been 328 hours that Government would have saved every month—41 times 8, it is simple.

Here is the big question. If the Government can do without 328 hours every month, that is roughly two staff. Is the Ministry top-heavy or is the Government . . .

The Minister is telling me right now that every person is fully occupied, fully accountable. Because he was asking for furlough days. That means you do not need them. So 328 hours . . . so these are real things that we should be asking. Not talking about . . . that is why I said, it is good to get around the pack and talk about different things.

And I hope that we will give the Minister enough time to answer these questions. In other words, all those complements . . . as full.

The last year that we were in Government we gave BIBA . . . well, yeah, BIBA and IDC \$3.5 million—\$2.8 [million] plus \$720,000. Is the Minister com-

fortable that BDA has enough to make it work, what they really want to accomplish? Because remember this is the department, the organisation that is supposed to help turn things around. Did they approach the Minister for more money and the Government said no based on budgetary restraints?

I am going to move on. I am not going to give them time to stand up again and talk just to talk.

Registrar of Companies, the Professional Services has gone from \$776,000 to \$643,000 a \$178,000 reduction. And I believe that had to do with Insolvency, because a lot of times the department which, by the way, Madam Chairman, funds any insolvency that takes place. They normally pay for the legal and accounting service if they cannot recover any assets from the company.

So is the Government saying the Professional Services are expecting fewer liquidations in the coming year than they have had in the past? Because last year they budgeted for \$821,000 and it went to \$776,000 and now \$643,000.

Document Filing Fees has gone down by—sorry, they are expecting an increase of \$500,000 on . . . this is line item 8269—\$500,000 more this year. What makes the Government think that it is going to get . . . when they only budgeted for \$1.5 [million] last year and they actually came up . . . well, the actual revised is \$1.5 million. So what—

[Inaudible interjection]

Hon. Wayne L. Furbert: This is B-332, line item 8269. What makes the Government think they are going to make an additional \$500,000 this coming year than they did last year? What has transpired?

Again, I ask the question about staff. Staff has gone up two in the Registrar of Companies, and I thought that the Minister had frozen everything, frozen all civil servants. And so why, why are we taking on more when you said when we were in Government we had too many staff in the . . . throughout government, so why are you going up two more? I mean, there may be a logical reason.

LinkBermuda, Madam Chairman, in Telecommunications, we had been working on . . . we had given I think approval for them to do a \$70 million outfit to connect to homes. What is happening? Where is LinkBermuda now? I believe, or I know, the CEO has changed and, again, that has nothing to do with Government, but what is their . . . have they approached Government on new ideas that they are hoping . . . because I thought they were going to bring new initiatives and new ideas. And we had approved, I believe, it was \$70 million outfit where they connect . . . and I think they did a trial for a period—

[Inaudible interjections]

Hon. Wayne L. Furbert: In Devonshire.

So where are we on that? Is that not going on anymore? There was hope to compete, again, to compete with I think it was CableVision at the time. I think that was what their whole idea was. And so has the Government stopped the progress on LinkBermuda initiatives? Where are we driving that to help bring down the cost on the fibre?

America's Cup in 2017—we fully support it. I am just asking questions so that we are aware of where our money is being spent. One million dollars was given to the ACEA in December. I know they will probably put it in supplementaries, so I do not want to be asking too many questions on it. And I am sure the Minister will explain, but there was another \$500-plus million [*sic*] that was in addition, and yet the Minister said no staff—

[Inaudible interjection]

Hon. Wayne L. Furbert: Sorry, \$500,000. Sorry. Yeah, well, he said thousand and I corrected him also, so you have good ears, Honourable Member. I was just making sure everybody was listening.

And so . . . you threw me off. I know who it was. I knew who threw me off.

[Inaudible interjections]

Hon. Wayne L. Furbert: The Minister said that no staff has been paid since the formation of that body, the ACBDA, no staff has . . . So where is that \$500,000? What was that spent on? Again, the Minister may answer that during our supplementaries and he may refuse to answer right now, but that is a big question. So why would you . . . I do not know. Tell me, where did it go?

Fifty million dollars this year committed for a sponsorship fee. We have already paid \$1 million based on the agreement, an additional \$4 million issued. Can the Minister tell us what the other \$2.18 million is going to be spent on within the ACBDA? What is it? Can he give us a breakdown on where that money is being spent? Or is it . . . I am thinking the capital work is coming out of another ministry. Well, \$6.2 million is being allocated, based on your numbers (based on cost centre 9505), towards it, [and] \$4 million is for the sponsorship fee. So there is \$2.2 [million]. Where is that? What is that for? Okay.

And then we will deal with the other \$4 million as time goes on for 2017 and going forward—five and five.

We are guaranteeing \$25 million. Now I have heard that since day one, that the Government is guaranteeing \$25 million. I am sure by now it has been reduced. Can the Minister tell the country how much we are down by now? I mean, they started at \$25 million way back a couple of months ago. They must have raised some money now for the sponsorship guarantee. What are we actually liable for now?

Or are we still actually liable for the \$25 million? Because that is where we should have changed that in the brief if there is a number. We should have said we were responsible for \$25 [million] but now we are down by \$10 million. At least people could hear those numbers going forward.

How much money are you expecting from the general admissions fee, the return? What are we looking at? Do you have any idea? I know it is based on people showing up, and I understand that all Members of Parliament are getting a free ticket to get in, so you can deduct that.

[Inaudible interjection and laughter]

Hon. Wayne L. Furbert: You can deduct that part.

Well, well . . . one Minister is saying one thing. The Minister is saying one other thing, but I have faith in that Minister that he will be fair and reasonable to ensure . . . if the Ministers on that side and the Government on that side are getting entrance fees free, then this side which is the Government who is approving this today, should be able to get some benefits too. I am just saying, if they are not, we will pay exactly what you pay, Minister.

[Inaudible interjection and laughter]

Hon. Wayne L. Furbert: So I will be interested to know that.

Are the members of the ACBDA board getting any fees for serving on the board? The Minister shakes his head.

Are they getting free entrance? That is getting something free?

But the CEO is getting a salary, and I am not sure whether the Minister . . . I know it is not as much as Hanbury because he is a Bermudian. Hanbury was not even a Bermudian. He will not get as much as Hanbury; I can guarantee it. That is how we do it in Bermuda.

The capital work for . . . what time do we finish, Madam Chairman?

The Chairman: I believe you have got about 10 minutes. There is about 10 minutes left. It is 5:12 as I understand it.

Hon. Wayne L. Furbert: Ten minutes left? No, I think—

The Chairman: Until 5:18. There is a glare on there but it looks like we have got about 15 minutes.

Hon. Wayne L. Furbert: Well, I am going to sit down because I do want answers.

Advertising and Promotion for E-Commerce is down by \$44,000. In other words, I know the Minister has gone through and told his Ministers to cut their

budgets, and everybody has gone in and tried to cut something. But I would be interested to know what that advertising and promotion . . . what type of travel does E-Commerce do? How much travelling? Because they are budgeting \$33,000 for travel, [page] B-339 under travel. Why are they travelling more than the Minister? Now, unless they are travelling from Somerset to St. George's . . .

Is the new Director of E-Commerce . . . is that person a Bermudian or not? I was not sure. Is she a Bermudian? I cannot remember her name now. She did an extraordinary job there. I know she was there when I was the Minister. I just wonder whether that person is now Bermudian.

Madam Chairman, I thought we had more time, to be honest with you. E-Commerce . . . it is good the Minister is doing something with Energy. One word that he said that got my attention though is the . . . he said . . . the Member said, why can we not put back the rebates for satellite . . . not satellite dishes—

An Hon. Member: Solar power.

Hon. Wayne L. Furbert: Yes, the solar power. Why can we not put that back? Why can we not encourage Bermudians to move in that direction? I know you are trying to cut something, but, you know, cut half a million out of the Government's travel budget and allow Bermudians to get some rebates on solar and try to encourage it.

LNG [liquefied natural gas], I think, is the way to go. I have been to several of your meetings that you have held and I think . . . Will the Minister be going out for RFP . . . if they come to a decision on LNG, will it be RFP? Or has the decision already been made? Is BELCO . . . will BELCO be excluded from the LNG proposal or are they automatically competing? They have to compete in that?

There was a question (and I cannot find it because I am in a rush right now) . . . but there was a statement made in your brief that we are doing all these things . . . Oh, here it is . . . introducing new technologies to the Island *may* lower the cost of service. I would have thought you would say "shall." It may even be only 1 per cent, but "shall." It may be a slip up . . . reduce local pollution and global greenhouse . . .

Minister, I am going to give you time. Unfortunately I just wish we had a better debate on this. I think that is why I think it should be a closed . . . not closed door, but in a committee room and take a whole day just to discuss this . . . any type of heads going forward. But as I said before, I think this exercise is a wasted exercise and I think we can get better out of this if we were able to discuss it more, instead of everybody pontificating and trying to score some points.

Thank you—which I have tried not to.

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITORS

The Chairman: Thank you.

While we are waiting for the Minister to take his seat, I would like to just recognise Youth Parliamentarians in the Gallery. We have got Dominique Williams, Andrea Critchlow, Sabria Trott, and Sophie Simmons—all from Berkeley Institute. Welcome.

[Desk thumping]

[Committee of Supply on the Estimates of Revenue and Expenditure for the year 2015/16 continuing]

The Chairman: Minister of Economic Development.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Let me see if I can work backwards on this. The Honourable Member who just took his seat from constituency 6 (Is that right? Yes, [constituency] 6) had asked the question about surely new technologies will reduce the cost of service. It is a good question and an interesting one because a lot of the new technologies actually do not save that much money.

For example, when you look at solar PV [photovoltaic]—particularly home solar PV—the actual cost per kilowatt hour is about thirty-two cents. And the Honourable Member, if he had gone to some of the sessions and was paying attention, would know that the average cost for photovoltaic for small residential is about thirty-two cents. So when you compare that with about thirty-five [cents] to thirty-seven [cents], where you are paying for BELCO right now, there is not that much of a cost savings. But it does certainly reduce the emissions and it does distribute energy production which is all obviously good.

When you look at larger scale solar PV, that is probably down around the mid-twenty [cents] to the high twenty [cents], so there could be cost savings there depending on the cost of obviously fossil fuels like diesel and things of that sort.

The Honourable Member asked as to how we would address the LNG question, whether BELCO would be allowed to bid or whether there would be an RFP of some sort. That is the whole purpose of developing this policy framework, so that we can set out through both stakeholders and others what the framework is for the role that the utility plays, and the role that sort of independent power producers play as well, and that will be forthcoming in the next little bit.

Obviously, when you have as one of your goals distributed generation, clearly you want others providing independent power production. So it is going to be a mix. But how that works and the security of energy supply, the cost of energy supply, and how

people have access to the grid, which obviously we do not want to duplicate, there is no point in building another set of poles and transmission lines out there. All of that is part of this energy policy, but obviously we want to make sure that everybody has a fair shot at this.

At the same time we recognise clearly that the utility has a very, very important role to play in terms of the distribution and transmission and the retail part as well. So all of that has got to factor in. I think the simple answer to that question is stay tuned, because we will be setting that out in a policy statement.

Let me move forward. The issue of travel in E-Commerce, I am going to work a little bit off the top of my head (which is always dangerous, Madam Chairman), but one of the reasons there was a fair amount of travel in the E-Commerce was because when we are dealing with the privacy legislation it is really important that Bermuda be competitive in terms of what that legislation eventually looks like because it is going to have to mesh with other jurisdictions, particularly the EU [European Union], the US and other places where you have got very clear privacy and data protection rules. So some of that travel went with the former director and I think the current director going to conferences to make sure that there was consultation with EU and other people who are involved in this space.

The Professional Services, and that area, we have got a consultant who has been working with us now for some time on privacy legislation, so that is the reason for that.

The Honourable Member asked whether Marisa Stones is Bermudian—that is the new director—and the answer is yes.

Rebates for solar panels. The Honourable Member, why can we not continue to pay rebates on solar panels? The simple answer is we cannot afford to. We paid the initial . . . the initial promise was to set aside \$500,000 to stimulate the solar panel and solar thermal (which is the hot water part) introduction. As I think I mentioned in the brief, we got over one megawatt installed. That is quite a bit. We obviously hope to do more. I think over \$800,000 was spent; some \$590,000 just in the last two years. So it was really taking off in the last two years and we thought with the cost of these panels coming down every year and more efficient in production . . . and at a certain point I think you have got to be careful as to who you are subsidising here.

Obviously, we expect that to continue, particularly as the [price] of solar panels starts to come down and it is a more efficient cost versus buying it from the utility. But I think the fact of the matter was that we were spending a lot of money on that and I think the decision was taken from a policy perspective, as it was \$380,000 past the original promise of \$500,000, that we needed to call a stop to it because it was getting quite expensive. There is a provision in the cur-

rent budget to honour applications that were made prior to the time in which it was announced the rebate was formally closed, so I think that is about \$90,000, if I remember.

Let us see, the Honourable Member from constituency 6 asked me whether the ACBDA board was paid. The answer is no. They are providing services as board members gratis. That includes the Chairman. The CEO is paid, and I think, as the Honourable Member said, he is appreciably below some of the other quangos around here. That is Mike Winfield. And he said, *Look, if you get really pressed you can provide my salary.* But since I have not been really pressed, I am not going to at this point. It will probably be, I think, in the audited financial statements, which will also be true of the BDA as well. Both of those salaries are very commensurate.

The Honourable Member asked if the current Bermudian [in the] BDA CEO position making less than the former [CEO, the] Canadian. The answer to that is yes. And the answer is: that Honourable Member recognised what he wished to be paid, it was a negotiated salary, as was the former Canadian who was in the role. So that reflects I think the discrepancy. The former member was paid a lot more in Canada, whether . . . No, I am not going to go there because . . .

[Laughter]

Dr. the Hon. E. Grant Gibbons: Let us see, what else, the Honourable Member was asking me about the spending for the—

The Chairman: One minute.

Dr. the Hon. E. Grant Gibbons: One minute?

He was asking me for the spending in the Current Account for this year for the ACBDA—about \$300,000 (as I said in my brief) is going to the Ministry office with Jasmin Smith and her assistant; \$4 million is going to sponsorship; \$1.9 million is going to the ACBDA itself; of that, about \$500,000 is going for the World Series on Front Street; and then, as I have said, you have got about \$6.2 million in terms of the capital budget. So I can enlarge more when we get to the supplementaries.

Am I out of time, Madam Chairman?

The Chairman: You probably have about 10 seconds.

Dr. the Hon. E. Grant Gibbons: About 10 seconds. Okay, then maybe what I should do . . . maybe what I should do is move the heads at this particular point—

The Chairman: It is time.

Dr. the Hon. E. Grant Gibbons: Okay. Very good.

Okay. Thank you, Madam Chairman, I appreciate the contribution from various Members. I am sorry the Member in constituency 6 was disappointed by the debate. I thought it was . . . there was some good conversation going back and forth.

At this point, I would like to move all of the Heads, which are: Head 95—the Ministry of Economic Development Headquarters; Head 39—Registrar of Companies; Head 46—Telecommunications; Head 67—E-Commerce; and Head 89—Energy.

Thank you, Madam Chairman.

The Chairman: All right. It has been moved that the heads be approved.

Is there any objection to the motion?

No objection.

[Gavel]

The Chairman: Approved.

[Motion carried: The Ministry of Economic Development, Heads 39, 46, 67, 89 and 95 were approved and stand part of the Estimates of Revenue and Expenditure 2015/16.]

MINISTRY OF COMMUNITY, CULTURE AND SPORTS

The Chairman: Honourable Members, we are now in Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for the year.

We are now going to debate Community and Cultural Affairs and this will be Heads 71, 20, 23 and 52.

I call on the Minister in charge to proceed.

Minister, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, can you just confirm for me the time that the debate will end, please, so I know that we have got our clocks synced?

The Chairman: You have three and half hours.

Hon. Patricia J. Gordon-Pamplin: [So that is] 8:47?

The Chairman: [Yes,] 8:47.

Hon. Patricia J. Gordon-Pamplin: Thank you.

Madam Chairman, I would like to move, firstly, Heads 71, 20, 23 and 52, which are the heads that I shall be debating.

I will give you an overview, Madam Chairman.

Madam Chairman, the vision of the Ministry of Community, Culture and Sport is simple. It is to strengthen the social fabric of our community. Our mission is to provide service to the community by pre-

servicing our heritage, empowering our people, and developing and protecting our youth and families. In so doing, we project the following core values: Integrity; Commitment to excellence and service; Accountability; Respect; and Empowerment (I CARE, for short).

Madam Chairman, the Ministry is currently comprised of the following eight heads:

- Head 18—Libraries;
- Head 19—Archives;
- Head 20—Youth, Sport and Recreation;
- Head 23—Child and Family Services;
- Head 52—Community and Cultural Affairs;
- Head 55—Financial Assistance;
- Head 56—Human Affairs; and
- Head 71—Ministry Headquarters.

Madam Chairman, in the 2015/16 fiscal year, the current account budget estimate for the Ministry of Community, Culture and Sports can be found on pages B-222 to B-262 and pages C-19 to C-20 of the Approved Estimates of Revenue and Expenditure for the year 2015/16. As shown on page B-222, the Ministry's total budget estimate for fiscal year 2015/16 is \$84,202,000. This represents an overall decrease of approximately \$2,145,000, or 2 per cent compared with the original estimate of \$86,347,000 for fiscal year 2014/15 which is shown on page B-222.

Madam Chairman, the breakdown of the Ministry's current account budget estimate for 2015/16 by Head (as shown on page B-222) is as follows:

- Head 18—Libraries; \$1.950 million, an 8 per cent decrease;
- Head 19—Archives; \$1.207 million, a 7 per cent decrease;
- Head 20—Youth, Sport and Recreation; \$9.541 million, an 11 per cent decrease;
- Head 23—Child and Family Services, \$14.909 million; a decrease of 12 per cent;
- Head 52—Community and Cultural Affairs; \$3.081 million, a decrease of 10 per cent;
- Head 55—Financial Assistance; \$49.131 million, an increase of 5 per cent;
- Head 56—Human Affairs; \$1.862 million, a decrease of 12 per cent;
- Head 71—Ministry Headquarters; \$2.420 million, a decrease of 7 per cent.

For a Ministry total of \$84,201,883, an overall decrease of 2 per cent.

Madam Chairman, the largest increase in budgetary allocation is for Head 55, Financial Assistance, which shows an increase of 5 per cent over the original budget allocation in 2014/15. I will discuss further details of this increase when I present the budget of Heads 55 and 56 on Monday.

Madam Chairman, the sequence in which I intend to cover the heads which have been slated for

debate is as follows: Head 71, then [Heads] 20, 23, and 52.

HEAD 71—MINISTRY HEADQUARTERS

Hon. Patricia J. Gordon-Pamplin: Madam Chairman, I will now present the budgetary information for Head 71, Ministry Headquarters, including the Mirrors Programme.

Madam Chairman, the financial year 2015/16 estimates of expenditure and revenue for Head 71, the Ministry Headquarters, can be found on pages B-223 to B-226 of the Estimates Book. Ministry Headquarters is responsible for the budget of two units, the first being Administration, which consists of mainly salaries, administration and grant expenditure, and secondly, the Mirrors Programme.

Madam Chairman, the Ministry's overall mission is to strengthen the social fabric of Bermuda through policies and programmes that support, empower and protect people and communities.

Madam Chairman, page B-223 shows that the total budget allocation for the Ministry Headquarters for 2015/16 is \$2,420,000 split between business units, 81000, Administration \$1.677 million and 81020, Mirrors Programme \$743,000. This represents a net decrease of 7 per cent or \$182,000 less than the original 2014/15 budget of \$2,602,000.

Madam Chairman, the stated decrease is due to a combination of factors. First, the 2015/16 fiscal year represents the second year of the medium term expenditure framework and hence, the budget allocation represents a reduction of 7 per cent or \$182,000 in current expenditure from the 2014/15 fiscal year, which is in line with the Government's deficit reduction strategy.

Secondly, Madam Chairman, you will know that the Furlough Policy Agreement between the Government and the Bermuda Trade Union Congress is expected to end on March 31, 2015. As a result, savings which would have been realised by Government had the furlough continued for fiscal year 2015/16 will not be achieved. Therefore, in an attempt to address the ongoing imbalance between annual expenditure of continuing services and the lack of revenue growth to fund these services, Ministry Headquarters have deducted a furlough equivalent in the department's budget allocation totalling \$34,000. The major areas impacted by these reductions in expenditure are professional training programmes for the Mirrors Programme and grant commitments in financial year 2015/16.

Madam Chairman, for the Ministry Headquarters, the post of administrative assistant has been abolished, and this post has been unfilled and unfunded for more than two years; however, a new programme manager post, as mentioned above, was established. As a result, the full-time equivalent count remains at 10, as it was in 2014/15.

The Mirrors Programme, 81020. Madam Chairman, on February 4, 2015 the Mirrors Programme obtained accreditation with no deficiencies. The United States peer reviewer indicated that the programme had the best written self-study in Bermuda and was ranked in the top two of a 13-year history of doing similar work in the United States. As such, the Mirrors client handbook will be shared with other similar development organisations as a measure of excellence.

Madam Chairman, this is a significant milestone for Bermuda and a proud moment for Mirrors. At this point, I would like to convey my congratulations to the entire Mirrors Team on this superb accomplishment.

The Mirrors Programme increases human capital at the societal level by providing alternative programming through transformation training and coaching for youth and adults, with the goal of producing positive life outcomes for youth in education, employment and the criminal justice area. Mirrors has worked with 1,018 youth and over 2,100 adults since 2007.

Madam Chairman, the budget allocation for the Mirrors Programme for fiscal year 2015/16 is \$743,000 which represents a decrease of \$229,000 from the previous year. This allocation will allow the foundation support for Mirrors to hold one intensive residential cycle for the 15- to 18-year-old participants (Community Programme), and two middle school programmes (Coaching for Success Programme). The allocation requires community funding support to execute these programmes and associated trainings which includes one parent workshop for 2015/16. This is in line with having a public/private partnership to address the positive development of youth and decrease anti-social behaviours among this population.

Madam Chairman, the Mirrors Programme experienced a decrease in staffing from eight to seven due to an unfunded vacant administrative officer position in fiscal year 2015/16. In order to effectively run the transformation programmes and to avoid creating a culture of burnout among staff, Mirrors continues to explore creative means in activating a volunteer enrolment strategy as a means to supporting a burnout resilient culture.

Mirrors has engaged the Centre of Philanthropy for support and has worked to incorporate the volunteer.bm web-based system to assist in volunteer enrolment for 2015/16 together with Community volunteers who are required to support the current cycle of programming. With community funding, Mirrors will be able to utilise resources and in kind services from vendors, for which Mirrors was able to support programming in fiscal year 2014/15. This approach is expected to continue in 2015.

The Mirrors Programme has enlisted three volunteers to support fund development in partnership with the charity, Mirrors Alumni and Friends Associa-

tion. This partnership has agreed to continue the "Taking a Stand for Youth" campaign designed to generate funding and awareness to support Mirrors programming in 2015/16. The 2014/15 campaign provided approximately \$22,000 each to public schools and Mirrors programming. The same format will be incorporated in the 2015/16 campaign, providing schools with 50 per cent of the funds raised. Schools have reported that the funding provided were used for the purchase of library books and also assisted with the guidance counselling and special services areas. Additionally, Mirrors Cohort 9 participants supported the Saving Children and Revealing Secrets (preventing sexual abuse) charity as a part of their community service project.

Madam Chairman, three staff members participated in coaching training in the UK at the Coaching Academy (the largest coaching certification programme in the world) and have enrolled full time for two levels of certification. Staff members continue to demonstrate their commitment and passion in professional development in the coaching arena to better serve the programmes need. This was most evident by the staff members contributing \$8,000 each from their personal funds to be professionally trained in the coaching arena.

Madam Chairman, the subjective analysis of estimates for Head 71 shown on page B-224 shows that the allocation for salaries in Ministry Headquarters has increased by \$68,000. This is due to the regrading of four accounting positions in the Centralised Accounting Unit as a result of changes in duties and responsibilities: the inclusion of a Programme manager's post established in financial year 2014/15, and the abolishment of an administrative assistant post in 2014/15.

Grants and contributions have been reduced by \$83,000 in an effort to contain costs (as can be seen page B-224).

Madam Chairman, explanations for changes to various cost categories as per the subjective analysis found on page B-224 are as follows:

Training: Budget allocated for training is \$64,000 in 2015/16, which represents an increase of \$62,000 from financial year 2014/15, \$2,000. This increase is due to funding required for the Mirrors Intensive Residential Programme and the ensuing follow through services which covers a nine-month period. This budgeted amount has become necessary because in 2014/15, it was anticipated that Corporate Bermuda would fund this programme—hence the low budgeted amount of \$2,000—however, Mirrors did not receive the required funding as anticipated from corporate donors in 2014/15.

Travel: Travel expenditure is budgeted at \$50,000 in 2015/16, which represents a decrease of \$15,000 from 2014/15 (\$65,000). This decrease is attributable to, firstly, a reduction in Ministerial travel by 36 per cent, or \$8,000 from 2014/15, as the Minis-

ter does not anticipate a significant amount of travel in 2015/16. And, secondly, the elimination of professional development training for the Mirrors Programme has resulted in a reduction of travel costs attached to this training of \$7,000.

Communications/Advertising and Communications: Budget allocated for communications is \$20,000 in 2015/16, which is a decrease of \$6,000 from 2014/15. Advertising and promotion is budgeted at \$7,000 in 2015/16, which is a decrease of \$15,000 from the previous year. These reductions depict the Ministry's commitment to contain costs as per the medium term expenditure framework—deficit reduction strategy. It is expected that any expenditure associated with communications, advertising or promotion will incorporate multiple activities that possess common synergies. This ensures more “bang” is received for every dollar spent, in a manner of speaking.

Professional Services: They are budgeted at \$180,000 for 2015/16, which represents a decrease of \$111,000 from 2014/15. This is due in part to a reduction in funding allocation for Uncommon Results and Mr. Alfred “Coach” Powell, all overseas consultants attached to the Mirrors Programme, from \$228,000 to \$152,000 (a reduction of \$76,000); a reduction in board and committee fees by \$22,000 (from \$32,000 last year to \$10,000 in 2015/16), whereby, Ministry Headquarters will no longer budget for total board and committee fees across all departments within the Ministry, but rather, each department will now budget for this item themselves; and a reduction in local consultant services funding by \$13,000 (\$42,000 in 2014/15 reduced to \$29,000 in 2015/16), which represents a decrease in discretionary funding for unforeseen expenditure within Ministry Headquarters and which is also used as a lifeline for other departments within the Ministry.

Rentals: Budget allocated for rental of facilities has decreased by 100 per cent and stands at zero in 2015/16, when compared to \$50,000 in 2014/15. Any expenditure related to rental of facilities is attached to the Mirrors Programme and the expectation in 2015/16, is that facilities to be used for accommodating Mirrors intensive residential programme and its follow through services will be sourced from “in kind services,” such as the Police and Salvation Army to name a few. In addition, similar to 2014/15, the generosity of Corporate Bermuda will be relied upon to assist by any means possible.

Repair and Maintenance/Materials and Supplies: Budget allocated for repair and maintenance is \$20,000, which represents a decrease of \$11,000. Budget allocated for materials and supplies is \$38,000, which represents a decrease of \$17,000 from 2014/15. Both decreases are reflective of lower prices expected to be achieved by Ministry Headquarters on new and existing contracts, based on discussions and re-negotiations that are currently in train, with suppliers and vendors. The Ministry continues to

explore alternative and innovative ways and means to seek lower prices without compromising quality or efficiency.

Energy: Budget allocated for energy is \$2,000 which is an increase of \$1,000. This budget allows for the purchase of gasoline for the vehicle that transports materials and supplies for the setup and breakdown of the intensive residential programme and the middle school programmes (Coaching for Success Programme).

Equipment: There is little expectation to purchase minor capital equipment in 2015/16 by Ministry Headquarters, hence the reduction in budget by 83 per cent, or \$5,000 from 2014/15. This expense is budgeted at \$1,000 only in 2015/16.

Madam Chairman, output measures for the Mirrors Programme are outlined on page B-226. One personal transformation intensive intervention with associated trainings was held for 16 youth aged 15 to 19 years. The target number of youth serviced was reduced to 20 based on not reaching the funding target. These youth are currently in the follow-through phase for the next eight months to prevent future problem behaviours, specifically academic failure, offending, and lack of employability skills, substance abuse and violence.

Additionally, five middle school youth academies covering 312 M3 level students, three Coaching for Success continuation groups (serving an additional 40 youth at the middle school level), and seven adult trainings (186 adults) were delivered. Mirrors offered two professional development trainings in the transformation methodology in 2014/15 with an additional training scheduled for March 2015. The Mirrors mentoring programme will be phased out to allow Mirrors to focus on coaching at the middle and high school levels. It is our intention to support the Big Brothers and Big Sisters organisation for mentoring services.

Madam Chairman, the Mirrors Programme post programming data indicates that of the 82 per cent past participants commitment to education through graduation or enrolment in education, 92 per cent have not offended or reoffended, and 41 per cent are employed with 29 per cent seeking employment two years post programme.

Madam Chairman, the Mirrors Alumni and Friends Association supported Mirrors in raising \$122,000 for 2014/15 through the “Taking a Stand for Youth” campaign and corporate grants. The Alumni has pledged to continue to support fund development for Mirrors future programming and create networks to support participants post programming. Mirrors staff trained coaches under the Alumni at the request of past participants that requested ongoing services.

Madam Chairman, in 2014/15, Mirrors completed the first phase of accreditation under the Bermuda National Standards Committee. Additionally, Mirrors has addressed all areas of its five-year strategic plan (ending December 2014) except for the in-

formation technology goal which will be implemented at the earliest possible opportunity.

Madam Chairman, the Mirrors Programme has enhanced young adults' individual growth and development. The majority of programme evaluations for youth and adults suggest very good satisfaction with the content and experience of the programme.

Madam Chairman, I would like to take this opportunity to sincerely thank the volunteers, corporate Bermuda and everyone on the Mirrors team for their commitment to the development of Bermuda's youth. Please join me to congratulate the Mirrors team for making this a breakthrough year for our community and the organisation.

Madam Chairman, with respect to Capital Acquisitions, as shown on page C-13 of the Estimates Book, the Ministry Headquarters was allocated \$400,000 in 2014/15 to begin the process of establishing a Human Services Software System to integrate social services data across the Ministry and also from other human services organisations. This work is now expected to commence in 2015/16 and the appropriated capital amount of \$400,000 is carried forward to 2015/16.

Madam Chairman, the Ministry's intention is to take a modular approach to implementation, with emphasis being placed first on improving data management and decision-making in the Department of Child and Family Services.

Madam Chairman, I would also like to thank the staff at Headquarters for their invaluable contribution during this past year.

Madam Chairman, this concludes my 2015/16 budget presentation for Head 71, the Ministry Headquarters.

HEAD 20—YOUTH, SPORT AND RECREATION

Hon. Patricia J. Gordon-Pamplin: I now move on to Head 20, Youth, Sport and Recreation.

Madam Chairman, I will now present the estimates of expenditure and revenue for Head 20, Youth, Sport and Recreation for 2015/16, which can be found on pages B-235 through B-241 of the Estimates Book.

Madam Chairman, the mission of the Department of Youth, Sport and Recreation [YSR] is to advance amateur sport, recreation and youth development for all—from leisure activity to athletic excellence, and to strengthen the significant contribution that these initiatives make towards the enhancement of the quality of life for the total community.

Madam Chairman, there is a budget allocation of \$9,541,000 for the Department of Youth, Sport and Recreation in 2015/16 (seen on pages B-236 and B-237) for nine programmes. This is a net decrease of 11 per cent or \$1,204,000 over the original estimate of \$10,745,000 for 2014/15. The estimated revenue of \$586,000 is shown on page B-238.

Madam Chairman, some \$5,022,000 is reserved for salaries (\$1,832,000) and wages (\$3,190,000) for 103 full-time and part-time staff, which are the total of the first two line items of subjective analysis on page B-237. In keeping with the mandate to cut costs across all Ministries, the department of YSR is no exception and therefore funding for Grants and Contributions has been reduced by \$1,045,000, or 28 per cent from 2014/15 and stands at \$2,675,000 for 2015/16. This funding will be disbursed as follows:

- Sports Development:
 - Bermuda Sports Anti-Doping Authority, \$750,000;
 - Bermuda Olympic Association, \$150,000;
 - Bermuda Cricket Board, \$100,000;
 - Bermuda Football Association, \$350,000;
 - YSR Swimming Programme, \$25,000;
 - To be allocated among 34 National Sports Governing Bodies, \$150,000;
 Which totals \$1,525,000.
- Sports Incentives and Awards Programmes:
 - Elite Athlete Fund, \$100,000;
 - National Jr. Sponsorship, \$50,000;
 Which totals \$150,000.
- Sports Facilities Management:
 - National Stadium Trustees, \$850,000.
- Youth Development:
 - Youth Grants, \$150,000.

The grand total of those four categories is \$2,675,000.

There are no funds appropriated for Capital Development or Capital Acquisitions for 2015/16, according to pages C-6 and C-13.

I will go through the individual programmes, Madam Chairman.

Administration and Sports, line item, 2001. Madam Chairman, page B-236 shows the budget for [cost centre] 30045, General Administration is \$1,478,000. These funds provide for the administration and operations of the Department of Youth, Sport and Recreation's headquarters, which has relocated to the Craig Appin Building on Wesley Street, Hamilton. In addition, the Administration Section provides administrative support for the other eight programmes within the department, and is responsible for monitoring departmental spend so as to ensure that proper policies and procedures are adhered to in achieving economy, efficiency and effectiveness at all times.

Sport Development, line item 2002. Madam Chairman, the department provides for its Sports Development Programme through [cost centre] 30055, Sports Programmes. The budget for [cost centre] 30055 has been reduced by 36 per cent or \$900,000 to \$1,600,000 (page B-236). This programme estimate provides grants for the National Sport Governing Bodies (NSGB) in the sum of \$1,150,000 and the Bermuda Football Association (BFA) of \$350,000.

Under the strict control of the Sports Development Section, the department continues to ensure that funds used by the NSGB are for the development of Bermuda's senior and junior athletes training and sports development.

[Cost centre] 30055 also provides for a grant of \$25,000 for the Departmental Summer Swimming programme. An additional \$75,000 in operating costs is covered under this [cost centre]. A more detailed grant listing can be found on page C-19 of the Estimates Book.

Madam Chairman, this [cost centre] includes sports grants to the Bermuda Sports Anti-Doping Authority (BSADA). This agency, which is affiliated to the World Anti-Doping Agency (WADA) is one of the most important financial items within the Sports Development Section. The Bermuda Sports Anti-Doping Authority remains the National Anti-Doping Organisation (NADO) for Bermuda. Without the functional presence of this organisation in Bermuda, it would simply mean that Bermuda would not be able to participate in any international sporting events abroad or host any international sporting events locally.

Madam Chairman, during 2015/2016, the Department of Youth, Sport and Recreation intend to continue focusing on the development of our senior and junior athletes by supporting the National Sports Governing bodies through the grant process. The Department of Youth, Sport and Recreation understands that without this support many of the athletes will not reach their optimum potential. The department will also continue to work with other Government Agencies to maintain the department's sporting and recreational facilities, and will continue hosting sporting events to honour our past and present sporting personalities.

Madam Chairman, this year marked the 33rd Anniversary of the Government's Sports Awards. The department received a record number of nominations and at the conclusion of the event, the department presented 33 individual awards and two team awards. In addition, at this year's event, for the first time the committee presented Junior Achievement Awards to the top junior athletes in the country. With the inclusions of these awards, the junior and senior athletes and sports administrators were fully recognised for their contributions to sports in Bermuda and internationally.

Madam Chairman, a major highlight for the Sports Development Section was the hosting of the 6th Hall of Fame Induction Ceremony. During this year's event, 10 outstanding sporting personalities were inducted in the Bermuda Hall of Fame representing five different national sports. To date, a total of 58 outstanding sporting personalities have been inducted into the Bermuda Sports Hall of Fame.

Madam Chairman, I am pleased to note that a National Sports Policy was released in July 2014. The senior officers within the department are continuing to

work with many of the major stakeholders to ensure that the action points identified by the National Sports Governing bodies come to fruition. The Sports Development section plans to host a Sports Development Conference for sports clubs. This event will be designed to assist the local sporting clubs with fundraising, sports governance and sports development. The department will continue to enhance its social media platform that serves as both an information portal and an avenue to celebrate the athletic achievements of Bermuda's athletes.

Sports Incentives and Awards, line item, 2003. Madam Chairman, there is no change in the allocation for [cost centre] 30030, Athletic Awards of \$150,000. These funds will continue to support, encourage and provide incentives to our senior and junior athletes to strive for excellence in their personal development. The Elite Athletes Fund of \$100,000 is managed by the Bermuda Olympic Association who prescribes the requirement for athletes to receive funding having met a local A, B or C standard in their development. Junior athletes are provided assistance through the Junior Athlete Sponsorship Fund of \$50,000 which is provided to one athlete per sport as the most promising up and coming athlete to enable exposure to overseas training, coaching or competition to enhance development.

Sports Facilities Management, line item 2004. Madam Chairman, the department carries out Sports Facilities Management across five business units, with allocations totalling \$1,540,000 as follows:

- 30060—Sports Facilities, \$941,756;
- 30075—Softball Stadium, \$134,816;
- 30080—Tennis Stadium, \$347,126;
- 30090—Motor Sport Park, \$65,000;
- 30390—Sports Community Fields, \$51,000.

Madam Chairman, funding in [cost centre] 30060 includes funding for the National Sports Centre's operational grant, of which, \$850,000—a decrease of \$106,000 or 6 per cent, is allocated for the operation and maintenance of the National Sports Centre. The funding will also provide for the maintenance of the department's recreational fields. These costs include cleaning supplies, trash receptacles, trash bags, field marking paint, agricultural supplies and specialised equipment needed for the upkeep of these facilities. The WMC Preece Softball Stadium provides for one full-time and one part-time employee to maintain the grounds and includes cost for materials, supplies and electricity. The WER Joell Tennis Stadium employs four full-time and two part-time employees. Additional operating costs are also included in this business unit.

Youth Development, [line item] 2005. Madam Chairman, page B-236 shows a budget of \$428,000 for three [cost centres] under Youth Development Programme for 2015/16. This represents a net decrease of 30 per cent or \$180,000 from 2014/15. Ad-

ministering the support services for all programmes throughout the Youth Section will be maintained seamlessly into 2015/16 fiscal year. The budget for Youth Development Administration, [cost centre] 30210, has a budget allocation of \$278,000 which covers salaries and administrative overheads for this [cost centre]. Community Centres, Afterschool Programmes, Youth Services and Youth Grant opportunities play a fundamental role in supporting Bermuda's youth. The department's focus on "developing youth through sport and recreation" continues its outreach via numerous community partnerships. The development of a policy framework with guidelines on best practices to develop our youth will be a primary focus for the department in the upcoming fiscal period.

Madam Chairman, page B-236 (cost centre 30350, Youth Grants) shows funding in the amount of \$150,000 is budgeted for Youth Grants for 2015/16. In keeping with the department's philosophy inspired by the recently produced National Sports Policy, a portion of this Youth Grant will be allocated to assist local Community Sports Clubs to develop after school programmes that are sports and recreation based. These programmes must include the 40 Developmental Assets and Character Counts Programmes. The staff of the Department of Youth, Sport and Recreation will be available to assist the Community Sports Clubs with developing their after school programmes.

Madam Chairman, there is no funding budgeted for Youth Services (cost centre 30360) in 2015/16. However, the department has included as part of its objectives for Youth Development Administration (under [cost centre] 30210), to continue liaising with Youth Services Agencies as a means to providing strategic planning, identify best practices and encourage sharing of these practices, provide opportunities for networking, especially between the Agencies and the Sporting Fraternities. In addition, the Senior Youth Services Development Officer will participate in private sector meetings and trainings, such as the Children's Agenda, to ensure Government has a vocal representation in the private sector.

Community Centres, [line item] 2006. Madam Chairman, the Department of Youth, Sport and Recreation's Youth Policy Framework will be disseminated for round table discussion and feedback. This policy (The National Child and Youth Development Policy) is intended to provide guidance toward future strategic planning in youth services. The policy will identify the building blocks of successful development and assist with the designing of services and programmes to create this foundation.

Madam Chairman, funding levels for the department's three community centres: the Centre (Hamilton), St. George's Community Centre, and Boaz Island Community Centre has been set at \$1,499,000 which is down by \$100,000, or 6 per cent to that of last year. The allocations are:

- Hamilton, \$496,000;

- St. George's, \$526,000;
- Sandys, \$477,000.

The three Community Centres provide an immeasurable opportunity for Bermudians of all ages to experience positive recreational opportunities. Starting with the very young, the Centres offer safe, structured programming, compassionate staff and an opportunity to build positive and effective relationships. As with all Youth, Sport and Recreation Programmes, the Community Centres are invested in the 40 Developmental Assets, which are considered by researchers at the Search Institute, a non-profit organisation in Minneapolis, Minnesota, to be the building blocks of healthy youth development. The developmental assets are 40 values, experiences, relationships, and qualities that bring many benefits to the young people who have them. Asset building is alive and well in the Bermuda Government Community Centres.

Madam Chairman, the Music Programme is a fine example of asset building as children are exposed to the Performing Arts from an early age. The Youth Advisory Committees at the Centres give guidance on programmes, for example, in addition to the traditional classical music, DJ and recording programmes are offered. All of the Community Centres offer a Seniors Programme. The Counsellor in Training Programme continues to be a great success at all Community Centres.

A total of 27 persons are employed at the three centres; nine full-time and 18 part-time (as shown on page B-238).

Camping, [line item] 2007. Madam Chairman, the department's Camping Programme has retained most of its funding for 2015/16, which is \$1.152 million, with only a 1 per cent budget reduction overall across the five camping business units.

The budget estimate for the Camping Programme provides for the staffing, operation and administration of five camping facilities, including maintenance, repairs, supplies, energy, fuel, wages and the marine vessels' operations. The Camping programme employs nine staff who maintains the facilities and the marine vessels.

Madam Chairman, the Camping Facilities include:

- Darrell's Island is the largest facility which accommodates 14 rustic campsites, accommodating 30 campers at each site. It also houses a building which accommodates 30 campers. It has a budget of \$308,000, down by \$50,000.
- Messina House is the only land-based campsite. This site is located in Boaz Island, Sandys and can accommodate a maximum of 34 campers. The budget allocation is \$258,000, up by \$53,000.
- Paget Island is located in St. George's harbour and is the largest building or single

campsite, accommodating a maximum of 95 campers. Its budget allocation is \$315,000, down by \$45,000.

- Ports Island is the oldest camping facility. It houses a building which accommodates a maximum of 45 campers. Its budget allocation is \$142,000, down by \$3,000.
- White's Island is used sporadically for overnight tent camping. It is primarily used for basic swimming instruction by the Bermuda Amateur Swimming Association and rowing instruction by the Bermuda Rowing Association. Its budget is \$26,000, up from zero dollars as that facility was not under the management of Youth, Sport and Recreation in the prior year.

School Age Activities, [line item] 2008. Madam Chairman, the budget allocation for the school age activities programme business units increased by \$76,000 to \$897,000 (page B-236). This will help to promote and support leisure activities through recreation, and to support local day camping during our school breaks.

This programme supports approximately 800 school-aged children and is housed at various pre-schools, primary schools and middle schools throughout the Island. Additionally, there is a Special Needs Programme that provides one-on-one care for special needs children.

The Special Needs Camp is incorporated in the School Age Camps and allows for total inclusion of all students. Approximately 170 part-time employees conduct this programme and are supervised by qualified teachers. It should be noted that 80 per cent of the part time staff are university, college and high school students.

Madam Chairman, included in this programme are three Pre-school Age Camps. Children in these programmes are in their final year of pre-school. The camp is very successful and was created specifically for the transition of these young people from pre-school to their first year in primary school.

Additionally, under this programme, a budget of \$101,000 is provided for Specialty Camps for Middle School Age Children. This programme supports up to 100 middle-school age children and focuses on the social and unique development of students at this age. This funding provides for staff, books, materials, visits to businesses and community helping services, supplies and equipment which helps to "develop" the whole child.

After School Programmes, [line item] 2009. Madam Chairman, the After School Programme operated by the Department of Youth, Sport and Recreation provides for staffing, communications, materials and supplies for 10 After School Programmes at Government Primary Schools. Budget allocation for [cost centre] 30125 remains fairly consistent with 2014/15

at \$797,000, a reduction of only \$3,000. The Programme supports a maximum of 400 primary school aged children across the 10 schools and employs approximately 50 part-time workers.

Madam Chairman, explanations for changes to various cost categories, other than Salaries and Wages, and Grants and Contributions, which have already been explained, as per the subjective analysis found on page B-237 will now be provided:

Other Personnel Costs: Budget allocated for other personnel costs is \$96,000. This represents an increase of \$52,000 from 2014/15. This increase is necessary to cover housing allowance increases for caretakers facilities owned by the Government/WEDCO.

Training: The amount budgeted for training in 2015/16 is \$20,000 and represents a decrease of \$30,000 from 2014/15. The training needs of staff will continue to be evaluated and hence, training funds will be allocated as need is identified and where such training will inure to the benefit of the Ministry and our children.

Communications: The budget allocated for communications in 2015/16 is \$119,000 and represents an increase of \$42,000 from 2014/15. This increase is attributable to the need for purchase of telecommunications equipment in relation to the after school programme, as the existing system is outdated.

Advertising and Promotion: Budget allocated for advertising and promotion in 2015/16 is \$39,000 and has decreased by \$4,000 from 2014/15. The department intends to make more use of electronic media (websites, Facebook, Twitter) as opposed to print and voice (radio) media for advertising and promotions as this is more economically efficient.

Professional Services: Budget allocated for professional services in 2015/16 will be \$171,000 and has increased by \$25,000 from 2014/15. This increase represents budgetary estimate for the annual Sports Awards 2015/16.

Rentals: The amount budgeted for rental of facilities in 2015/16 is \$463,000 and has decreased by \$57,000 from 2014/15. This decrease is as a result of reduction in monthly rental costs by: (1) the department moving to Craig Appin Building; and (2) relinquishing of rental property at 1054 Southside.

Repair and Maintenance: Budget allocated for repair and maintenance is \$244,000 in 2015/16 and represents an increase of \$14,000. This increase recognises the need for urgent repairs and continued maintenance on existing recreational facilities, to ensure the safety of Bermuda athletes and the public at large.

Energy: The amount budgeted for energy is \$228,000 and represents a decrease of \$11,000. In an effort to reduce expenditure in 2015/16, the department intends to be more efficient in the use of energy, hence the anticipated reduction in budget.

Clothing Uniforms and Laundry: The amount budgeted in this area is \$23,000 which represents a decrease of \$11,000. Any element of discretionary spending contained in this cost unit will be identified and removed without hampering existing service levels.

Materials and Supplies: Budget allocated for materials and supplies in 2015/16 is \$291,000 which is a decrease of \$82,000 from 2014/15. The department intends to continue the trend of more efficient use of supplies, hence a reduction of wastage. In addition, consolidating materials and supplies orders within the department, will allow for more leverage in negotiating lower prices for the Bermuda Government.

Equipment (minor capital): Budget allocated for repairs and purchase of minor equipment is \$42,000 in 2015/16 and has decreased by \$1,000 from 2014/15. This budget has seen a reduction because efficiencies are expected from the streamlining of departmental operations.

Other Expenses: Budget allocated for Other Expenses is \$40,000, which represents a decrease of \$3,000. This decrease in expenditure is expected as a direct result of the synergistic effect expected across the department by all the measures mentioned thus far in achieving economy, efficiency and effectiveness within the department.

Madam Chairman, as per page B-238, revenue for the department is budgeted at \$586,000, and is anticipated to be less by \$120,000 in 2015/16. Revenue generated from Registration and After School Vouchers (combined), is expected to decline by \$117,000 as a result of an anticipated decline in student registration. In 2014, Hurricane Gonzalo left a trail of damage on most recreational facilities which have seen decreased service levels provided by these facilities and hence less use and participation by individuals of these facilities. This equates to less revenue and is quantified to be a reduction of \$12,000 (down from \$14,000 to \$2,000) in revenue from Facilities, as per page B-238. These decreases are offset, albeit slightly, by revenue from rental of Boats and Equipment which is expected to increase by \$7,000 and \$2,000, respectively, due to changes and increases in the fee structure.

Madam Chairman, I would like to take this opportunity to sincerely thank all of the dedicated staff of the Department of Youth, Sport and Recreation for the work they do in advancing and recognising the significant contributions made by our sportsmen and sportswomen, and the pivotal role they play in helping our youth achieve their true potential.

Madam Chairman, this ends my presentation for the 2015/16 budgetary allocation for Head 20, the Department of Youth, Sport and Recreation.

HEAD 23—CHILD AND FAMILY SERVICES

Hon. Patricia J. Gordon-Pamplin: Madam Chairman, I will now turn to Head 23, Child and Family Services.

Madam Chairman, in discussing the 2015/16 estimates of expenditure and revenue for Head 23, it will be found on pages B-242 to B-247 of the Estimates Book.

Madam Chairman, the Department of Child and Family Services is responsible for promoting and protecting the best interests of children, adolescents and families in order to enhance their social functioning and quality of life. These services are mandated under the Children Act 1998. The purpose of the Act, to which the department responds, is “to protect children from harm, to promote the integrity of the family and to ensure the [welfare] of children.” To meet this mandate the department provides day care services, care and protection services for children, and residential, home based and counselling service for adolescents and families.

Madam Chairman, the Department of Child and Family Services remains focused on implementing a comprehensive and integrated system with one entry point for all programmes and services. The goal is to ensure appropriate assessment of referrals to determine the best service response. The identified needs of the child and family are defined in an inter-agency service plan that engages and assesses the children and families throughout the process.

Madam Chairman, the Department of Child and Family Services is commissioned to provide a seamless service to ensure the safety of children while strengthening the well-being of families. In order to meet this legislated mandate, the department operates four programmes:

- Programme, 2301, Services to Children and Young Persons;
- Programme 2302, Services to Individuals and Families;
- Programme 2303, Residential Treatment Services;
- Programme 2304, Administration.

Madam Chairman, there is a budget allocation of \$14,909,000 for the Department of Child and Family Services for 2015/16 (as shown on page B-243). This represents an overall reduction of \$2,071,000, or 12 per cent when compared to the allocation for 2014/15.

Madam Chairman, the Department of Child and Family Services [cost centres] are discussed by Programme, as follows:

Services to Children/Young Persons, [line item] 2301. For this [cost centre] 33010, there is a budget allocation of \$782,000 in 2015/16. This represents a decrease of 21 per cent or \$204,000 from 2014/15. As a result of this decrease and in an attempt to contain expenditure within budget allocated for 2015/16, the feeding programme, the clothing pro-

gramme, and the enrichment programme will be curtailed so as to minimise the impact on the wrap around services provided to high risk children referred for care and a head start, at the Happy Valley Child Care Centre.

Services to individuals and Families, [line item] 2302. The total budget allocated to this programme for 2015/16 is \$5,681,000. This represents a decrease of 11 per cent or \$675,000 from 2014/15. Services are delivered via Family Services ([cost centre] 33020, \$2,511,000 reduced by \$173,000). Family Services provides the care and protective services to the children of Bermuda. This is achieved through three specialised units: the Intake/Assessment Unit, the Intervention Unit, and the Foster Care Unit.

Foster Care ([cost centre] 33030 with an allocation of \$2,229,000 reduced by \$258,000) is responsible for providing alternative living arrangements for children under the age of 18 years who are in need of out-of-home placement. During 2014, the Foster Care Programme provided foster care services to a total of 75 children: 40 of the children were girls while 35 were boys. As of December 31st 2014, Foster Care had several sibling sets of children in care:

- Sibling set of 2, there were 7;
- Sibling set of 3, there were 2;
- Sibling set of 4, there were 2;
- Sibling set of 5, there were 2.

During the last budget year, the foster care program has serviced a total of 12 therapeutic foster children. The children in this category have a variety of physical, cognitive, emotional and behavioural challenges. Therapeutic Foster Parents are compensated at a higher rate than traditional foster parents. They sign contracts that outline the levels of care expected based on the children's needs.

Bermuda Youth Counselling Services (BYCS) ([cost centre] 33200 with an allocation of \$941,000 having been reduced by \$244,000), is the section within the Department of Child and Family Services that is committed to strengthening, supporting and transforming the lives of young people up to the age of 24, and in so doing have a positive impact on the families, peers and the community. Some of this reduction relates to having one post frozen in [cost centre] 33200, Bermuda Youth Counselling Services, under the terms and conditions of the Early Retirement Incentive Plan in 2014. As a result of this decrease and in an attempt to contain expenditure within budget allocated for 2015/16, support funding provided to kinship care will be re-visited, so as to minimise the impact on services delivered to children referred for care and protection inclusive of foster care. Local and overseas consulting services were reduced and will result in refocusing and optimising the use of counselling sessions for addressing the psychological and/or psychiatric needs of children.

The reduction to day care fees, summer camps allowance and transportation make up the significant reductions in foster care. Of note, is that children in the care of the director do not qualify for Government Child Day Care Allowance and thus the Department of Child and Family Services will have to be extremely judicious in managing its limited resources and options for caring for children during the work day and when schools are on vacation, and facilitating transportation for children's visits and appointments.

Residential Treatment, [line item] 2303. For this programme, there is a budget allocation of \$6,945,000 for 2015/16. This represents a decrease of 14 per cent or \$1,128,000 compared to 2014/15. The [cost centres] that comprise [line item] 2303 are: Residential Treatment Services (RTS), which includes the Home Based Programme (CMIT); the Brangman Home; the Oleander Cottage (transferred from Observatory Cottage some years ago); the Youth Development Centre; the Psycho-Educational Programme, and Youth Residential Treatment (Administration arm of RTS).

The [cost centres] that comprise this Programme are: [Cost centre] 33060, Home Based Programme: \$1,735,000 (reduced by \$18,000). The Cross Ministry Intervention Team (CMIT), which is the Home Based Programme of the Department of Child and Family Services, is an intensive family intervention program developed to service clients referred from the Department of Child and Family Services, the Department of Financial Assistance, the Department of Court Services, and the Bermuda Housing Corporation. CMIT is designed to intensively work with clients who have demonstrated an inability to independently provide the basic needs for their families and/or have demonstrated poor compliance with the requirements of the existing support systems to provide these basic needs.

Residential Treatment Services is a 24-hour community based group home for adolescents between the ages of 12 and 18 years who are placed in the care of the Director of Child and Family Services via the Family Court. The adolescents have been deemed to be at risk in the community and requiring care and protection in a safe and structured environment. During 2014, 21 children received services through Residential Treatment Services as a result of being adjudicated, in need of care and protection, respite, life skills and family reunification.

Females requiring residential treatment services are housed at the Brangman Home while males are housed at Oleander Cottage.

The Youth Development Centre costs are utilised to provide one-on-one and special management of residents based on their needs as indicated by ongoing evaluation. Residential Treatment Services is committed to the inclusion of family preservation and reunification. Aftercare and interagency interactions services are based on the individual needs of the ado-

lescent and families. When this is not possible, alternative community-based relationships and resources are used to develop an appropriate discharge plan.

In addition, the programme at Residential Treatment Services also includes the monitoring of clients who are deemed to be at risk in the community as a protective factor.

During the last budget year client profiles indicated that 100 per cent of adolescents involved in the services had family relationship issues; the majority of children, both male and female, had experienced childhood trauma, including abandonment, abuse, grief, and domestic violence. The data identifies the wide range of specialist services required for dealing effectively with the children and families in need of our services. In an effort to address these issues residential treatment services, in conjunction with the Cross Ministry Intervention Team, have provided individual and group counselling, family assessments and interventions, parent groups such as family solutions, vocational and educational planning.

[Cost centre] 33100, Psycho Ed Programme: \$2,018,000 has been allocated to this programme and it has been reduced by \$405,000. The department of Child and Family Services is forging new relationships and a new strategy that will assist in maximising the funding available in an attempt to maintain its current level of service to children who have exhausted all local resources.

[Cost centre] 33110, Youth Residential Treatment: \$1,277,000 which has been reduced by \$112,000. To address this reduced funding, the department has aligned staff in this programme geared at providing a more effective and efficient service delivery by giving more direct service to the children placed in residential treatment and their parents. This realignment will also reduce the number of children referred out for services, resulting in cost savings. The realignment of staff is designed to provide a more seamless response to children and families that supports successful outcomes. Children and families will no longer be confused about the process within residential treatment, or who the primary worker is, and which support services are available to them.

Administration, [line item] 2304. The total allocation is \$1,501,000 down by \$64,000. Madam Chairman, [cost centre] 33120, Administration, provides for the administration and operations of the Department of Child and Family Services. The budgetary allocation of \$1,101,000 is shown on page B-243. This represents a decrease of \$14,000, or 1 per cent. In an effort to operate more cost effectively, the department has explored fee for service options and has decreased funding to grant recipients: The Cross Ministry Initiative, Women's Resource Centre, Physical Abuse Centre, Teen Services as well as Foster Care under [cost centre] 33130 by \$50,000. Hence, the budget allocated for Grants in 2015/16 is \$400,000 (as shown on page B-243) as a result of reducing

Teen Services grant, as well, from \$200,000 to \$175,000.

Madam Chairman, the estimate of revenue for 2015/16 is \$176,000 as shown on page B-244. This revenue is generated by the Happy Valley Child Care Centre and represents an increase of 129 per cent, or \$99,000 from 2014/15. Previously, fees were collected on a sliding scale and determined by a means test. As of April 1, 2015 the sliding fee scale will be eliminated and a flat monthly fee of \$400 will be implemented, resulting in an increase in revenue over the 2015/16 budget year. It is important to note that the cost per child will still remain higher, than the fees paid by parents.

Madam Chairman, with respect to the Expenditure of the Department of Child and Family Services, effort has been made to increase departmental efficiency and to reduce spending. The subjective analysis of estimates on page B-244 of the Estimates Book shows that the primary areas of budget reductions relate to salaries, wages and professional services.

Madam Chairman, the major reason for the reduction in salaries of \$749,000 and wages of \$273,000 as per the subjective analysis, is due to nine positions which were funded and vacant in 2014/15, but, which will now be frozen in 2015/16. On page B-245, this is represented by a decrease in full-time equivalent count from 104 in 2014/15 to 95 in 2015/16.

Madam Chairman, in an effort to contain costs within stipulated budgetary constraints, there is a reduction in professional services of \$567,000 as per the subjective analysis (see page B-244) when compared to 2014/15. As a result of this reduction and also as a measure to contain expenditure within budget allocated for 2015/16, there will be a reduction in professional specialised services.

Madam Chairman, explanations for changes to various cost categories as per the subjective analysis found on page B-224 will now be provided:

Other Personnel Costs: Budget allocated for other personnel costs remains unchanged at \$96,000 when compared to 2014/15. This budget is necessary to cover telephone expenditure and on-call services for social workers who perform critical functions within the department, such as responding to police emergencies as it relates to children, foster or otherwise.

Training: Budget allocated for Training is \$123,000 and represents a decrease of \$22,000 from 2014/15. While it is important to maintain levels of training to meet and satisfy industry standards, this budget reduction is not expected to hamper the delivery of specialised services.

Transport: Budget allocated for Transport in 2015/16 is \$51,000 and represents a decrease of \$25,000 from 2014/15. The department will attempt to minimise any impact this reduction may have on the

timely delivery of foster children in meeting with counsellors for evaluations and assessments.

Travel: Budget allocated for Travel in 2015/16 is \$188,000 and represents a decrease of \$20,000 from 2014/15. This budget covers travel expenditure for children requiring psychiatric, psychological and medical attention. All overseas training and its associated travel costs for staff have been eliminated with the exception of travel expenditure provided to staff at the Happy Valley Child Care Centre on attending the International Child Day Care Conference/Training, which focuses on latest research/methodologies on dealing with child care.

Communications: Budget allocated for Communications is \$132,000 in 2015/16 and represents a reduction of \$15,000 from 2014/15. The department's telephone system has been fully transferred onto the government's voice over Internet communications network and as a result cost savings is expected to be realised.

Advertising and Promotion: Budget allocated for advertising and promotion is \$3,000 which represents a reduction of \$5,000. There will be no advertising for new foster parents during foster parent month, hence this reduction.

Rentals: Budget allocated for rental of facilities is \$762,000 and represents a decrease of \$85,000 from 2014/15. The department will be implementing a new strategic direction in 2015/16, and factored into this vision is savings to be realised by optimising and reducing current levels of office space.

Repair and Maintenance: Budget allocated for repairs and maintenance is \$379,000 in 2015/16. This represents a reduction of \$83,000 from financial year 2014/15 and is due to savings anticipated to be incurred from a reduction in office space as previously explained.

Insurance: Budget allocated for other insurance cost remains unchanged at \$5,000 and it is for vehicles used by the department in relation to social services which are insured for third party, and there have been no indications of increases to the cost of insurance for 2015/16.

Energy: A reduction in office space will also lead to decreased energy costs. As a result, energy is budgeted at \$219,000, which represents a decrease of \$4,000 from 2014/15.

Clothing Uniforms and Laundry: Budget allocated for clothing, uniforms and laundry is \$135,000 in 2015/16, which represents a decrease of \$43,000 from 2014/15. This reduction encompasses a decrease in the volume of clothes that would be purchased for foster children and a reduction in cleaning services provided for children at the Happy Valley Child Care Centre, whereby parents will now be requested to provide additional clothing over and above the standard issue for their children at this centre.

Materials and Supplies: Budget allocated for materials and supplies is \$314,000, which represents

a reduction of \$57,000 from 2014/15. Purchases of materials and supplies for all [cost centres] across the department will be consolidated and purchased in bulk as a means to receiving lower prices.

Equipment (Minor Capital): Budget allocated for this remains unchanged at \$41,000 and it is required to replace any broken furniture within Residential Treatment Services.

Other Expenses: Budget allocated for other expenses is \$84,000 in 2015/16, which represents a decrease of \$23,000 from 2014/15. This reduction is reflected in respite for foster parents. As a result, the department will need to develop a system that addresses reduced funding to foster parents with the need to provide sufficient time for existing foster parents to recharge themselves, especially if the foster child or children have mental, physical and cognitive health challenges.

Grants and Contributions: Budget allocated for Grants and Contributions is \$1,100,000 in 2015/16, which is a decrease \$100,000 from 2014/15. This reduction is necessary to achieve budget ceiling estimates and as a result, grant contributions will be prioritised and disbursed only after careful scrutiny.

Madam Chairman, the performance measures for Head 23 are found on pages B-246 to B-247 of the Estimates Book. The Department of Child and Family Services continues to meet most of its targeted outcomes in all [cost centres]. I wish to note that in [cost centre] 33030, Foster Care, the forecasted outcome of 10 new foster parents recruited fell short by four parents. There has been a challenge in recruiting foster parents, especially those who are equipped to provide a therapeutic environment for high risk and/or special needs children in need of placement. Efforts are ongoing to attract, train and support foster parents to enable them to meet the needs of a more specialised population.

Madam Chairman, the cost of residential beds per day at Brangman Home ([cost centre] 33070) and Oleander Cottage ([cost centre] 33090) remains stable. However, the outcomes of the current strategic planning may result in changes during the next fiscal year. Residential Treatment Services continues to provide a service that meets international best practice standards which has been confirmed by their recent reaccreditation.

Madam Chairman, the budget reduction to the Psycho-Educational Programme ([cost centre] 33100) will be augmented by the strategy that will emanate from new liaisons mentioned earlier in order to maintain the appropriate services overseas that are not available locally. This new strategy must succeed, otherwise it will have a direct impact on the Ministry of Education if these children create a disruption to the system due to unaddressed social, emotional, psychological and/or psychiatric issues.

Madam Chairman, I am proud to report that under [cost centre] 33120, Administration, all sections

(100 per cent) within the department have achieved accreditation for operating at best practice standards as outlined by the Council on Accreditation and the Bermuda National Standards Committee. The Department of Child and Family Services remains the only government department to have all of its sections accredited—the *only* government department to have *all* of its sections accredited.

Madam Chairman, again, I would like to take this opportunity to sincerely thank all of the dedicated staff of the Department of Child and Family Services for the work they do in meeting the many challenges of our children and families, as we undertake this social recovery.

Madam Chairman, this ends my presentation for the budgetary allocation for Head 23, the Department of Child and Family Services.

HEAD 52—COMMUNITY AND CULTURAL AFFAIRS

Hon. Patricia J. Gordon-Pamplin: I will now move on to Head 52, which is the Department of Community and Cultural Affairs. This can be found, Madam Chairman, on pages B-248 through B-254 of the Estimates Book.

Madam Chairman, the mission statement of the Department of Community and Cultural Affairs is to educate the community and foster a greater sense of identity through an appreciation of Bermuda's culture and heritage.

And the objectives of the department, which are stated on page B-248, are to:

- provide grants that encourage the arts and heritage;
- promote an understanding of Bermuda's cultural identity through education, research, publications and enrichment programmes;
- stimulate the development of the arts; and
- educate the community through personal and professional courses that promotes life-long learning through the Community Education and Development Programme.

Page B-249 shows a budget allocation of \$3,081,000 for the Department of Community and Cultural Affairs for 2015/16. This represents an overall reduction of \$330,000 or 10 per cent when compared to the allocation for 2014/15.

I will now go through the individual Programmes under Head 52, as noted on page B-249 of the Estimates Book.

Cultural Affairs, [line item] 5202, [cost centre] 62000, Grants to Organisations. Madam Chairman, the total amount budgeted under this [cost centre] for 2015/16 is \$213,000. In an effort to reduce costs as per the medium term expenditure framework, there has been a reduction in grants by \$10,000 from the original budget allocation for 2014/15.

The department is responsible for promoting, preserving, and celebrating Bermuda's rich cultural heritage and the arts. It achieves this goal in part by partnering with private sector organisations through funding. Organisations that will receive financial support in the upcoming fiscal year are:

1. Bermuda Historical Society;
2. St. George's Historical Society;
3. St. George's Preservation Authority;
4. Bermuda Arts Council;
5. Bermuda National Gallery;
6. Bermuda Heritage Association;
7. Cultural Legacy Fund recipients.

[Cost centre] 62001, Administration: Madam Chairman, the objectives of this [cost centre] are to provide for the administration and operation of Community and Cultural Affairs units located on the 4th floor of the Dame Lois Browne-Evans Building, Culture and Folklife Programmes. This estimate sustains both units of operation, including salaries and wages, professional development, communications, programming, printing and office supplies. This [cost centre] also provides funding for some educational materials including posters, banners and leaflets. Funds associated with this [cost centre] also support the promotion of information via social media. The remainder of the budget provides for office supplies, photocopier maintenance, books and periodicals, subscriptions and telephone services.

The total amount budgeted for 2015/16 for this [cost centre] is \$746,000, as per page B-249. This amount reflects a decrease of \$239,000 compared to 2014/15. This major decrease is due to a reduction in educational programming and a reduction in the printing of educational documents.

[Cost centre] 62010, Cultural Festivals and Celebrations: Madam Chairman, the total amount budgeted for this unit is \$143,000. This amount is consistent with the 2014/15 budget allocation, reflecting an increase of \$8,000, or 6 per cent.

Madam Chairman, this [cost centre] covers the cost of promoting the culture and heritage of the island and its people through festivals and other programmes and events. This objective will be realised through a number of programmes and initiatives, including the Emancipation Commemoration and the Gombey Festival.

Madam Chairman, permit me to expand a bit on these two events: The Emancipation Commemoration Ceremony: One of the main ceremonies that the department organises annually is the Emancipation Commemoration. In 2014, the department continued to focus on the theme "The Trail of our People: the Social Dynamics of Self-reliance." Through this dramatic commemorative ceremony the department highlighted families of Hamilton and Southampton parishes who had made significant and lasting investments

in their respective communities and contributed to the greater good of the entire society.

Funds allotted to this [cost centre] will be used for a similar programme which will feature local heroes of the parishes of Smith's and Warwick who have made lasting and meaningful contributions to their communities. The theme for 2015 is "The Trail of Our People: Passing the Torch."

The Gombey Festival. Madam Chairman, the Gombey Festival is held annually to provide exposure to the folk art and traditions of an important Bermudian icon. The department liaised with the Department of Youth, Sport and Recreation for the use of the W.E.R. Joell Tennis Stadium, thereby saving on expenses in rental fees, the installation of bleachers and barricades, and the general clean-up at the conclusion of the festival. The 2015 Gombey Festival will again be held at the Tennis Stadium. This year's funding allocation will finance the cost of invited folk groups, advertising, tenting, financial awards to participating Gombey troupes, and the chosen honouree of the day.

[Cost centre] 62020, Heritage Celebrations: Madam Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$254,000 (as shown on page B-249). This reflects a decrease of \$95,000, or 27 per cent compared to the original budget for 2014/15.

Madam Chairman, this [cost centre] covers the cost of celebrations for both Heritage Month and the Bermuda Day Parade. It is designed in accordance with our mission statement "to promote a sense of community understanding and pride amongst the peoples of Bermuda." The theme for Heritage Month 2015 is: "Bermuda: An Atlantic Garden."

In order to ensure expenditure is contained within budget, the department will be implementing certain cost-cutting measures, such as, a reduction in the number of Parade Marshals employed to manage the movement of the parade. Where possible, adjustments will be made to security personnel, together with the number of boxes of dried flowers ordered for float-making. Dried flowers are provided to members of the public at no cost to encourage participation.

[Cost centre] 62030, Cultural Education Programme: Madam Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$105,000 (as per page B-249). This represents a decrease of \$12,000, or 10 per cent when compared to the original budget for 2014/15.

Madam Chairman, the Department of Community and Cultural Affairs is responsible for creating materials that contribute to the preservation of Bermuda's heritage and to the development of Bermuda's literary arts; 2014 saw the publication of *Take This Journey with Me: Bermuda Anthology of Memoir and Creative Nonfiction*, edited by former Writer-in-Residence and award-winning author Rachel Manley (daughter of former Jamaican Prime Minister Michael

Manley). The department also took another step into the digital age by publishing a companion e-book version, available on sites such as Amazon, Barnes and Noble, and Nook.

For the 2015/16 budget year, the department will focus on producing a *Bermuda Anthology of Science Fiction and Fantasy*. The editor of the anthology is former Grenadian New York Times bestselling author and writer-in-residence, Tobias S. Buckell.

Madam Chairman, as part of the department's efforts to preserve our culture by publishing books on aspects of our cultural heritage, the department will also plan to publish a book entitled *Dance in Bermuda* by Conchita Ming, OBE. The book catalogues the history of Bermuda's evolution in the field of dance, and will feature profiles of local dancers and dance schools.

In addition, work will also continue on the development of study guides to complement the Bermuda Folklife Documentary Series for use in the school system.

[Cost centre] 62050, National Heroes Day: Madam Chairman, funds associated with this [cost centre] will be used to honour and commemorate a National Hero through meaningful and significant activities that pay respect to that person or persons and inform the general public.

The total amount budgeted for 2015/16 is \$58,000 (as shown on page B-249). This is an increase of \$48,000 compared with the original budget for 2014/15 and has become necessary because the Government is hopeful that the Naming Committee will receive appropriate nominations on which they can deliberate, with the idea of selecting a new National Hero and to host an appropriate ceremony to honour the occasion. Nomination forms are already in circulation, and must be returned to the department of Community and Cultural Affairs located in the Dame Lois Browne-Evans building [4th Floor] by Friday March 13, 2015. That is this coming Friday, Madam Chairman, so let me underscore that if anybody has the intention of naming or having a nomination form completed, there is only a matter of a couple of days in which to do so.

[Cost centre] 62060, Promotion of the Arts: The total amount budgeted for this [cost centre] for 2015/16 is \$53,000. This shows an increase of \$8,000, or 18 per cent when compared with the original budget for 2014/15.

Activities that fall within this [cost centre] are: Premier's Concert: Madam Chairman, one means by which this department promotes the visual and performing arts is through the annual Premier's Concert. In November 2014, the department hosted 36 participants at the 30th Annual Premier's Concert at the Ruth Seaton James Centre for the Performing Arts. The audience viewed outstanding works by budding visual artist, Nalani Dowling. Information was also shared about some of the participants from the first Premier's

Concert who have gone on to make careers in the performing arts; a testament to the talent of our youth.

Madam Chairman, time does not permit me to name each participant individually, but I can tell you, that having attended that particular presentation of the Premier's Concert, it was absolutely heartening to see the talent of our young people and to see them display such talent in front of an audience with no degree of fear or trepidation or nervousness. It was truly a joy to watch these young people perform.

The budgeted estimates for this [cost centre], Madam Chairman, are also used: to stimulate and foster the development of the arts; and to organise and implement the Writer in Residence programme—a workshop that will include a public reading by the invited writer.

The Department of Community and Cultural Affairs has supported programming to develop our literary arts. With this aim in mind, the department hosts an annual Writer in Residence workshop focusing on a variety of genres. This year, the department hosted a three-week Writer in Residence programme focusing on the genre of science fiction and fantasy. We are very pleased that the distinguished and award-winning Grenadian writer, Tobias S. Buckell, author of *Hurricane Fever* and *Halo: The Cole Protocol* served as the instructor for this programme. Mr. Buckell worked with 12 of Bermuda's writers, as well as giving a talk to the students at Sandys Secondary Middle School.

This year, our writer in residence will be University of Toronto professor and poet, Dr. Christian Campbell. Dr. Campbell is originally from the Bahamas and is the author of an excellent collection of poetry entitled *Running the Dusk*. It is anticipated that Dr. Campbell will conduct a workshop on poetry during August 2015. And you might be aware, Madam Chairman, that poetry is one of my favourite pastimes, so maybe I might be able to be in attendance to be able to glean some of the tips that he might be able to pass on.

[Cost centre] 62070, Folklife Bermuda: Madam Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$160,000. This represents a decrease of \$19,000, or 11 per cent when compared with original budget for 2014/15.

Activities that fall within this [cost centre] are: Historical Heartbeats: Madam Chairman, the Historical Heartbeats Lecture Series, now entering its twelfth year, is a programme that highlights various aspects of Bermudian history and culture and aims for a monthly presentation that is both entertaining as well as educational. The new season featuring eight events and three film nights begins August 2015.

Bermuda Folklife Documentary Series: The Bermuda Folklife Documentary Series is a collection of full-length feature films highlighting the traditions and tradition-bearers of Bermuda. The department is looking to launch three new documentaries in the se-

ries during the 2015/16 budget year; a film focusing on boat building in Bermuda, with special emphasis on traditional small crafts, as well as a documentary on contemporary Bermuda artists.

Folklife Apprenticeship Programme: Madam Chairman, the Department of Community and Cultural Affairs is entering its seventh year of the Folklife Apprenticeship Programme, focusing on the transmission of knowledge and skills from one generation to the next. Six tradition-bearers, in various arts, will be selected for inclusion in the programme to work one-on-one with a single apprentice for an average of eighty hours. There will be an awards luncheon in August 2016 where tradition-bearers and apprentices who participated in the programme will share presentations about their experiences. A short film will be produced showing highlights of the apprenticeship experience.

Digital Archive: Madam Chairman, the Cultural Affairs Digital Archive continues to expand through the transcription and digital conversion of interviews collected through the Bermuda Documentary Series. Transcripts from 15 interviews, totalling close to 350 pages, were added to the collection this year, and more than half of the cassettes from the Smithsonian Folklife collection were digitised. It is anticipated that 2015/16 will focus on digitising the remainder of the cassettes from that collection.

Community Services, [line item] 5203, [cost centre] 62100, Bermuda Rendezvous Activities. Madam Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$175,000. This reflects a net decrease of 18 per cent, or \$39,000, when compared with original budget for 2014/15.

This [cost centre] provides opportunities for both visitors and locals to discover and enjoy various aspects of our Island's culture, arts and entertainment. This programme runs from November to March of each year and has become quite popular with both visitors and participating locals. Funds allocated in this [cost centre] are also used to pay vendors who host the listed talks, tours and demonstrations, as well as to cover the cost of advertising, rental fees for tents, sound systems and sites.

[Cost centre] 62130, Senior Citizen Projects: Madam Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$118,000. This represents a decrease of 22 per cent or \$33,000 when compared to the original budget for 2014/15. To ensure expenditure is contained within the budget allocated, the department will fund activities based on merit.

The department is responsible for organising a number of programmes and activities for our able-bodied seniors. One annual highlight is the Seniors Awards Ceremony during which nominated seniors are honoured for the significant contributions that they have made. The funds associated with this [cost centre] will also cover operating costs for the Seniors'

cruise held in August, and the Seniors seminars held monthly.

Community Education, [line item] 5204, [cost centre] 62140 Community Outreach. Madam Chairman, this [cost centre] covers the operation of the Summer Internship Programme, which provides work-shadow opportunities, practical experience, and service learning activities to Senior School Students ages 15 through 18, through a diverse range of coordinated partnerships with the public and private sector. The total amount budgeted for this [cost centre] for 2015/16 is \$40,000. Budget estimates for 2015/16 remain consistent with original budget estimates for 2014/15. Madam Chairman, I should have said that while this remains consistent, we are \$2,000 up from the prior year; we had \$38,000 the year before and \$40,000 for this ensuing year, so it is a \$2,000 increase. I just said it was consistent, I just wanted to highlight that there is a slight difference.

[Cost centre] 62150, Community Education Courses: Madam Chairman, this [cost centre] provides a diverse range of educational, social, recreational, cultural, personal and professional development courses to Bermudian residents. Courses and programme activities are designed to promote and foster a healthy quality of life and well-being of residents. The three demographic target groups are: youth ages 5 to 18, adults ages 19 to 64 and seniors 65 and up. (It frightens me to know into which category I now fit, Madam Chairman.) The total amount budgeted for this [cost centre] for 2015/16 is \$199,000. This reflects a decrease of 22 per cent or \$55,000 when compared to original estimates for 2014/15. As a result of reduced funding and to ensure expenditure is within budget in 2015/16, the department will seek more creative ways to advertise community education classes. This is required with an aim to reducing the number of brochures being printed. Also, an analysis will need to be conducted to identify those courses which may need to be discontinued and thereby reduce expenditure on the number of instructors being paid.

[Cost centre] 62160 Community Education Administration:

Madam Chair—

[Hon. Dennis P. Lister, Chairman]

Hon. Patricia J. Gordon-Pamplin: Mr. Chairman, you swapped out on me.

Mr. Chairman, [cost centre] 62160, Community Education Administration. The total amount budgeted for this [cost centre] for 2015/16 is \$817,000. This represents an increase of 15 per cent or \$106,000 when compared with original estimates for 2014/15. This increase is primarily due to the inclusion of a new post of Cultural Liaison and Development Officer, thereby increasing salaries. This post was transferred to the department from the Ministry of Tourism as a

direct result of the creation of the Bermuda Tourism Authority.

Mr. Chairman, funds allocated under this business unit cover the overall programme administration and operation for the Community Education and Development Programme. It covers the planning, coordination, implementation and delivery of a variety of over 200 educational, social, recreational, cultural, personal and professional development courses annually. Provision of these course offerings and activities benefit the social and economic development of Bermudian residents. In addition, this business unit covers the shared administration of activities and functions of the Bermuda Community Education Advisory Council in the delivery of activities, special events, projects and programmes that benefit individuals, families and community neighbourhoods.

Mr. Chairman, revenue for 2015/16 is budgeted at \$121,000, which represents a decrease of \$15,000 from the past year. This reduction is attributable to an anticipated decline in student registration (fees) for community education courses, and as such, the decrease is reflected in the budget.

Mr. Chairman, cost reductions and increases as per the subjective analysis on page B-250 have been explained throughout this presentation; however, as a point of note, material reductions of \$127,000 and \$185,000, as it relates to Advertising and Promotion, and Professional Services, respectively, are further explained:

Advertising and Promotion: There will be reductions in printing of brochures and reductions in advertising through print and voice media. As a result, greater emphasis will be placed on advertising via social media such as websites, Facebook and Twitter. Minimum disruptions are expected on Heritage Month events, Bermuda Day festivities, Uncover the Arts programme, and senior events.

Professional Services: Mr. Chairman, the department will place greater scrutiny on the use of professional services to ensure optimum value is achieved across all planned activities for 2015/16. Contracts are expected to be renegotiated, and discussions will take place with other departments to reduce cost and provide services in the most efficient way possible. In addition, reduction in community education courses will result in a reduction of hiring of instructors.

Mr. Chairman, I would like to take this opportunity again to sincerely thank all of the dedicated staff of the Department of Community and Cultural Affairs, led by its Director, Heather Whalen, for the work that they do in educating the community and fostering a greater sense of identify through an appreciation of Bermuda's culture and heritage.

Mr. Chairman, this ends my presentation of the 2015/16 budgetary allocation for Head 52, the Department of Community and Cultural Affairs; and hence, the end of my presentation for today on Heads

71, 20, 23 and 52. Mr. Chairman, I have very intentionally kept my Brief brief and focused wholly on the numbers and the differentials, because I truly and fervently believe that this is a ministry that can engender tremendous discussion because of its impacts on the community and its benefit to the community. With that, Mr. Chairman, I will take my seat and allow others to participate in the debate. Thank you.

The Chairman: Thank you, Minister, for your contribution this afternoon.

Is there any other Member who wishes to speak?

We recognise the Shadow Minister for Sport, the Honourable Michael Weeks. Shadow Minister, you have the floor.

Mr. Michael A. Weeks: Thank you, Mr. Chairman, and good afternoon to you.

Mr. Chairman, before I get started I want to first acknowledge the former Minister, the Honourable Wayne Scott, for all his efforts. I was his Shadow for two years. Some of our rapport was good. Some could have been a little better. But I wish him well.

Secondly, I want to thank the present Minister, Ms. Gordon-Pamplin, for allowing me an opportunity to respond to these important heads, because I certainly agree with her that this ministry here is very important, more important than some care to realise, since we are on the front line of our social development.

So, Mr. Chairman, located on page B-222, I will be discussing Head 71, Ministry of Community Culture and Sports Headquarters; Head 20, Youth, Sport and Recreation; Head 23, Child and Family Services; and Head 52, Community and Cultural Affairs.

Mr. Chairman, I seek again this year to highlight these particular heads because we in the Progressive Labour Party believe that we are that—a labour party, Mr. Chairman. And our roots are deeply embedded in the working-class community of Bermuda. So we have a responsibility, Mr. Chairman, to look out and work for the better development of our communities and for the enhancement of our culture. And that is of the utmost importance to our party.

Mr. Chairman, Community, Culture and Sports have an undeniable effect on education, social development and crime. So we must be careful when we decide to chop anywhere in this budget. So, Mr. Chairman, I will get right to the Budget Book. Let us begin by looking closely at the heads on page B-222.

Head 71, Mr. Chairman, Community, Culture and Sports Headquarters has been decreased this year by \$182,000. Head 20, the Department of Youth, Sport and Recreation, has been slashed by \$1,204,000. Head 23, Mr. Chairman, the Department of Child and Family Services, has been chopped by a whopping \$2,071,000. And Head 52, the Department

of Community and Cultural Affairs, has been cut by \$330,000.

Mr. Chairman, I have said already, and I will be saying it on more than one occasion while I am on my feet, that this Ministry is really on the front line for addressing the social needs of our community. At this point, Mr. Chairman, I would just like to quickly read the mission statement for Head 71, Ministry of Community, Culture and Sports: “To strengthen the social fabric of Bermuda through policies and programmes that support, empower and protect people and communities.”

Mr. Chairman, it is [during] times like a recession when the OBA should not be chopping the budgets of our social assistance programmes. These are the very times that our people really need our financial help. These cuts are truly an affront to the ordinary man and woman of our country, Mr. Chairman, no matter whether they are low income or the middle class. Our people, as we know, are really suffering.

So, Mr. Chairman, let us start with Head 71, on page B-223, which, as I said earlier, has a decrease of \$182,000. A closer look reveals that the Mirrors Programme has actually been reduced by \$229,000. And that is in the general summary, Mr. Chairman, on page B-223. On page B-224, I see that much of the decrease in the subjective analysis is directly related to the Mirrors Programme, which is also a decrease in the staffing. I think the Minister mentioned that.

But my first question to the Minister will be . . . I would like for the Minister to explain what she thinks the impact of these cuts are on this Mirrors Programme that not only deals with our children who are at risk, but is preventative, Mr. Chairman, in that it goes to the schools and helps to mentor our children. If I may read for some clarity, Mr. Chairman, part of the brochure of the Mirrors Programme.

The Chairman: Yes.

Mr. Michael A. Weeks: It states, and I quote, “Mirrors is consistent with the goal of the Government, and the benefits of the programme are improved relationships; it decreases anti-social behaviour, i.e., crime, drug use, risky sexual behaviours, abuses of all kinds; and it raises self-confidence, self-esteem and self-worth.”

So, having read that, I want to ask the Minister why [make] cuts to such an important programme [when] we all know what our social fabric is right now? And from reading about it, Mr. Chairman, I got the feeling . . . I just have to ask the Minister another question: Do these cuts suggest that the Mirrors Programme is actually being absorbed into the Ministry of Community, Culture and Sports Headquarters?

Mr. Chairman, I need to say at this time that I strongly support this programme. And I must say that I was one of the volunteers. And I took that class. I trained and participated briefly with a young man in

Victor Scott Primary School when I became certified. So I can attest, Mr. Chairman, that through the interaction with that young man and the Mirrors Programme . . . and that young man whom I am talking about was quiet, reserved and shy ended up becoming the Head Boy at Victor Scott and the champion boy in sports. I am just saying that to say that this programme, having first-hand knowledge myself, is a very important programme that we have to be very careful how we try to cut, streamline or realign this Mirrors Programme.

On B-224, Mr. Chairman, the subjective analysis. There is a 12 per cent, or \$83,000 decrease in Grants and Contributions. Most of the decrease, Mr. Chairman (on page C-19) is attributed to parish councils. At a time when we talk about getting our communities more involved in what is happening in our families and our youth and our workmen's and sporting clubs, I would like to suggest that we need to increase the accountability of these parish councils. We could use them and we should use them as a hub.

So, Minister, why can we not look into using these parish councils as a hub for a lot of the community activities like legal service, health care screening and the like, more now at a time when a lot of our young men, whether we agree or disagree, do not travel too far out of their own environment? We have ways that are already there—i.e., the parish councils—that we may need to take another look at and see how we could utilise them to help the social healing that we need.

Mr. Speaker—Mr. Chairman (I must be calling you Mr. Speaker for a reason) . . .

[Laughter and inaudible interjection]

Mr. Michael A. Weeks: Yes, yes, it is. You do not jump when I say it, so if I do now and then, just bring me back, Mr. Chairman.

[Inaudible interjection and laughter]

Mr. Michael A. Weeks: Yes, yes. Do not shout at me.

Head 52, Community and Culture: On page B-250 I see a decrease in Grants and Contributions by 4 per cent, or \$10,000. But, Mr. Chairman, Head 20, Youth, Sport and Recreation, has a decrease in Grants and Contributions of \$1,045,000, or 28 per cent, most of which is in line item 6876 *[sic]*, Contribution to Sports Development.

Mr. Chairman, let us turn to Head 20, Youth, Sport and Recreation, which starts on page B-235 to B-241. Youth, Sport and Recreation, Head 20, has been hit hard by these cuts, Mr. Chairman. The 2015/16 budget estimate of \$9,541,000 represents a substantive decrease of that \$1,204,000. Let us go to page B-238, Mr. Chairman, our employee numbers, an overall decrease of eight staff members. Let me catch up to the page . . . an overall decrease of eight

staff members, Mr. Chairman, six of which, I note, are in the after-school programme.

That brings another question for the Minister. I would like for the Minister to explain the impact of these cuts in the after-school programme. With the after-school staff being decreased by six, Mr. Chairman, are we saying that we are going to resort to a skeleton crew to watch and care for our children, while we, as hard-working parents, are working and just hoping that they are safe?

I stand here today, Mr. Chairman, to speak for that single parent, or even, for that matter, both parents, who cannot afford to get off work at 3:00 or 3:30 to collect their child. That is unlike when I was coming along, and many other people may attest to it, Mr. Chairman. I was one of those lucky ones when I came along. We had grandmother at home, who I and my cousins affectionately called Ma. Mr. Chairman, that that is a little nostalgia. But I note that nowadays this is really the case. This is really the case. So we need to put a face to some of these cuts, Mr. Chairman, so as not to inflict more harm and/or stress on our already-struggling families.

From doing a little research, I noticed that most after-school programmes that I know of are over-subscribed. So why the cuts?

Page B-238, line item 8315, Registration, states that there will be a decrease of registration of \$457,000. I ask how this is possible when, as mentioned, most after-school programmes are over-subscribed? And from what I am made to understand, they have a waiting list. So, can our Honourable Minister please explain the drastic drop in our registration on page B-238, revenue summary, [line item] 8315?

The after-school vouchers: Mr. Chairman, who qualifies for these vouchers? Is our Honourable Minister saying that parents are not registering or that parents are not being able to afford the registration fee? From what I see, these numbers are talking back at me, Mr. Chairman. They do not seem to be adding up. So we just need some answers. And I know that these cuts will hit this department hard and definitely have a negative impact on the services that the community—the community which is in much need of our services—has become reliant on.

But, Mr. Chairman, it appears quite obvious, in my humble opinion, that the OBA's mindset is to sacrifice the positive influence on our young people that these kinds of programmes provide. Let us look closer, Mr. Chairman, at Head 20 on page B-236, where the line items tell a painful story of an OBA Government that does not value the development of our young people. Let us closely examine. I will go by line item as I examine what the OBA thinks of programmes directed at our people. Let us look at the nine programmes that represent Youth, Sport and Recreation, Mr. Chairman. And I think you may agree with me how this department has been savagely

butchered by the extent that our children, for the most part, will be adversely affected.

On page B-236, Mr. Chairman, just where I still am, [line item] 2001, Administration and Sports, [cost centre] 30045, General Administration, has been increased by 2 per cent, totalling \$22,000. Now I may have missed it if the Minister said it, but I am going to ask the question: Is this \$22,000 a savings on furlough days or not? Cost centre . . . Is this—

[Inaudible interjection]

Mr. Michael A. Weeks: Yes, it is [cost centre] 30045. I see an increase, \$22,000. The question was whether or not there were our savings from furlough days.

[Inaudible interjections and crosstalk]

Mr. Michael A. Weeks: Well, let the Minister answer the question.

[Laughter and crosstalk]

Mr. Michael A. Weeks: Yes, thank you, sir.

Sports Development has one cost centre, 30055 (and thank you, colleague, for helping me out), Sports Programmes, which have been decimated by 36 per cent by the OBA and the Finance Minister, to the amount of \$900,000. And I think I did say the [cost centre] 30055. There is no mention of what this \$900,000 decrease is. So, can you please explain that, Honourable Minister?

Mr. Chairman, I think we understand the role that sports plays in our development. It teaches fair play, patience, cooperation and the like. At a time when our society is lacking, both young and old, Mr. Chairman, we know that some of our even older ones need to learn some of the lessons that sport has the potential of teaching. We understand and respect the immense role of sports development. But, Mr. Chairman, in my humble opinion, it seems that it has become painfully evident that the mindset of the OBA is such that it places far less value on the importance of sport in the development of character in our community.

Mr. Chairman, given the serious deterioration in our social fabric and the importance of sport, a Government that really wants to solve the problems of our country would ensure, in my opinion, that youth and sport was adequately funded and programmes and activities are enhanced to meet a growing need in our community. But, no, Mr. Chairman—not the OBA.

Mr. Chairman, in principle I and my party support the idea of the America's Cup. But let me be clear, Mr. Chairman. It is interesting how the OBA was able to find \$77 million for the America's Cup, but is cutting social programmes left and right—not to mention the cancellation of the Agriculture Exhibition, Mr. Chairman, a cultural staple for many years. I have

done some homework on that, and we have had the Agriculture Exhibition for almost 77 years straight. So, Mr. Chairman, what is the OBA doing in the name of cost-cutting? Even their own MP, Jeff Sousa, tried to keep the Agriculture Exhibition, because I think he knows the importance of it. But apparently, no one cares and no one is listening.

Mr. Chairman, still on page B-236, let us go to [line item] 2003, Sports Incentives and Awards. They have one [cost centre], that is, 30030, Athletic Awards, that has not been affected by the chopping block, which is good. Mr. Chairman, [line item] 2004, Sport Facilities Management—this most notable cost centre [30060], Sports Facilities, I see has been cut by \$100,000, and in this case a whopping 10 per cent. No explanation as to why the cut and which sports facilities will be affected. I find this concerning, Mr. Chairman, because I have said already on more than one occasion in this Honourable House how I, like some of my other colleagues, have been very much associated with a lot of our sports clubs around the Island over the years. But one of the common threads between most of the sports clubs, Mr. Chairman, is that the revenues, for the most part, are based on bar sales. And in order for us to move away from that, we need assistance, more assistance from our Government.

So if our Minister could address which clubs will be disadvantaged further by these cuts, we would be greatly appreciative. So, which, Madam Minister, are the clubs that will be adversely affected by these cuts to our sports facilities?

Let us take a look, Mr. Chairman, at our performance measures on page B-239. And I noticed that it refers to [cost centres] 30075 and 30080, but nothing on the \$100,000 decrease in Sports Facilities. So, if the Minister can kindly help us out, I would greatly appreciate it. Or, Mr. Chairman, in [cost centre] 30390, still on [line item] 2004, Sports Facilities management, I see where our Sports Community Fields have been cut by a whopping \$31,000, or 38 per cent. Again, Mr. Chairman, on our performance measures on page B-241, it does not say which fields. But another question that comes to mind, Mr. Chairman. Which fields are going to be affected by this lack of funding from the Youth, Sport and Recreation, and does that mean no grass is going to be cut, no fields are going to be marked out on game days, no trees trimmed, or no trash pickup?

These things, Mr. Chairman, I know intimately from being a part of a club. So it is important to know which clubs will be affected by this cut. Or is it now that the OBA are expecting the people in Youth, Sport and Recreation administration to accept these cuts, Mr. Chairman, to every department which affect our youth directly or indirectly, one way or another?

I would like to say, Mr. Chairman, that we on this side of the floor think not. I think we consider these cuts insensitive and out of step with a lot of the

real problems that are facing Bermuda. Truth be told, I think that this department has suffered massive cuts that are demoralising to the staff and the community workers, who are adversely impacted by the aforementioned cuts.

In [line item] 2005, Mr. Chairman, also on page B-236, Youth Development Administration has been cut by \$70,000. [Cost centre] 30350, Youth Grants, has a decrease of \$29,000, or 16 per cent. [Cost centre] 30360, Youth Services, has a decrease of \$81,000, and now it is actually down to zero dollars. Another question I have for the Minister is, Can the Minister explain which youth services were cut so drastically and which grants are being cut? And these are youth grants and our youth services.

As we look at the performance measures on page B-241, Mr. Chairman, I read in [cost centre] 30350, Youth Grants, it says that we provide grants to sports clubs specific to the creation or enhancement of youth programming, building good character. And again, I want to ask about, which clubs get these grants anyway, or what is left of it, so that we could help these clubs in the creation and enhancement of youth programming and building good character? So, if the Minister can shed some light on this, I would appreciate it.

Mr. Chairman, I see where the aim is to initiate the partnership of neighbouring sports clubs. And that is also on page B-241, performance measures. But back on page B-236, line item 2002, I mentioned earlier that we see a cut in funds to sports programmes. So, what partnerships that I read about in performance measures, Madam Minister, are we looking for? Because if we had made a drastic cut of 36 per cent in sports programmes, and then in performance measures, we are looking to foster partnerships, I would like to get further clarity on which ones.

Still on page B-236, Mr. Chairman, [line item] 2006, Staffing. I see funds are cut to community centres. And in performance measures on pages B-239 [and] B-240, I read, "Initiate neighbouring sport club for the enhancement of programming." But if we have cut so much from our sports programmes and our clubs, and we have cut from our community centres, what kind of partnership are we really looking to foster? And I speak personally that both entities are very much underfunded in what they are trying to do to assist our community.

So, in summary, on Head 20, I note that the net reduction under Head 20, Mr. Chairman, is \$1,204,000, which represents 11 per cent. But the cuts, Mr. Chairman, they reach into our neighbourhoods and our communities. And I think this has been devastatingly short-sighted by the OBA. And I contend that the across-the-board cuts in services to numerous community activities will definitely have an adverse effect. So my advice to the OBA would be this: In the best interests of the welfare of this country, re-

think these severe cuts and their long-term impact on our young people of Bermuda.

Mr. Chairman, if I may, I would like to remind the Minister of the PLP's Reply to the Throne Speech 2014, which read, Mr. Chairman, "Sport is seen by many as a more cost-effective approach to dealing with social problems than correcting the consequences of aggression, crime, violence and abuse through police, correctional or social services. Therefore, the PLP believes that we must invest in our Sporting and Workmen Clubs' infrastructure."

Before I move on from Head 20 I would like at this time to thank the staff of Youth, Sport and Recreation and commend them for doing such an outstanding job, and doing their utmost in reaching into and assisting many in our communities. So, Mr. Chairman, that completes for me Head 20, Youth, Sport and Recreation.

I turn my attention to Head 23, Child and Family Services, on page B-243, where I have to say that the OBA's lack of care continues to raise its ugly head toward our struggling families during these tough economic times. On page B-243, [line item] 2301, Mr. Chairman, Service to Children/Young Persons, [cost centre] 33010, Happy Valley Child Care Centre, the first question I want to ask when I see the cut in Happy Valley Child Care Centre . . . I see a decrease of \$204,000, or 21 per cent.

I turn to page B-245. I see that they also have a decrease in staff of 2 per cent. So my first question to the Minister as it relates to the Happy Valley Child Care Centre is, Madam Minister, if Happy Valley is to address high-risk children, how do we justify cutting food and clothing services?

[Crosstalk]

An Hon. Member: What line item was that?

Mr. Michael A. Weeks: [Cost centre] 33010, page B-243. [The monies are cut] by \$204,000.

An Hon. Member: You said staff. How do they get their food?

Mr. Michael A. Weeks: And they have also cut staff. But from reading and thinking and surmising, doing some homework I came up with a question, Mr. Minister. (You will get your turn.)

[Line item] 2302, Service to Individuals and Families has also come under the chopping block by our Finance Minister, a cut of \$675,000, or 11 per cent. Under this programme, Mr. Chairman, [line item] 2302, you would know as well as I that individuals and families depend on these services from our Government. And they are definitely faced with some dire issues.

[Cost centre] 33020, under [line item] 2302, Family Service has been drastically cut by \$173,000

this year, or 6 per cent. They were also cut last year by \$9,000. [Cost centre] 33030, Foster Care has been drastically cut by \$258,000, and also they were cut by \$9,000 last year. [Cost centre] 33200, Bermuda Youth Counselling Services has been cut by \$244,000, or 21 per cent. Do we somehow believe that the need for these services is lessening, Madam Minister? Across the board I hear that these cuts have a profound negative impact on our families and individuals, many of whom, as we know, are children, and they are definitely relying on assistance from our Government.

When we look at [line item] 2302, by the very nature of this description, Service to Individuals and Families, we find it puzzling and disconcerting to think that during these times the OBA, well aware of challenges that this country is facing socially, could not only overlook but, with the stroke of a pen, make life more difficult for those whom we know are in need.

Mr. Chairman, [cost centre] 33030, Foster Care, is a service that has many success stories in our country. I am not going to list them all, but I think we all know of some success stories that have come through the foster care programme. And they show much gratitude for the time that they have spent in foster care and in residential care. So, my concern at this time is that this decrease of \$258,000 in this budget places this particular programme, Foster Care, in jeopardy. And they have also endured cuts last year, Mr. Chairman.

With the climate as it is with the state of the economy, Mr. Chairman, with unemployment rising and putting strain on families, causing family breakup and the stress that that brings, services like foster care and family services are needed more now than ever before. So we have to be really careful about trying to meet somebody's mandate to go ahead and cut when Community, Culture and Sports is truly, in my opinion, on the front line of dealing with a lot of the social issues that we find ourselves in in this country, Mr. Chairman.

Mr. Chairman, [line item] 2303, Residential Treatment. Mr. Chairman, this represents six [cost centres]. And I took note that all six have been affected by the scalpel of the Finance Minister.

[Inaudible interjection]

Mr. Michael A. Weeks: The scalpel of the Finance Minister. Or Samurai sword is more like it.

Mr. Chairman, [cost centre] 33060, the Home Based Programme, an increase of \$18,000, or 1 per cent. But let us go to page B-245, Mr. Chairman. And I see where the Home Based Programme . . . (I lost my train of thought, Mr. Chairman.)

Let us go to [cost centre] 33070, Brangman Home, where we have got a long successful history, but must now operate with a 21 per cent decrease, or a \$238,000 cut. Mr. Chairman, I could speak firsthand on this. Due to the very nature of this facility,

even if there are no residents in this facility it is imperative that this facility, like the boys' facilities, [provides] 24-hour access. Not only are our young women and our young men placed there by the family court, there have been occasions when a lot of youngsters, young boys or girls, will be out on the town, underage, have family issues or whatever.

When the police pick them up, they have a choice. They either take these youngsters to co-ed . . . and a lot of times they are underage. So this is where residential care plays a major role in housing some at-risk or disaffected children.

This particular comment, Mr. Chairman, is not from research. It is from having worked there and lived it. And I know how important it is, especially on a Friday or a Saturday night when we get a lot of youngsters who are a little wayward and they need a place of respite for a day or two. We cannot put a dollar value on that. We cannot cut costs on that, because at any given time one of our young boys, in particular (but girls also) would need some respite care.

So, Mr. Chairman, moving on to [cost centre] 33080, still under [line item] 2303, Youth Development Centre. I see that they have been cut by \$98,000, or 39 per cent. Cost centre 33090, I see the Observatory Cottage has been cut by \$257,000, or a 22 per cent decrease, and three staff members (on page B-245). Mr. Chairman, I think I raised this last year, and I need to raise it again. That Observatory Cottage has been closed. And it has been derelict now for about 10 years. So, why is the Observatory Cottage in here? And some may ask how I know. I actually live there, Mr. Chairman, at the Observatory Cottage, as the live-in supervisor. So I know that the Observatory Cottage is closed and is now a derelict building.

Cost centre—

[Inaudible interjection]

Mr. Michael A. Weeks: And there has been a cut of \$257,000, yes. So—

[Inaudible interjection]

Mr. Michael A. Weeks: Well, it should be nothing. So my question is to you, yes.

Cost centre 33100, Psycho-educational Programme, I see has been cut by a whopping \$405,000, or 17 per cent. Let us go to page B-245, Mr. Chairman. Psycho-education Programme now has no staff members. But on page B-243, the Psycho-educational Programme has an allocated \$2 million. So my question to Madam Minister is, well, if there are no staff who exactly will be monitoring and spending these funds?

Mr. Chairman, residents with special needs used to be sent overseas to special facilities. So, what do we do with these special cases now? I would like for the Minister to shed some light, unless we are in-

timating that there are no more special cases. And especially with the state and the climate that we are living in, I know first-hand that many families, Mr. Chairman, and youngsters are in need of our assistance. And the Government, [providing] these kinds of services, Mr. Chairman, is the last hope for a lot of these families.

The Psycho-educational Programme, as much as people may have complained about the cost, what it costs to send somebody away . . . But until we get the proper services to deal with our young men and young women who are in need of specialised services, we have to make sure that the Psycho-educational Programme remains vibrant. At any given time, a worker in this department may have to take someone overseas for specialised care. No red tape, no bureaucracy—you have to get up and go. So, again, this particular service is very instrumental in helping those families who are not able to assist themselves in times of emergency.

Mr. Chairman, I [ask], does the OBA not understand that monies must be given at the front end or we will continue to see the rise in our youth unsettledness? And I will say it this time, Mr. Chairman. If the answers to any of these queries is that more children now are going home, then it stands to reason, in my humble opinion, that it should be an increase—not a decrease—in Home Based Programme funding, as I see on page B-243, [cost centre] 33060.

In summary, Mr. Chairman, the OBA found \$2,071,000 to cut from this head. Yes. But this \$2 million, Mr. Chairman, I need to remind the people . . . excuse me, I need to remind the Minister and the OBA that this \$2 million cut has a face and a name—Mr. and Mrs. Bermuda, who I know first-hand rely on residential care.

I could speak to those listening that when the Finance Minister saw their face when he was looking to cut funds then, guess what, Mr. Chairman? He cut the funds anyway. With Child and Family Services being cut by the OBA . . . this to me, Mr. Chairman, represents a callous and uncaring Government who saw fit to chop in this area at this time in this country when it is essential that our social fabric be repaired.

Any trained eye, Mr. Chairman, or untrained eye, can see (and, again, I reiterate that I worked there for 20 years) that we are setting these programmes up. And the people that they serve, we are setting them up for failure, Mr. Chairman. There are some services that can be streamlined and realigned and cut and the like. I have been down in those trenches.

I remember when there were never enough resources. Unfortunately, those meagre resources are now being cut. And I would like to submit that now, the OBA, in my opinion, appears to have its priorities backwards. And I know most of us have heard that saying by our parents and our grandparents, that an ounce of prevention is worth a pound of cure. Well, I

always thought that a lot of these programmes were that ounce of prevention. And in a lot of cases, they are a pound of cure.

Mr. Chairman, let me turn briefly to page C-37, and it is the overall breakdown of the percentage of the whole [budget] that each Ministry is getting. And I note that Community, Culture and Sports gets 7.3 per cent of the total [budget]. And National Security has a percentage of the pie of 12.4 per cent. But let me say before people think I am talking against anybody or any organisation, because I definitely commend the police. I commend the corrections, and I also commend the National Drug Control (or NDC, as a lot of us know it). But I note, Mr. Chairman, that these three combined budgets have more than the Community, Culture and Sports budget. Those three budgets combined are more than the whole of the Community, Culture and Sports budget.

So, having said that and made that . . . National Security, police, corrections and National Drug Control. Yes. So I would like to strongly suggest and encourage the Minister of Finance not to cut the funds from the front end, or we will find ourselves needing, as we see in this budget, more monies at the back end. We have 7.3 per cent of the total budget on the front end, and 12.5 per cent of the total budget on the back end. Something has got to be done, Mr. Speaker . . . Mr. Chairman.

If I keep calling you Mr. Speaker, then hit the gavel, please, Mr. Chairman.

[Inaudible interjection]

Mr. Michael A. Weeks: Yes. It looks comfortable there.

At this point, Mr. Chairman, despite the fact that their budgets have been cut by the OBA, I want to take time to thank the staff members, many of whom I know personally, in these various programmes. And on behalf of the PLP, I want to encourage them to continually try to provide the best service, in spite of having less and less resources.

Let us move on now, Mr. Chairman, to Head 52, Community and Cultural Affairs, page B-249. Mr. Chairman, can you tell me how much time I have got left?

The Chairman: There are 50 minutes remaining in the debate.

Mr. Michael A. Weeks: Okay. Head 52, Mr. Chairman, Community and Cultural Affairs, page B-249, with its three [line items]—5202, Cultural Affairs; 5203, Community Services; 5204, Community Education.

These programmes, Mr. Chairman, provide important cultural events and education throughout our community, for young and old. And at first glance, I would say that I was shocked—but then again, I should not have been—that the OBA again has seen

fit to cause undue harm by chopping a lot of these departments. But as we have witnessed previously, Mr. Chairman, Youth, Sport and Recreation, and Child and Family Services got the big chops.

So, overall, Mr. Chairman, I note a 10 per cent decrease, or \$330,000, in these departments. My first query pertains to [line item] 5202, [cost centre] 62020, Heritage Celebrations. I go there first, Mr. Chairman, because I think many know that my heart's desire is to have the Bermuda Day holiday addressed and make it more palatable, not only for the businesspeople of this country, but for everyday Mr. and Mrs. Bermuda. And I mention it now, Mr. Chairman, because I remember reading in the *Royal Gazette* a couple of weeks ago that an Honourable Junior Minister on the other side had accused me of politicising the changing of the Bermuda Day holiday.

Correct me if I am wrong, Mr. Chairman, but the Bermuda Day holiday was intended to be celebrated by all of us. So my intent to change it and have it changed for the betterment of not only those who participate, but we could use that [holiday] as some cultural tourism. The Bermuda Tourism Authority even could use that and get on board as an opportunity to get more business into our country. It has nothing to do with politics, Mr. Chairman. It is about creating jobs, opportunities and a better overall product when it comes to our celebrating of Bermuda Day. Mr. Chairman—

The Chairman: I would just remind you to move forward from that one, because it is still on the Order Paper. Okay?

Mr. Michael A. Weeks: Yes.

The Chairman: Yes.

Mr. Michael A. Weeks: Yes, Mr. Chairman. I am going.

[Cost centre] 62050, National Heroes Day. I see an increase of \$48,000, or a 480 per cent increase. That is excellent. I would like to make a note, Mr. Chairman, that I notice in the *RG* [*Royal Gazette*] over the last few weeks that they have got an application for the general public to make suggestions for names of individuals to be more National Heroes.

First, I want to thank my party, the former Government, the PLP, for recognising how important it is for us and future generations to know and acknowledge our national heroes. And while I am on this topic, Mr. Chairman, I would like to suggest, being this is the 50th anniversary of the BELCO riots, when we, or the Government, consider [our national heroes], that we acknowledge as heroes some of those people during the 1965 riots who became known as the BELCO Five. And because it is a budget debate, I will leave it there. And I would offer more information

to the Honourable Minister so that we could talk about it.

That BELCO Five, real quick, Mr. Speaker, was Brother Kenneth Paul, Brother Vivian Ming, Brother George Washington DeSilva, Brother Kervin Ratteray and Sister Dr. Barbara Ball. Only Dr. Barbara Ball served jail time. And some would say that that particular event changed the course of the way labour is looked at in Bermuda. So when we are looking at national heroes, we have to look at some people who laid their lives down at that time, because, remember, we were living in a segregated environment more so then, than now.

Dr. Ball, for one, she had the gumption to cross the line in that segregated environment to come and stand on the side of right. So, if we are looking for national heroes, I have got a few.

[Inaudible interjection]

Mr. Michael A. Weeks: Yes, yes. I will follow up.

[Inaudible interjection]

Mr. Michael A. Weeks: And Friday, Mr. Minister. I have until Friday.

Some Hon. Members: That would be no.

Mr. Michael A. Weeks: Now, for [line item] 5203, Community Services, [cost centre] 62130, Senior Citizens Projects, I see a decrease, Mr. Chairman, of \$33,000, or 22 per cent. Every time we look I feel sorry for my senior citizens. I see the health benefits cut, a lot of other resources cut, and now these projects that a lot of these senior citizens can go and have a reprieve for some of that stress [they have] is now being cut. We have got to ease up on our seniors.

[Line item] 5204, Community Education, [cost centre] 62150, a decrease of \$55,000, or 22 per cent. At a time when we always hear the call that our people who are unemployed need to retrain and retool, with this cut in the Community Education costs, I have to ask the Minister, who is going to be affected by this? Let us look to page B-249, still on page B-249, [cost centre] 62160. I see an increase in administration dollars. But when I look at performance measures on page B-254, it shows a decrease, Mr. Chairman.

I close to give others time to contribute, Mr. Chairman. Before I take my seat, I would like to thank the staff of Community and Cultural Affairs for all the stellar work that they have done and they continue to do. Thank you, Mr. Chairman.

The Chairman: Thank you, Mr. Weeks.

Just for the attention of Members, we have 42 minutes left in this debate.

I recognise . . . actually, I am going to recognise the . . . I will recognise the Shadow Minister of—

Mr. Walton Brown: Constituency 17.

The Chairman: —Immigration, Mr. Walton Brown. He is going to—

Mr. Walton Brown: Thank you, Mr. Chairman.

The Chairman: Thank you.

Mr. Walton Brown: I will be brief, Mr. Chairman.

Mr. Chairman, I would like to start with the mission statement for Head 52, Community and Cultural Affairs, *to educate the community and foster a greater sense of identity . . .* Do we have a sense of identity, Mr. Chairman? Do we have a sense within Government of what is Bermuda's identity? I do not know that we do. I would like to see something along those lines. I know that issues like culture tend not to get prominence in many governments. But your sense of culture and identity is what helps pull a country together. It is what helps to give people a collective vision of how we should either be interacting or where we should go, what we should be doing.

I fear that after some 400 years of existence we do not yet have a collective sense of identity. So I put that out as a challenge for the Ministry as something to work on, because we certainly need it. If we had a sense of identity, a collective sense of identity, we might not be arguing about who should be national heroes. By the way, I hope we are not going to pick our national heroes by way of popularity, by many people filling out a ballot or whatever. There is that silly American [TV] programme (what is it called?) where you vote on—

An Hon. Member: *American Idol.*

Mr. Walton Brown: Right. I have never watched it, but I know about the process. So the best singer is picked by how many votes they get rather than assessing the quality of it. I am hoping that we are going to do a qualitative assessment of what truly is a national hero, and that could help address our issue of identity as well, Mr. Chairman.

You know, most countries look at those people who fight against oppression to find a sense of liberation as heroes. But we have a highly contested representation of one of our cultural icons, from my view, right on the Cabinet grounds, with Sally Bassett. Some people see her as a villain. How on earth anyone could see her as a villain is beyond me.

[Inaudible interjection]

Mr. Walton Brown: I am sorry. Somebody wanted to ask what line item.

[Inaudible interjection]

Mr. Walton Brown: The Minister understands it. I would have thought the former Minister would understand. If we are talking about culture and identity it is obvious. We have a representation of someone who fought against oppression in this country who has for some reason divided this country. That speaks to a lack of a sense of identity. So we need to come to that part.

Progressive governments would give grants to those who produce culture to be able to create things. You cannot say what they are going to produce, but they are writers. There are dancers. They are people who paint. All kinds of artists. And we need to do more of that. And I know that we will be facing challenging times. But if we have a Ministry of Culture, then we should look at what the priorities should be in terms of stimulating a sense of culture and identity. So that is my remark on that aspect.

I have to say I am very appreciative of the work that the Ministry of Culture does, because I know they have a limited budget. But the work needs to go on. And I would just like to see a shifting of the funds toward a greater promotion of the arts.

About two weeks ago we had a very impressive display of individual initiative down in St. George's with the Queen of the Art Walk down in St. George's. I am not sure if the Ministry funded it or not. I will happily be informed if you did, but I know Amy Zanders should be congratulated because she organised that in an effort to stimulate a sense of culture and collectivity.

Mr. Speaker, I want to move on to another item in this budget. That relates to . . .

[Inaudible interjection]

Mr. Walton Brown: The Minister knows. It is the National Sports Centre.

[Inaudible interjection]

Mr. Walton Brown: Yes. Thank you. Whatever it is, it is the National Sports Centre. And you all know what I am talking about.

The National Sports Centre is becoming more and more impressive as an institution—impressive. We have the Aquatic Centre there, at some point, mired in a bit of controversy. We have some things going on that I do not fully understand. I do not fully understand why you had a Bermudian who managed it for many, many years, only to be replaced by someone from outside. I do not know why that is still going on. I do not understand why we had a consultant come in to assess what the new corporate structure should be for the administration of that institution and ends up getting the job.

Consultants are not involved in job creation for themselves; I have an issue with that. I do not

know all of the details, but I throw out questions because it does not strike me as being completely sensible.

Before I get to the Aquatic Centre in particular, Mr. Chairman, I just want to make a brief remark about a sporting organisation that receives a grant. I believe this year it is \$80,000, the Bermuda Amateur Swimming Association (BASA). The national coach is Benjamin Smith, who really is our most accomplished national coach. If you look at the number of medals that he has won for Bermuda, with the students under his leadership, it truly is impressive. But he is not very well known in the country for these accomplishments. So I think he needs to be recognised. He needs to be celebrated. And if we are looking at priorities, then maybe they can get a bit more money as well.

Mr. Chairman, the Aquatic Centre, as I said, was built at great expense [to the] public purse.

An Hon. Member: Extraordinary.

Mr. Walton Brown: And I see the former Minister wants to insert [the word] “extraordinary.” We can accept that.

Bermuda College, under my tenure as Chairman, actually considered allowing an organisation to build an Olympic-sized pool because we were concerned that the pool at the Aquatic Centre was not to FINA [Fédération Internationale De Natation] standards. We had very long discussions about that. And then we brought in the Board of Trustees from the National Sports Centre, and they persuaded us that that pool would, in fact, be built to FINA standards, so much so, Mr. Chairman, that the times that the swimmers score in that pool can be used for international competitions.

I know the Honourable Minister, maybe a week or so ago . . . and the Minister can correct me if I am mistaken, but I am sure I heard the Minister say that the pool does not meet FINA standards. It would be a travesty if that was, in fact, the case, because we would have spent millions of dollars and we would continue to spend thousands of dollars a month on electricity costs to heat the pool, and yet it does not even meet international standards.

Mr. Speaker . . . Mr. Chairman (I am trying to elevate you), I was convinced back in 2011 that the pool was being built to FINA standards because I trusted the information given to me by the board. I also know that our swimmers have now qualified to participate in the Commonwealth Games and in the Youth Olympics scheduled for China based on times that were scored (or whatever you call it; what is the terminology, *scored?*), times that were recorded at the pool. So that clearly has met FINA standards. So I would like to give the Minister an opportunity to either retract that statement or to amend it, because it seems very clear that that pool was built under a great level of scrutiny, great expense—

An Hon. Member: Extraordinary.

Mr. Walton Brown: —and also to FINA standards, Mr. Chairman. Because otherwise . . .

[Inaudible interjections]

Mr. Walton Brown: Mr. Chairman, I am trying not to hog up too much time. But let me just respond to the former Minister’s comments.

The former Minister has just said that that pool cannot be used for FINA events.

[Inaudible interjection]

Mr. Walton Brown: Fifty metre.

[Inaudible interjection]

Mr. Walton Brown: Right. So there is a world of difference between being able to compete in the 50-metre event and being able to compete in a whole slew of FINA events, including diving. So, I think we need to just appreciate that, Mr. Chairman. It is FINA certified. The times that are recorded there can be used for FINA events. So I am looking for the Minister to provide a level of clarification and, if she feels necessary, a retraction. Thank you, Mr. Chairman.

The Speaker: Thank you, Shadow Minister Brown.

Would any other Members like to speak?

I have caught the eye of the former Minister, Minister Scott. You have the floor.

Hon. R. Wayne Scott: Thank you, Mr. Chairman. And I would be remiss if I did not get up and speak for a bit. And I will be brief because I certainly want the Minister to be able to answer some of these questions. And I do appreciate my former Shadow mentioning me earlier on. Certainly, we did have a good working relationship.

But when I was listening to the Reply to the Budget Brief, it was almost like *déjà vu*, because the language—you know, *callous*, *uncaring* and, you know, *slash-and-burn*—if you will, was just very consistent. And I was actually going back and looking for my last year’s notes, because it was just the same thing. And I think that—

[Inaudible interjection]

Hon. R. Wayne Scott: And the Shadow Minister is saying, *Things haven’t changed*. And he is absolutely correct, because last year one of the things that we explained, and I have pointed out even during my budget brief, is spending more dollars does not have a direct correlation to better quality service. And one of the things that we were actually working to do within

the Ministry of Community, Culture and Sport is to do things more efficiently.

I go to page C-37, because, as the Shadow Minister pointed out, Community, Culture and Sport has 7.3 per cent of our overall budget. And, you know, we talk about that we have to do more things for our people. And as the Shadow Minister would know, I fully support that concept. But when we are looking at those percentages, on page C-37, Interest and Sinking Fund is 14.8 per cent. So, we actually start to see why we have found it necessary to really work to be more efficient.

One of the things that I know the Minister has worked hard to do, because I have some inside knowledge, is to find that delicate balance of how to still provide a quality level of service while doing it more efficiently, because it is extraordinarily important to provide services to our citizens. But I am going to go to Head 52, Mr. Chairman.

And, Mr. Chairman, how much time do we have left?

The Chairman: You have got 29 minutes.

Hon. R. Wayne Scott: Okay. So I will try to be about five minutes, thereabouts.

When you look at Community and Cultural Affairs, the words that were used were like *slash and burn* and, you know, *How could we do this to our community events*, with a decrease in the overall bottom line is about 10 per cent, or \$330,000. But when you look at the administration and overhead costs, that is almost \$250,000. So you see that the vast majority of that has been in overhead. And when you look at the line item that was mentioned with Heritage Celebration, which was reduced by \$95,000, actually if you look against the revised numbers which will represent the efficiency of doing these programmes last year, it has actually increased by about \$40,000.

So, in actuality, when you look at this and you take a step back and you look at it for what we are actually putting towards these programmes, there is not a significant decrease at all. As a matter of fact, in some of these programmes, which are extraordinarily important, as the Shadow Minister spoke about, there are actually increased numbers based on revised or actual spend.

So, I commend the Minister in ensuring that we can still have these quality programmes while also being responsible with the public purse.

Another thing that is very dear to my heart, as we go to Head 23, is Child and Family Services. We do have to ensure that we take care of our families, because we sort it out now, or we sort it out later. And yes, the overall budget for this head has decreased by approximately \$2 million. But when you look at a lot of the overhead costs that have been reduced, when you look at the hiring freezes and the unfunded positions that have been taken out of the budget, which were

budgeted for but unfilled, those have actually been removed from the budget. So again, when you really start to look at the programmes that we are doing you can see that we are still providing the service that is so necessary to our residents.

There is a significant adjustment, if you will, to the line item for psycho-education. And that is something that, as I explained last year when this was my Ministry, there has been a concerted effort to do more effective psycho-education work here in Bermuda instead of sending children off-Island. Of course, it still necessitates that that happens in certain cases. But we are doing more right here with our own trained professional Bermudians who are able to provide those services.

So, again I commend the Minister for ensuring that we are still able to provide an excellent level of service, but doing it [in a way] which is more efficient.

And if I may just take two minutes and explain the pool, because this has come up multiple times. And I know where the Minister was going with this with regard to FINA. There is a FINA certification, and then there is the ability to do FINA-certified events. We spent an extraordinary amount on the pool, which is a beautiful facility. Well, let us just say that if we had the opportunity to do it all over again we would still have a very beautiful facility that I think would give us the ability to even do more, and would have cost a fraction of that amount.

So, yes, you can actually . . . The pool is FINA certified. You can actually do FINA-certified time. And what the Minister said, if I remember correctly, is that you cannot . . . when she said you could not do FINA events, you could not hold an Olympic-type event here in Bermuda. And that is absolutely correct because those events and world championship events and such require a 50-metre pool. We can actually . . . So we have a FINA-certified facility that we can do—

[Inaudible interjection]

Hon. R. Wayne Scott: It is FINA certified.

However, you can do FINA 25-metre events, because certified events require you to have a warm-up pool and a cool-down pool. And what we actually have is a 50-metre pool that also has a dive platform, which means that most 50-metre pools will have 5 or 6 feet in depth, but what we have is a 50-metre pool that is 16 feet deep with a dive platform. If you just think about the type of electricity, the type of infrastructure that is required to—

Mr. Walton Brown: Point of clarification.

The Chairman: We have a clarification. Shadow Minister Brown?

POINT OF CLARIFICATION

Mr. Walton Brown: Well, just in the interest of time, I do not need to be schooled on those details. I understand that. My point is that the pool is FINA certified. That is my only point.

Hon. R. Wayne Scott: Yes. Let me—

The Chairman: Thank you.

Former Minister, will you continue?

Hon. R. Wayne Scott: Point taken. So let me just put it this way: We have the ability, if you wanted to, to send an individual up there to clock a time on their own, to try to meet a qualification, but we do not have the ability to do an official 50-metre event. Therefore, with the extraordinary cost for a 50-metre pool we do not have the ability to have 50-metre events. So again, I believe that is what the Minister was talking about with regard to . . . And I go back to spending more money does not directly equate to having better service. And that is a perfect example.

So I think that if you look overall at what the Minister has done, she has done a very good job ensuring that we still can provide the services that we need in a Ministry that is primarily responsible for the social fabric of this country, but doing it in a fiscally responsible manner. And for that, I think the Minister and the Permanent Secretary and staff of the department should be commended. And with that, Mr. Chairman, I will end my brief remarks. Thank you.

The Chairman: Thank you, former Minister Scott.

Are there any other Members? And I recognise the Shadow Minister for Education, Ms. Lovitta Foggo, from constituency [3].

Ms. Lovitta F. Foggo: Thank you, Mr. Chairman. I think it is imperative that I speak, rather briefly, on this particular ministry, because of the directed influence that it has with education.

So, having said that, let me just look at the Head 20, which is Youth, Sport and Recreation, and say, in terms of the overall cuts which I see, such as in Sport Development, such as in the Sports Facilities, in Youth Development, I do have to query whether or not it is recognised what the impact may be. And I have to wonder whether or not something was done, some sort of feasibility study, in terms of assessing what type of impact this may have on youth development, with specific respect to sports.

We all know that sports is another vehicle with which children are able to recognise and realise those aims and goals. And so, I think that we should be cautious when we decide to look at such programmes, particularly during this economic time, and cut in the very areas which may help individuals to be able to move on and realise some of the aims and goals that they do have. And I think that no one is saying, Mr. Chairman, that more money equates to better produc-

tivity in whichever way that productivity is being measured. What we are looking at is making certain that, with this revised budget, that the overall impact is indeed not negative.

I do not think anybody who sits in this Honourable House would want that to happen. That is regardless of whichever side we sit on. I think we all sit here with the same desire. And that is to provide a quality product for our people in whichever area that is. And so I felt duty-bound to just quickly point that out.

Mr. Chairman, I sat on the Child and Family Services Board and learned very much first-hand information about how our families are affected in this community, whether that be through whatever social ills are out there, poverty and the like. And I can say that the two do seem to go hand in hand. So I do have some concerns when I see, when you are looking at [line] item 2302 and [line] item 2303 and all of the divisions that come under both of those areas, when you are looking at almost a \$2 million cut. And I know first-hand that we were always looking for more families to help us with ensuring that our young people who, for whatever reason, were not able to, I guess, reside with their parents, to provide the necessary and requisite care to ensure, I guess, a well-rounded young individual and to ensure that they had all of their basic needs met.

Certainly, we were always hard-pressed to find families and financing to put in place so that we did have sufficient families, because there are a vast number of young people, unfortunately, who rely on those services. We live in a society where families are plagued by drugs. We have a high incidence of illness, families with terminal illnesses, and the children of such families often find themselves being under the care of Child and Family Services. And I think, as a community, we are duty-bound to make certain that we have sufficient funding in place.

We cannot cut our young people short. And in reality, I know that there is no desire, again, to in any way impact negatively in these areas. But living in this society within which we live, we know from a dollar-and-cents point of view what this does cost, what the costs are. And we know that it is very difficult with limited finances to be able to provide the necessary services.

Again, the question that I do ask is, What measures are being implemented so that, regardless of the reduced budgets that we are looking at, our children will not be impacted negatively? It is imperative that, at the family level, we get it right. And so, I would hope that when the Minister does respond, she is able to highlight for me (I do not know if I missed anything) some measures that are going to be implemented to ensure that our young ones are not being affected, both when you look at the sports programmes and when you look at Child and Family Services.

I just want to iterate what my Honourable Member from constituency 17 did highlight for us all here in terms of community and culture. As a people, we need to know who we are, where we come from and the like. And we are much better served as people when we have our history, I guess, well steeped within us. And so, all measures that are undertaken under that community that is going to help advance that for us as a people are welcomed. Thank you.

The Chairman: Thank you, Shadow Minister of Education, Ms. Foggo, from constituency 3.

Would any other Members wish to speak before I recognise the Minister?

Minister, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Chairman.

Mr. Chairman, let me first of all thank Honourable Members for their contribution to the debate. Notwithstanding that there were some attitudes and approaches with which I just do not agree, and I am going to say that from the perspective that I do not believe anybody in this Honourable House can, hand on heart, say that we in the OBA do not care. Because I think that that message is the wrong message. Because it is not true. And let me just say that, because programmes have been cut is not indicative of a lack of caring.

It is a lack of money, yes. And what it does is highlight the consequences of the reckless spending that has become the hallmark that we . . . and we have now had to face a deficit where we are trying to do more, to make sure that we are able to provide services to our community with, under very, very straitened circumstances. And I think that rather than sit across the aisle and criticise, Honourable Members should be trying to figure out how we can work together to ensure that we do get the best for our people. And I really take very strong exception to that insinuation that this side does not care. When you spend like drunken sailors there is no money left, then this is what we are faced with.

But let me just answer some questions. Firstly, I will start at the end with the cultural issue, because you know, the Honourable Member from [constituency] 17 asked about who we are as a people. You know, one of the things that occurred in the 2012 Throne Speech, and is now being carried out, was the commitment to have a National Cultural Policy. That policy is being implemented and developed as we speak. There was initially a draft that was done in-house by members of the Cultural Department. And they had exhausted their thoughts and ideas, and pulled together the framework for a draft. Subsequent to that, they went out as recently as last week Thursday and held public meetings to start the external . . . Well, apart from them doing their own bits within the

division, they then had an inter-ministry communication and input and think tank.

They then went out last Thursday and started the external process, with almost 30 people in attendance, in tranches, you know, in tables where they were able to interact and put together their thoughts and processes. That was Thursday. On this past Tuesday the second of those events happened. And the next thing that that department will do is to effectively follow up with a town hall-type meeting so that we can get the best of the best minds, thoughts and ideas in developing that type of cultural framework within which we can start to put to bed some of the challenges and concerns as to who we are as a people.

You know, some of us know very well who we are, and some still have a little way to go. So, I believe this framework will be able to create that situation.

Let me say also that, with respect to the Art Walk that the Honourable Member inquired about, yes, the Ministry did in fact support this. It was part of the cultural legacy fund, and the person who was responsible for that actually received a grant of \$10,000 in order to be able to do that. So the Ministry is quite adept at ensuring that things cultural are being looked at, notwithstanding that historically they seemed to get . . . You know, it seems to be the tail end of the funding. But you know, I for one take the entire ministry very seriously in terms of what we can do.

I wanted to also clarify the comment that I made, but I believe the Honourable former Minister of this department made it very clear, and I hope it is clear, that it was certainly not my intent to say that people could not get into our 50-metre pool and qualify with 50-metre time. What we are saying is that if we are going to host a FINA-sanctioned international event without a warm-up pool and without a cool-down pool, we could not do it. And I did make mention, if you go back and look at the Hansard, which effectively said that we could not host an Olympic-type event, not saying that we ever would be able to.

So, I said that and hoped that it would be taken in context. So I certainly did not mean to mislead. But if my comment fell short, then I do apologise for that. But I think that the explanation has been made relatively clear.

Let me speak also to some of the comments, some of the questions that were asked with respect to . . . (And I am going to jump all over the place because, you know, I have limited time and it is going to be a little bit difficult to be as methodical as I would like.)

There was a question about, you know, are the needs with respect to the Happy Valley programme lessening, and how do we justify cutting food and clothing services? And the response to that is that there are times when parents will have to pitch in and assist with the care of their children. The Government historically has been able to provide more services,

and they would like to [continue]. Nobody wants to cut services. But when you do not have the money, we have to start really tightening our belts and look for efficiencies. So that is one way that things are going to be done. Are the needs lessening? No, they are not. But when you implement better strategies . . . I think the Honourable Member indicated that spending more money does not necessarily equate to better outcomes.

Let me also say that we have seen across the ministry the unfilled positions which were [previously] budgeted have now been frozen. So that money has been cut out of the budget. So, notwithstanding that the cuts look to be reasonably draconian, they are not necessarily indicative of anything that is causing our children to have less care and programmes than existed before, because the positions were not filled anyway. They were paid for in the budget. They were provided for. You know, there was budget money assigned to it, but the positions were not filled. Now we have taken the positions out; and hence you are seeing the negative impact.

Observatory Cottage. Observatory Cottage is still on the books. It has been closed for the last 10 years. But it was the programme that was deemed to be the Observatory Cottage Programme. And that is why we still have money in the budget relating to it. The services of Observatory Cottage are still being provided. There was a fire that actually destroyed the building, but the programme is being delivered from a different location on Aeolia Drive over in that same general . . .

[Inaudible interjection]

Hon. Patricia J. Gordon-Pamplin: But the programme is still the same programme. The Observatory programme is what it has been identified as. So we have not cut the programme, and the programme still exists. It is just being operated out of a different address.

Who will be monitoring and spending the funds on the psycho-education? (Because you asked about the staff reduction there.) The Director of Child and Family Services is solely responsible. He is the accounting officer responsible for everything that happens and all the money that is spent within that department. I have no doubt that he will do it extremely judiciously.

With respect to the psycho-education programme, yes, we did have some cuts. But what we are looking at is we are building and forging a new relationship where the benefit of that relationship—and I can discuss it with you a lot more in-depth offline, because I do not have the time. But the benefit of that will allow our children who have those special needs of psycho-education to be able to have the benefit of the services without us expending the

amount of money that we have had to expend historically.

We have a similar situation when it came to the Mirrors Programme. The Mirrors Programme, yes, we have cut staff. But I do not want for Members opposite to think for one second that all we did over here is a slash-and-burn exercise. What we did was to ensure that each of the departments examined very carefully what it was that they provided. And if they said to us, *We cannot provide this with any less than what we have*, then, clearly, we would have to do a re-evaluation. But what has happened is that they have convinced us that, with the cuts that they have to work under, that they are able to work within those confines. One of the specific things being the Mirrors Programme.

Mirrors will now be relying on more volunteerism and more graduates to assist in that process. So, to say that there has money been cut, yes, there has been. But the impact of the Mirrors Programme has been so profound within the community that the people who have benefited from Mirrors are now in a position, as alumni of the programme, to be able to give back. And some of those services that they are providing on a voluntary basis have eased up the cost of providing that Mirrors Programme on an ongoing basis.

These are the things that we have to look to. You know, in Youth and Sport, we know that . . . (I am trying to rush through) we know the benefit of sport. Certainly, I as a former athlete (I say “former”; I still try and work at it, however, but as an athlete) certainly recognise the importance and what sport does in our community. So do not for one second think that we are going to cut out a programme and see our children left wanting.

The Honourable Member asked a question concerning the sports clubs and what is going to take cuts. The ministry does not support the clubs, per se. The ministry is assisting in helping to put together some of the programmes. But again, you can get the results without spending all the extra money. What you need is a proper liaison with the clubs, with the executives, with the programme directors to know that the money that is available to be spent is going to be well spent. So it is not necessary that we have to put a whole lot of extra money in it.

So, you know, if I get no message across tonight other than to say that I do not like this negative connotation that continuously, persistently and incessantly comes from the other side that we do not care . . . because, if you stop to consider the limited funds that we have and all that we are going to be able to provide, the only way we can provide these services to our people is to be able to be entrepreneurial with the process. We have to figure out, how can we deliver this for the best possible price? And we can cut some of the fat out, if I can call it that, by taking out from the budget unfilled positions that have previously

been funded. Yes, you are going to see a down-tick as a result of it, because that was part of the arrangement coming from the Finance Ministry.

The Finance Minister has been more than accommodating in terms of how we are able to pull together the money that we have in order to be able to make it stretch. And you can be assured, Honourable Members, of the commitment that we have on this side to absolutely ensure that our programmes are not left wanting for lack of money, that we are going to ensure that we have the best possible utilisation of the funds that we do have to provide the services that our people need.

There were some comments with respect to parish councils. I certainly take the comment on parish councils, because there are some very active and effective parish councils, and we can utilise some of those facilities. When it comes to the after-school care programme, no, Honourable Shadow Minister for Education, our children are not going to be left wanting. As a parent, the first thing you do is to make sure that not only your children are okay . . . It is okay to say, *I'm okay, Jack. Pull up the ladder*. But what we do on this side is to make sure everybody's child is okay. And if a programme or a situation is not good enough for my child, I do not want it for your child. And that is the manner . . . that is the way we adopt our approach towards our financing, recognising that we work with limited [resources] and work under serious constraints. But we are left with the money that we are left with.

I think I have probably, unless . . . the change to Bermuda Day. Obviously, the Honourable Chairman has indicated that that matter is still on the Order Paper, so that is something that will be discussed.

National Heroes Day, there is a naming committee, so it is not going to be a popularity contest in terms of, *How many votes did you get? And therefore, are you the National Hero?* That is not the way it is going to be working. There is a naming committee. The naming committee has been selected. It is a cross section of the community. However, we have chosen not to make that naming committee membership public at this point because I believe that there is a possibility that, with those names being made public, we do not want any undue pressure to be put on them.

The Chairman: Minister, there is a minute left to the debate.

Hon. Patricia J. Gordon-Pamplin: One minute? Okay.

The Chairman: One minute.

Hon. Patricia J. Gordon-Pamplin: We do not want them . . . They will be named later, but we do not want anybody putting any undue pressure to think that

somebody has got to be able to tell them who they think ought to be it. Get the nomination forms in. They are due by the 13th, this week, which is Friday.

I believe that is about as much time as I have. I am certainly more than willing to continue the dialogue with Members opposite. If there is anything that I can provide, if you would like to ask it in an official capacity by way of Parliamentary Questions, I am happy to receive them and to respond to them. I do not for one second want Members opposite to start thinking that we do not care. Because I will not accept that. That is not good enough. And, the Honourable Member who just piped up, who very rarely has anything of value to say, will comment—

Some Hon. Members: Boo! Ooh! Ooh!

Hon. Patricia J. Gordon-Pamplin: —will constantly make those comments; will constantly make those comments. And those are the ones that I am not accepting.

[Gavel]

The Chairman: Minister, would you like to move your heads?

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Chairman.

Mr. Chairman, I would like to move Heads 71, 20, 23 and Head 52.

I need your guidance, Mr. Chairman.

The Chairman: Go ahead, Minister.

Hon. Patricia J. Gordon-Pamplin: Because we are not going to debate Heads 18 and 19, which are Libraries and Archives. And I am not sure whether I move them at this point or whether I wait until after I do 55 and 56, because they are all in the same kind of section.

The Chairman: Just move them all now.

Hon. Patricia J. Gordon-Pamplin: Okay. All right.

Then I would like to move all of the heads that I mentioned, 71, 20, 23 and 52, as well as 18 and 19, Libraries and Archives. Thank you.

The Chairman: Thank you, Minister.

[Gavel]

[Motion carried: *The Ministry of Community, Cultural Development & Sport, Heads 71, 20, 23, 52, 18 and 19 were approved and stand part of the Estimates of Revenue and Expenditure 2015/16.*]

The Chairman: That concludes the debate for today. Minister of Finance?

Hon. E. T. (Bob) Richards: Mr. Chairman, I move that we now rise and report progress until the next meeting, which will be on Friday.

The Chairman: Friday the 13th?

Hon. E. T. (Bob) Richards: Yes, Friday the 13th.

The Chairman: Yes. Thank you.

It has been moved that we will rise now and report progress and re-sit again on Friday, the 13th of this week.

[Motion carried: The Committee of Supply rose, reported progress and sought leave to sit again.]

House resumed at 8:52 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Speaker: All right, Members. We have completed in the Committee of Supply today, Heads 95, 39, 46, 67, 89, 71, 20, 23 and 52.

So we will now move on to the rest of the Orders of the Day. I am told that Order No. 2 is carried over. And the next matter is Order No. 3, which is the consideration of the Government Fees Amendment (No. 2) Regulations 2015, in the name of the Minister of Finance.

Hon. R. Wayne Scott: Mr. Speaker?

The Speaker: Yes, Honourable Member.

Hon. R. Wayne Scott: We have actually agreed to do Order No. 8, the Education Amendment Act, first.

The Speaker: Who has agreed?

Hon. R. Wayne Scott: That Minister has requested, and we have complied. You should have been notified of that.

The Speaker: So you have worked it out? All right.

If there are no objections to that . . . are there any objections to that, to our changing the order so that we do the Education Amendment Act first?

No objections. So then, we will do first Order No. 8, which is the Second Reading of the Education Amendment Act 2015, and that is in the name of the Minister of Education, the Honourable Member from

constituency 27, Warwick North Central. The Honourable Wayne Scott, you have the floor.

BILL

SECOND READING

EDUCATION AMENDMENT ACT 2015

Hon. R. Wayne Scott: Thank you, Mr. Speaker.

And I move that the Bill entitled the Education Amendment Act 2015 now be read the second time and committed.

The Speaker: All right. Thank you.

Are there any objections to that? Then please carry on, Minister.

Hon. R. Wayne Scott: Thank you, Mr. Speaker, and I apologise. I am losing my voice a little bit here.

Mr. Speaker and Honourable Members of this House, improvement and transformation of the public education system is the foundational and fundamental aim of the Ministry of Education. It is our firm belief that parental involvement in the education of our children and augmented by support efforts of the community is essential to meet this aim. Therefore, I am pleased today to present this Bill entitled the Education Amendment Act 2015 into the legislature.

We know from conventional wisdom, experience and research that parental involvement is a key success factor for educational attainment and quality outcomes for children and young adults. Effective and improving education systems around the world take a comprehensive approach to parental and community involvement. In these jurisdictions, parental involvement is facilitated and promoted through multiple pathways for parental involvement. The proposed amendments are indeed a comprehensive approach, as they provide a legislative framework for parental involvement across Bermuda's public education system.

The proposals clearly lay out roles and opportunities for parents, schools and the Ministry and Department of Education in the governance, administration and, most importantly, the improvement of student achievement, the improvement of schools, and the improvement of the public education system. They were designed to meet the needs of students and parents and reflect what is required for the Ministry and Department of Education to effectively meet the aforementioned aims and objectives.

The proposals also address the issues raised by parents and the 2012 ruling of the Honourable Chief Justice. Mr. Speaker, to give a brief history, in 2012, the Chief Justice of the Supreme Court of Bermuda, the Honourable Mr. Justice Ian Kawaley, squashed a decision made by the Department of Education to transfer principals between schools, citing

the need to consult PTAs prior to final decisions being made on the matters at hand. The Supreme Court decision has had wide-ranging implications for students, parents, principals, teachers, and the Ministry and Department of Education.

The key issues raised by the ruling were significantly broader than consultation on the transfer of principals. They spoke to the failure of the Ministry and Department of Education to adequately resolve and address the issue of parental involvement for Bermuda's public education system. This failure does not mean that good intentions did not exist or that attempts had not been made, but that those attempts were inconsistent and un-sustained over time. Educators and school staff work on a daily basis to engage parents in their children's educations, but the public education system must do more.

We must provide more in-depth, diverse and systematic opportunities for parents to be adequately involved in their children's education. These amendments seek to further recognise the inherent rights of parents as stakeholders to be involved in their children's education and in the improvement of the public education system. This is the intent and effect of the Education Amendment Act 2015.

It is more than a simple set of amendments, but it is a legislative framework for parental and community involvement. It is a response to the questions and issues raised by the 2012 Supreme Court decision, but also those raised by countless parents, community members and educators. It recognises parents' inherent right to be involved in their children's education, and it recognises the importance and value of community and educators to the improvement of schools. The legislative framework for parental and community involvement should also be recognised as an ongoing process that will improve and evolve over time.

Mr. Speaker, I would now like to further explain how these proposals came to be in their current form. In the fall of 2013, the former Minister and Senator, Nalton Brangman, JP, launched an important parent and community consultation exercise, which presented options for change and sought the input of parents and the community in the way forward. That particular consultation exercise was significant. It looked to address the issues at hand, but as it also served as a learning opportunity for the Ministry and Department of Education on how to better consult and communicate with parents, it was also an evolving process with the Ministry responding to issues and concerns and adapting those within the consultation process.

Parent input was considered and agreed upon, which fundamentally altered the consultation process. The Ministry was responsive and agreed to return to parents and the community prior to a final decision being made. It should be said that there was no parent or community consensus on the best option for

change, but a common thread amongst those who provided feedback was that parents should be treated as partners and stakeholders in the education of their children and in the improvement of the public education system.

The input of parents and community members was duly considered and used to develop amended proposals. In order to fulfil the commitment made to return to parents and the public before a final decision had been made on changes to the Education Act 1996, the previous Minister, the Honourable Dr. Grant Gibbons, JP, MP, launched a consultation and revised proposal and met directly with PTAs. Minister Gibbons listened to the interests and aspirations of those parents, who expressed significant un-readiness about the proposals at hand, and again to be responsive, committed to further outreach and engagement.

This process began during the summer of 2014 and continued into the 2014/15 school year. The additional effort to reach out to representative stakeholders added richer layers to the previous consultation processes and provided valuable feedback which led to a deeper understanding of parental concerns, views, interests and wishes. Once crystallised, that feedback was embedded within the proposed legislative framework.

Mr. Speaker, it must be said that boards of governors for maintained schools was a common theme during these consultations. A number of recommendations were made by parents and community members and the BPTSA (Bermuda Parent Teacher Student Association), including the appointment of boards, as per the Education Act 1996; the appointment of boards within a mandated constitution and a mandated function; the appointment of optional boards; the establishment of optional school councils; and that PTAs should be treated as boards.

It should also be said that the consultation and outreach also revealed a number of common and historical themes such as the lack of internal and external high-quality and timely communication by the Ministry and department; a lack of opportunity for parental involvement in decision-making via engagement and collaboration; a lack of transparency—examples stated rationales for key decisions that affected children's education; a lack of pervasive parent understanding of educational programmes and initiatives, at individual schools and systematically; a lack of accountability for poor-performing staff; and general lack of trust based on parent and staff experiences as per the previous points.

The submissions and feedbacks reflected concerns, views, interests and wishes of parents and community members and were a significant contribution to these proposals. The recommendations around boards of governors and school councils for maintained schools and the wishes and emergent themes from the consultation and outreach were carefully considered.

Mr. Speaker, as part of the policy development process, the Ministry and department examined which functions related to the governance, administration and improvement of the public education system should be carried out by the Ministry and Department of Education and maintained schools. We also looked at which functions should be carried out by parents of children attending those schools. The processes required the consideration of all consultation submissions, as well as information gleaned during further outreach with parents, community members and educators.

I should also add that the lens through which this question was considered was student achievement, student improvement and system improvement. We have and continue to prioritise achievement and improvement as part of our fundamental aims, goals and objectives. And as I already stated, parental involvement makes a significant difference in these areas.

As the Minister of Education, I have opted to use public policy as a foundation to address the historical and systematic issues regarding the lack of meaningful opportunities for parental involvement. However, I am keenly aware that, in addition to changes in legislation and policy, broader shifts in attitude, philosophy, approach and practice are required. These proposals not only provide for parental involvement, but place an obligation on the Ministry and department to engage parents and the community.

Further, I have chosen the legislative route for two specific reasons: to ensure certainty in having a clear requirement of what the parental involvement framework looks like; and so that the proposals represent not only my wishes as the Minister of Education, but have the support and consent of the legislature. Therefore, I propose three pillars to make up the legislative framework for parental involvement:

- the introduction of parent councils to replace mandatory boards of governors for maintained schools. Parent councils will provide for representation and participation for parents at maintained school sites;
- representation and participation for all parents of the public school system through the establishment of a Parental Involvement Committee; and
- the development of a parent and community involvement strategy.

I would like to highlight a few additional points about each of these pillars.

Parent councils. Further details on parent councils will be provided through the introduction of rules in the next parliamentary term. However, it is proposed that parents at maintained primary and middle schools be involved and engaged in their children's education and the improvement of their children's schools. Parent councils are an opportunity for

parents to be involved in the school improvement process, the school's budget and to facilitate better two-way communication between the school and the Commissioner of Education.

Parental Involvement Committee. Consultation highlighted a passion and desire for parents to have better access on a pro-active basis to the Commissioner of Education as a means of parental involvement and to understand and influence what is happening in the schools and the larger public education system. Therefore, a Parental Involvement Committee is proposed to be made up of parents and members of the community. It will represent the needs and interests of parents regarding parental and community involvement for the purposes of students, schools and system improvement.

The Bill proposes that the Minister appoint its members. But an adaptation of the Human Rights Act 1981 would see those persons appointed following recommendations made to the Minister after an interview and selection process. This allows parents and members of the community who are eager to make a contribution to be considered on the merit of their interests and abilities.

Parent and community involvement strategy. Finally, it is proposed that a strategy for parental and community involvement be developed by the Commissioner of Education. This specific proposal provides for the development and communication of meaningful practices for involvement and engagement within schools, at home and throughout the entire public education system. It is intended that this strategy be developed following the inclusion, participation and consultation with parent councils, the Parental Involvement Committee, and interested parents and community members. It is also intended that this strategy include non-legislative changes in policy and practice that will assist parents, community members, educators and support staff for schools.

Mr. Speaker, these proposals are a leap forward for parental and community involvement for Bermuda's public education system. This legislative framework will elevate and deepen the meaningful work of parents, community members and educators to raise achievement for all of our students, improve schools and transform the public education system.

Before closing, I would like to thank parents, community members and educators for their contributions to these proposals. Significant time, effort and ideas were provided by our stakeholders for the development of this legislation, and the Ministry and Department of Education and schools are better because of it. And parents, our children and our education system will be its prime beneficiary. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Minister.

The Chair will now recognise the Opposition Whip and Shadow Minister of Education, from St. Da-

vid's, constituency 3. MP Lovitta Foggo, you have the floor.

Ms. Lovitta F. Foggo: Thank you, Mr. Speaker. I definitely am happy to contribute to this Education Amendment Act.

First, let me just recognise the Permanent Secretary and the Policy Analyst for Education, Mrs. Valerie Robinson-James, and Mrs. [Kimberley] McKeown. And I would also like to recognise principals who are sitting in the Gallery: Mrs. Richardson, Mr. O'Brien Osborne, and Ms. Swan. I am glad they are here to at least take part, even though indirectly in this debate.

First let me say this. I do not think anyone would argue against having the involvement of parents in their children's education. We certainly on this side believe that, if you will, ensuring a better education for our children is a problem or an issue which needs a systemic approach. And we believe that the involvement of parents is key. I can say that, while the Honourable Member who sits in constituency 22, I believe, the Minister Gibbons, was the Minister of Education, I did get to provide feedback in terms of how I envision councils working to the betterment of education. And I think I provided quite in-depth feedback, criticism, critique, many comments. Because I saw both the advantages and the disadvantages that may ensue.

Certainly, we will want to do things in a manner that will lead to an advantageous outcome. And so, in speaking on the issue of councils, it is crucial—we believe that it is definitely crucial in terms of how we have parents involved. Because we do value the input of parents. We do value the involvement of parents. However, if we are going to compare the involvement of a parent versus the educator, who has the prime responsibility of ensuring student success, we certainly would not want to marry two entities in such a way which might, one, either be adversarial, or two, counterproductive to whatever situations we are trying to bring about. And that, as the Minister highlighted, would be one improved result with our student bodies. And so, when looking at the setup of how these councils are to, I guess, govern, if you will, it did bring some questions to mind in terms of some of the issues that they may have some say over.

We believe that, ultimately, though they can try and give information, give ideas, even give advice, none of those issues should usurp the authority of the principal and/or the person, the teacher who has the responsibility of educating our children. Such input from the council should have the effect that it will help both the principal and the team enhance the quality of service that they provide.

So we have to question whether or not putting it in the hands of a council to make recommendations regarding school achievement, especially if those who sit on that council do not understand from an intrinsic point of view the daily operations of a school . . . They

do not understand the culture of the teaching environment. And though they may make recommendations which may seem, on their face, to be sound and seem to have an effect which will be beneficial, from a practical point of view, when implementing such ideas, for instance, or management in a classroom or school environment, the outcomes may prove to be quite different. And I dare say those who work intimately in this environment as practitioners on whatever level have a much better appreciation.

I think it is crucial that in passing on authority to a council the Minister makes certain that it is done in such a manner that does not create a situation where one entity feels, especially the council, it has control over the other. I do recognise that there is a disclaimer there that points out the fact that the parent council is not a government authority, I think . . . yes. So, you know, in doing that it sort of highlights for those who understand it the role of that particular entity. However, that may not prove to be clear when a council is operating if that council believes, when passing on recommendations, that advice and the like, those recommendations should be accepted. And you do not want a situation where, if you have a principal who has the authority over the school, who believes that such ideas that may be passed on are counterproductive, where you again have a situation that, down the road, they can become adversarial.

I know that is not the aim of the Ministry or the Minister. I know they are trying to make certain that they are implementing best practices. They have tried, in setting up this council, to make sure that it was aligned, for instance, with the Hopkins Report and wanted some of the best practices that they highlighted to be implemented within our public school system. But we know as people, sometimes such things do not pan out that way.

I am really concerned, Mr. Speaker, when I read the section which says that the council, if authority is given to it by the Minister, can make representation to the Commissioner of Education on the desired qualities and competencies of any principal who may be appointed to a school. I say this because I would wonder what authority those who make up a council would have. What expertise, what authority they would have to be able to make that type of judgment?

You know, I envision a situation where, let us say, you have someone who is going to be hired as the Attorney General for the country. And they have to sit before an interviewing committee, amongst people who, one is a teacher, let us say one is secretary, maybe another lawyer, and the like. But in general, a committee that, as a group, does not have the intimate understanding of the type of skills which are necessary for such a person to assume a particular post like that.

It definitely raises concern for me if we have a council not really appreciating, understanding the type of skills that are needed in order to be able to run a

school, making decisions based maybe more on, *I like that principal. I don't like that principal. That principal doesn't like my child*, and the like. And we do know with the court case that the Minister alluded to, somewhere in the mix of that particular situation you did have parents who were opposed to the movement of principals, deputy principals, and teachers because of [their own] preferences.

That is understandable, because I am a mother, Mr. Speaker. I had daughters in the government school system. And I am also a teacher. And I can tell you that there were teachers who had jurisdiction over my daughters, and some I liked and some I did not. Some I thought were better, some not so great. But in situations like that . . . and as a parent, I spoke up when I thought it was necessary. But in looking at all of that, that still did not give me the authority to dictate where that teacher should go or where that principal should go. I did have the authority to speak on my concerns. But I do not think the authority should rest in the hands of a council, who as a group may not have the necessary experience to make such judgments. I think we have to be very careful in the way in which we install councils.

So I guess, indirectly what I am saying is that we have to be very selective with the individuals we put on this board to ensure that they do come with at least the type of background that we are looking for. We know that they will get it right when we are talking about concern for the children, because they are there representing their children, if you will. So it is not so much that we are questioning it from that angle. We are questioning it from the angle where, if they do not have the requisite expertise to make informed decisions . . . and we always want our people to be making informed decisions, not decisions willy-nilly. And I do not say that to demean in any way the way in which this council will operate.

So, Mr. Speaker, let me also say this. When I was looking at this legislation and listening to the Minister, I did have a concern because, as I said, I do know under the former Minister that my counsel was sought, and I really appreciated that. And I appreciated being able to give my views on how I thought a council could work. And if you were to speak to the Policy Analyst and the Permanent Secretary, they would tell you that we had . . . I think I was there for at least an hour and a half or so. I do not know if others stayed that long, but I know that I did, because education is very near and dear to my heart. And we have to always be operating in a way to ensure that we go from strength to strength as far as our public school system is concerned.

But, Mr. Speaker, when I look at the council and I compare it with the role of the Parental Involvement Committee which is going to be set up to, I guess, address the views of parents in the community, and I have to wonder if in any way we are not . . . if it is almost redundant, if you will. And I do not know if

the Parental Involvement Committee will have any say on who actually ends up being on the councils at the respective schools. But I am looking at this and wondering, again, will we start having committees which will end up actually doing the jobs? And so you have all of this overlap or [duplication]. So I have to look at that.

What is being highlighted in this legislation in terms of what they are doing, I can say that it is parent-centred and that is good. I do not see, in this particular role of the Parental Involvement Committee, where it will have any direct interference with classroom management and the like. And again, when I look at the council specifically, because they are set up to be local . . . they will operate with each school. Taking on the first part of the name will be the school's name. So looking at that and looking at what some of their duties may become, I just have to ask the Minister to pause to make certain that very strict guidelines are put in place for the operation of the council so that the council, [doing] their job actually complement the job of the principal and the staff within each respective school.

Mr. Speaker, again, looking at this, I look at the overall role of the Board of Education and what the duties are under this board. Again, I see where there may be issues, where conflict could come about. And I raise this not to be adversarial. I am not preaching doom and gloom. I am raising this point because if we are going to do something that is going to enhance the involvement of parents—which I definitely am for, getting parents involved on every level, I would never say no to that—we need to make certain that we are doing it in such a way that will not create any negative issues.

I look at this, and I see that the basic role of the Board of Education is to appoint directors and principals, for instance. But yet, at the micro level, if you will, the councils have some say with a principal who will be appointed to govern a school. And if those two entities are at odds, I have to wonder what happens then? I would have thought that the Board of Education is the so-called supreme board for all of the schools in Bermuda. And if they say that a person has all of the requisite characteristics needed to be hired as a principal, then I have to wonder how a council can come along and perhaps make a recommendation that could prove contrary to what the board is saying. So I feel duty-bound to point that out when the responsibility does fall under the Board of Education.

Also, even though it says that the council can make recommendations to the principal within a school in terms of the budget for that school, again, that responsibility falls under the umbrella of the Board of Education. And if the Board of Education says that a budget which has been put together for a particular school or for all schools meets the mark, then if a council is looking at the school budget and for

some reason finds concern about it, again, I see conflict arising.

I urge the Minister to make certain that in establishing the councils it is done in a way that one body does not feel that they have (unless it is the parental body, such as the Board of Education) control over the other body, or have the authority to say no to the other body, especially if the parental body (being the Board of Education) in the hiring process has ascertained that those whom they have put in place to serve as principals meet all the necessary requirements.

So, Mr. Speaker, having looked at that it makes me think of this. In the intelligence-gathering that I did regarding the Education Amendment Act, and with direct respect to going out and speaking with some of the individuals I know who work within our local public schools, I was told, Minister, that there was no consultation with some of the schools. So when I heard the Minister say that he spoke with the various schools, I suppose it raised flags for me when the direct evidence that I gathered speaks contrary to that.

Now Minister, that does not mean that you spoke to no one. But I am just saying that a great [number] of schools say, no, that they in no way had had any sort of meetings with you regarding the implementation of councils.

If, indeed, that is the case, I would say that one would think, because we are talking about key stakeholders and key players in this arena, that you would go out and speak to everyone. And I would hate to think that to satisfy, I guess, in a more public way the community by putting something in place to appease, for instance, a certain group of people, would not have been the premise upon which indeed you chose to go ahead and move forward with the implementation of councils at our maintained schools.

Mr. Speaker, I would hope that what I am looking at here is based on comprehensive consultation with everyone. Because, again, Mr. Speaker, no one wants to in any way make parents think that they do not have a say in their child's education. Because they do. No one wants to disenfranchise the parent in the education process. Because I believe that ends up leading to negative outcomes.

We all want to ensure that we have parents involved in the education process for our students on every level, with their academics, with the social aspect and the like. But, Mr. Speaker, we want to make certain that in implementing councils, it is not deemed, nor does it in actuality become a situation where you are usurping the authority of the principal. Because we want to make certain that, as we go about ensuring the daily operations of the educational system and the specific schools, we want to make sure that those who have the expertise to educate our children can do so unencumbered.

Mr. Speaker, I would like to say this. In principle, we support parental involvement. I remember this commercial. It was about 20 years ago. It used to be featured on the TV all the time. And the commercial was of a mother with her child. And it said on the commercial, *Show me a parent who cares, and I will show you a child who learns.* I believe that, Mr. Speaker, because for all of the years that I . . . Well, for you, I did. For all of the years that I taught, every parent who came . . . They may not have had a child who was a rocket scientist, who was the "A achiever," but every parent who took a keen interest in their child's education, that child in the classroom was a child who, on whatever level, was able to perform. Because they knew behind them stood someone who was going to make certain that they would be successful in whatever way.

So, you know, if it was a C student, I saw that C student incrementally improve. If it was an A student, I saw that A student incrementally improve. And I never saw that particular child in a quandary regarding whether or not those who have governance over them cared. So I believe a parent who cares definitely has positive outcomes in terms of their child's education.

So, Mr. Speaker, with the councils, which I can see can be beneficial, I have to say only if . . . not the Minister *may*. I think the Minister has to be very strict in how these councils run so that the council knows that they cannot reach over above the teacher or the principal and try and interfere with the management of the school. That council needs to know that they are there as a complement to that school, to help the principal and her team reach the desired outcomes, which we all know, in this Honourable House, mean improved performance for all of the students within their respective schools.

So on that note, Mr. Speaker, I will take my seat.

The Speaker: All right. Thank you.

Would any other Honourable Member care to speak?

Then the Chair will recognise the Honourable Member from Pembroke Central, constituency 17, the Shadow Minister of Immigration and External Affairs. MP Walton Brown, you have the floor.

Mr. Walton Brown: Thank you, Mr. Speaker.

Mr. Speaker, this Bill, I understand the intent. I would classify it as something which is a noble objective, that in light of the ruling by Chief Justice Kowaly, there is a need to ensure that there is a formal framework for parental involvement. So I understand the rationale for it.

[Mrs. Suzann Roberts-Holshouser, Deputy Speaker, in the Chair]

Mr. Walton Brown: I understand what is meant to be accomplished, Madam Deputy Speaker. It is, however, unfortunate that we have had to come to this, because if you read the Bill, and I have read it (and I will need the copy of it) . . . if you read the Bill, Madam Deputy Speaker, what is outlined in the Bill is really what has, not fully, but to a large extent, to be the responsibility of PTAs to be involved in the schools, to be involved in the work that is undertaken, to assess issues that pertain to the delivery of education and how to improve it to ensure students can increase their performance.

In a sense, it is unfortunate that we are here today, because we are now going to have a legislative framework to accomplish what in the past, to a large extent, has been accomplished by a voluntary activity, normal conduct of parents who cared about the education of their children. So it is unfortunate. I understand the sentiment. I understand the rationale for it. But look where we are today, where we have to create another piece of legislation. And we are legislators, so obviously that is what we do. But not everything is best settled by legislation.

My Honourable Leader, the Honourable Member from constituency 26, the Honourable Leader of the Opposition, Marc Bean, asks, *Will it be effective?* Well, that is precisely the question. If you cannot get parents to be involved on a voluntary basis for the improvement of the conditions for their children, does the challenge change because we now have a legislative framework?

I do not think the council members are going to get paid \$20,000 a year as the BTA board members get paid. And if there is a financial incentive, and that provides the primary rationale for involvement, then we are in a crazy situation.

[Inaudible interjection]

Mr. Walton Brown: They are not getting paid.

So you cannot legislate sentiment. You cannot legislate commitment. So we are going to create this infrastructure and we may well end up with a similar situation. The issue to be solved is not one that can be solved by legislation. We have to find a way to create an environment, to the extent that the powers that be can, where there is greater parental involvement. But the real burden of responsibility lies with parents. And that really is not a primary focus that we should have. It should be natural for parents to want to be involved in the education of their children. It should be natural and obvious.

Like I said, I understand the sentiment. It is a noble objective. It is unfortunate that we are here today to do this. We are spending time and resources to consider this. I hope that it leads to a modicum of improvement. I am not convinced that it will lead to improvement. I think one of the critical factors in in-

creased student performance is always the teachers and principals.

I would rather have seen something coming before this House that talked more about principal autonomy, because we know from the research, we know from empirical reality, that good principals have better schools. We know from all available research that when you give principals more control over that which they manage they will do a better job. And those who cannot do it, then the Minister and the board and the commissioner will need to make tough decisions.

But that is where you are going to get real student improvement, by having principals with greater autonomy to run their schools, to have objective measures of performance that provide the basis for assessment and whatever changes are to be necessary. This legislation will create a number of councils which will have no power. They will have no power. Unless I am mistaken, they will have no power. They will have the ability to recommend, to assess and persuade—exactly what PTAs have done for decades.

And so, as my honourable colleague from constituency 3, the Shadow Minister for Education, said, we stand here. We will not oppose this piece of legislation. But I think we have to understand it for what it is—an unfortunate state intervention to accomplish what, in the normal course of events and with committed parents, we would have no legislation to ensure that parents get involved in helping to shape the schools that their students attend, their children attend in order to have better results.

Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

Are there any other Honourable Members who care to speak to this Bill?

There does not seem to be any other Member to speak. So we will revert back to the Honourable Minister. Minister from constituency 27, Warwick North Central, Minister Scott.

Hon. R. Wayne Scott: Thank you, Mr. Speaker.

And I think just to pick up where the previous Member left off, it is unfortunate sometimes that we have to come here to address issues that should be natural or should take place. But let me just point out the difference between a parent council and a Parental Involvement Committee. And in some cases, if a PTA wants to become the parental council, they can.

There is a fundamental difference, as the Shadow pointed out, between let us get advice, let us get input, let us get a support system for the school. But it is our principals who have the responsibility and remit to run their schools. And we need to ensure that that is the case. And of course, the Ministry has its responsibilities and such, and we need to ensure that where help is available and input is there, great.

But let us be clear of who runs the schools and where those decisions need to be made, because we have some extraordinarily talented principals who have been in the education system for years, and we need to utilise our resources.

With regard to this parental involvement committee, which is a system-wide group, if you will, as the Member who just took his seat mentioned, parents should be involved with their children's education. The Shadow Minister spoke of that commercial years ago. Show me a child whose parent is involved and who cares, and you basically see a successful child. And what we want to do is have the community, and especially once you have the strategy that is put forward for this, and one of their remits will be to come up with that strategy, is that the community should be involved with getting the community involved in the children.

Our educators have a very challenging and difficult time in a challenging environment, ensuring that our children are educated. And let us get the community involved with getting community and parental involvement for our children, which in an ideal world would be something that automatically happened. And it did in years gone by, and it still does happen to some extent—but, unfortunately, not across the board. And that is just indicative of the Bermuda that we live in today, and I would further say the world that we live in today. Because this is not a problem unique to Bermuda.

So, I appreciate the support coming from the other end. I am on the same page with you in what we are trying to accomplish here. So with that said,—

[Inaudible interjections]

Hon. R. Wayne Scott: Mr. Speaker, I move that the Bill be committed.

The Speaker: Thank you, Minister.

The Minister has moved that the Bill be committed.

Are there any objections to that?

There are none. The Chair will ask that the Deputy Speaker take the Chair [of Committee].

House in Committee at 9:48 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

EDUCATION AMENDMENT ACT 2015

The Chairman: Honourable Members, we are now in Committee of the whole House for further consideration of the Bill entitled [Education Amendment Act 2015](#). I call on the Minister in charge to proceed. Minister, you have the floor.

Hon. R. Wayne Scott: Thank you, Madam Chairman.

And if I may, let me just outline real quickly for the benefit of the House how I am going to proceed here. This, of course, has seven clauses. There are two amendments, an amendment to clause 3 and an amendment to clause 7.

[Inaudible interjection]

Hon. R. Wayne Scott: Yes. I am going to move clauses 1 and 2. Then I will move the clause and continue on. And everyone should have a copy of the clauses.

Ms. Lovitta F. Foggo: Point of clarification, Minister.

The Chairman: The Chair recognises the Member from constituency 3.

POINT OF CLARIFICATION

Ms. Lovitta F. Foggo: Thank you, Madam Chairman.

When you made that statement, are you making an amendment to your amendments on the floor? Or are you just talking about the amendments that you are bringing to the House?

The Chairman: It would be the—

Hon. R. Wayne Scott: Yes. There are two amendments to these seven amendments, to clauses 3 and 7.

[Inaudible interjection]

Hon. R. Wayne Scott: Yes. So what I am going to do, Madam Chairman, is, I am going to move clauses 1 and 2.

The Chairman: That is fine.

Hon. R. Wayne Scott: And clause 1 is the name of the Act. Of course, this is self-explanatory. The Bill shall be cited as the Education Amendment Act 2015.

Clause 2 inserts a new definition in section 2(1) [of the principal Act], the Interpretation. And it inserts definitions for “parent council” and “parental involvement committee.”

The Chairman: Thank you.

Are there any Members who would like to speak to clauses 1 to 2?

Thank you. There are no Members who would like to speak to clauses 1 and 2.

Minister, you have the floor.

Hon. R. Wayne Scott: Yes, Madam Chairman, and I would like to amend clause 3.

The Chairman: Does everyone have the amendment—

Hon. R. Wayne Scott: Actually, I would like to move clauses 1 and 2.

The Chairman: Yes. It has been moved that clauses 1 and 2 be approved as printed.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

[Motion carried: Clauses 1 and 2 passed]

The Chairman: Minister, before you proceed, I want to make sure that everyone has in their possession . . . Thank you.

Minister, please proceed.

Hon. R. Wayne Scott: Yes, thank you.
I would like to move clause 3 as amended.

The Chairman: Please proceed.

AMENDMENT TO CLAUSE 3

Hon. R. Wayne Scott: Clause 3 amends section 18(1) of the principal act to provide for “board of governors” only with respect to maintained schools that provide senior school education. Additionally, sections 2(1) and 18, in the heading, 19(1), 20(1) and 21 of the principal Act are amended to clarify application to a “maintained” senior school only.

The Chairman: Thank you.

Are there any Members who would like to speak to the amendment to clause 3?

There are no Members who would like to speak to the amendments.
Minister?

Hon. R. Wayne Scott: Thank you.
I would like to move clause 3.

The Chairman: It is moved that clause 3 be approved as amended.

Are there any objections to that motion?
No objections; agreed to.
Minister, please proceed.

[Gavel]

[Motion carried: Clause 3 passed as amended]

Hon. R. Wayne Scott: Thank you, and I would like to move clauses 4, 5 and 6.

The Chairman: Please proceed.

Hon. R. Wayne Scott: Clause 4 inserts a new definition, a new division AA comprising sections 21A, 21B and 21C. These sections make provision for the establishment of Parent Councils for maintained schools that do not provide senior school or preschool educations (for example: primary, middle and special schools), and for the Minister to make rules and issue guidelines with respect to, amongst other things, the functions and constitutions of a parent council and the duties of the Commissioner of Education with respect to parent councils. They also indicate the purpose of a parent council.

Clause 5 inserts new sections following section 25H and 25I. Section 25H provides for the Commissioner of Education to develop a parental and community involvement strategy in order to improve the involvement of parents in the education of their children and to engage the community with schools.

Section 25I provides for the appointment of a Parental Involvement Committee and a selection and appointment committee to assist the Minister in appointing persons to the Parental Involvement Committee.

Clause 6 makes consequential amendments to Schedule 2 to clarify that the constitution of the board of governors applies to a maintained school which provides senior school education.

The Chairman: Thank you.

Are there any Members who would like to speak to clauses 4, 5 and 6?

There are no Members who would like to speak to clauses 4, 5 and 6.
Minister?

Hon. R. Wayne Scott: Thank you.
I would like to move clauses 4, 5 and 6.

The Chairman: It has been moved that clauses 4, 5 and 6 be approved as printed.

Are there any objections to that motion?
No objections; agreed to.
Minister, please proceed.

[Motion carried: Clauses 4 through 6 passed]

Hon. R. Wayne Scott: Thank you, Madam Chairman.
And I would like to move clause 7 as amended.

The Chairman: Thank you. Please proceed.

AMENDMENT TO CLAUSE 7

Hon. R. Wayne Scott: And clause 7 provides for the following commencement and transitional provisions: Sections 3 and 6 of the Act come into operation on

assent, clarifies that sections 3 and 6 of the principal Act shall have no continuing application in relation to a maintained primary or middle school, and that functions previously carried out by a Board of Governors in relation to a maintained primary or middle school shall be carried out by the Commissioner of Education.

The Chairman: Thank you.

Are there any Members who would like to speak to clause 7, the amended?

Thank you. The Chair recognises the Member from constituency 17, Pembroke Central. Mr. C. Walton D. Brown, you have the floor.

Mr. Walton Brown: Thank you, Madam Chairman.

Just for the sake of clarification, what would be the rationale for having different sections of an Act come into being at different times? And since this amendment is just coming before us, is there any possibility that having different sections of this Act coming through this Act at different times can be inherently problematic? Because there may be some contradictory elements. And we have just received this amendment. And I do not know whether the implications have been fully examined. So I would like to hear the Minister speak to that, Madam Chairman.

The Chairman: Thank you, Member.

We will just wait for the Minister.

[Pause]

Mr. Walton Brown: Madam Chairman, if I may?

The Chairman: Yes. The Chair recognises the Member from constituency 17.

Mr. Walton Brown: If the Minister is uncertain, he may wish to pause while we carefully examine all of the implications, because—

The Chairman: Thank you, Member. He is just consulting. So, hopefully, he will come back and we will find out the answer to your question.

Mr. Walton Brown: Thank you, Madam Chairman.

The Chairman: Thank you. The Chair recognises the Minister.

Hon. R. Wayne Scott: Yes. Again, I just wanted to be certain. Again, we just want to ensure that certain clauses come into the Act immediately, of course. And we are going to be putting rules in effect in the next parliamentary session. Effectively, if we actually decide to put all of these in place immediately, we can. But we are going to put clauses 3 and 6 of the Act immediately and the other portion of the Act we will

actually publish the commencement date which we anticipate to be very soon.

The Chairman: Thank you.

Are there any Members who would like to speak to clause 7, the amended?

The Chair recognises the Member from constituency 17.

Mr. Walton Brown: Thank you, Madam Chairman.

Can the Honourable Minister assure this House that he has absolute confidence that having a tiered set of dates for commencement would lead to no challenges whatsoever with the legislation?

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. R. Wayne Scott: Yes, we are certain. The original clause before we amended basically just put the whole Act into operation upon notice in the *Gazette*. And we still plan on doing that with the remaining pieces. We just want this to be immediately in effect just for ease of use.

The Chairman: Thank you.

Are there any Members who would like to speak to the amended clause 7?

There are no other Members. Minister, please proceed.

Hon. R. Wayne Scott: Thank you.

I would like to move clause 7, as amended.

The Chairman: Thank you.

It has been moved that clause 7, as amended, be approved with the amendment.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

[Motion carried: Clause 7 passed as amended]

Hon. R. Wayne Scott: Thank you.

I would like to move the Preamble.

The Chairman: It has been moved that the Preamble be approved, with amendments.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

Hon. R. Wayne Scott: Thank you.

I move that the Bill be reported to the House as amended.

The Chairman: It has been moved that the Bill be reported to the House as amended.

Are there any objections to that motion?

No objections; agreed to.

[Gavel]

[Motion carried: *The Education Amendment Act 2015 was considered by a Committee of the whole House and passed with amendments to clauses 3 and 7.*]

House resumed at 9:59 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

EDUCATION AMENDMENT ACT 2015

The Speaker: Honourable Members, the Second Reading of the Education Amendment Act 2015 has been approved with amendments.

Any objections to that?

There are none. So the Second Reading [and Committee stage] have been approved.

We now move on to the next Order of the Day which is to be debated, and that is Order No. 3, consideration of Government Fees Amendment (No. 2) Regulations 2015, in the name of the Minister of Finance.

Minister?

DRAFT REGULATIONS

GOVERNMENT FEES AMENDMENT (NO. 2) REGULATIONS 2015

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

Mr. Speaker, with the Governor's recommendation and in accordance with section 36(3) of the Bermuda Constitution, I move that consideration be given to draft regulations entitled Government Fees Amendment (No. 2) Regulations 2015, proposed to be made by the Minister of Finance under provision of section 2 of the Government Fees Act 1965.

The Speaker: Are there any objections to that?

All right. Carry on, please, Minister.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

I move that the regulations entitled the Government Fees Amendment (No. 2) Regulations 2015 be now read a second time.

Mr. Speaker, by way of standing policy Government reviews the fees on a regular basis to ensure that there is a reasonable cost recovery for the provision of the various services offered by a range of government departments. Accordingly, a biennial review of government fees is conducted, with the last review

being in 2014. On occasion there is a need to amend fees based on justifying situations in between the review period.

The fee increases in this case are as follows:

Mr. Speaker, eight of the thirteen heads being amended or revoked come under the auspices of the Ministry of Health, Seniors and Environment—namely, Heads 3, 19, 39, 43, 44, 48, 52 and 53. For these heads the fees for services to registered health care professionals and health care establishments do not align with current costs.

The Ministry began adjusting the fees incrementally in 2014 for reasons of cost recovery, alignment with international fees and harmonisation of incidental services for administrative simplicity. For a health professional, the fees are being increased stepwise over a six-year period. For health care establishments the fees were increased in one step. Where a new fee is added, the power to change this existed in the principal Act. But the fee was omitted in the Government Fees Regulations. In some cases, the fee described was amended to align with the principal Act. So this is a housekeeping measure.

For health care establishments—namely, hospitals, pharmacies, diagnostic imaging facilities and clinical laboratories—the key value is increased up to tenfold to reflect the complexity of the assessment of fitness of the buildings, equipment, management, practitioners, et cetera, which may involve a range of entities such as police, health and safety, planning and other inspectors.

Mr. Speaker, under limited circumstances the Immigration Board or the Minister of Home Affairs may waive the requirement to advertise the position where a short-term or standard work permit is being applied for by an employer. It is proposed to set a new fee of \$500.00 whenever an application for a waiver of advertising is applied for. This new fee is being provided for under Head 6, Bermuda Immigration and Protection Act 1956.

The Ministry of Public Works is seeking to introduce new fees under Head 16, the Condominium Act 1986. Mr. Speaker, while the Condominium Act has been in force since 1986, there have been no fees charged for applying to incorporate a condominium or applying to amend the registration of condominium developments. As Honourable Members can appreciate, there is a considerable amount of time spent reviewing applications to incorporate, as well as applications for amendments to the registration. Therefore, it is proposed to establish various fees in relation to these functions provided by the Ministry of Works.

Mr. Speaker, the Ministry of Public Works also proposes to amend various fees under Head 20, the Department of Works and Engineering Act 1984, which was renamed the Public Lands Act 1984. To provide some relief for construction and landscaping companies the Ministry intends to adjust fees for the disposal of wastage at Marsh Folly and the airport to

the fee level in 2013 of \$25.00 per load. Also, a new fee will be provided for in the regulations for disposal of septage at Tynes Bay septage plant of \$15.00 per ton. The Ministry of Public Works has operated the Tynes Bay septage receiving facility since 1987, and this new fee will enable the Ministry to continue improvements to the facility.

Mr. Speaker, it is proposed to increase the government authorisation fee to provide services under integrated communications operating licences (so-called ICOLs) under Head 24 of the Government Fee Regulations 1976, from the current level of 2.05 per cent of the relevant turnover to 2.25 per cent of the relevant turnover for the Financial Year 2015/16. Mr. Speaker, last year the total ICOL fee paid by the ICOL holders was 3.8 per cent of [relevant] turnover. The regulated authority retained 1.75 per cent and transferred the remaining 2.05 per cent to the Government.

Mr. Speaker, ICOL fees are set for this current fiscal year at 3.75 per cent of the relevant turnover. The regulatory authority will retain 1.5 per cent to cover their 2015/16 budget and will transfer the remaining 2.25 per cent to the Government. Accordingly, for Fiscal Year 2015/16 the ICOL fee paid by the ICOL holder will be reduced by 0.05 per cent. However, the revenue passed back to Government will be increased to 0.2 per cent.

Finally, Mr. Speaker, the Bermuda Post Office (the BPO) plans to amend their annual licence requirements for private mail handlers and couriers under Head 49, the Post Office Act 1900. Under BPO's current annual licensing provisions one-man sole proprietors pay the same annual licence fee of \$2,087.40 per annum (they pay the same fee as the larger courier firms such as FedEx and DHL). This fixed rate is not only disadvantageous to sole proprietors and small entrepreneurs, but it also has resulted in missed revenue opportunities for the Bermuda Government. Accordingly, the BPO will be amending private mail handlers' and courier fees as indicated in these regulations.

Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Minister.

The Chair will now recognise the Honourable Member from constituency 18, Pembroke West Central, the Shadow Minister of Finance.

MP David Burt, you have the floor.

Mr. E. David Burt: Thank you, Mr. Speaker.

Mr. Speaker, it would appear as though the Minister of Finance becoming a grandfather has made him a lot kinder in the heart already, because he shared all his briefs in advance. It looks like he wants to get home early. So, it is a good thing.

The Speaker: It is amazing what children will do for you.

[Laughter]

Mr. E. David Burt: Absolutely, Mr. Speaker. Indeed.

The Speaker: You should know.

Mr. E. David Burt: That I do, Mr. Speaker.

The Speaker: I do not know. Am I reading it yet?

[Laughter]

Mr. E. David Burt: But what I will say, Mr. Speaker, is that I thank the Minister for sharing his brief in advance. There is little that can be quarrelled with inside of this Government Fees Amendment Regulations. There is this one question that we do have, and it was posed to the technical officers earlier, so I am sure they have provided the answer to the Minister.

In his brief he speaks about the various fees that will be amended under Head 20 to provide some relief for construction and landscaping companies. The Ministry intends to adjust fees for the disposal of waste at Marsh Folly and to the airport to a level fee of \$25.00 per load.

I guess the question I am asking is, How is that actually providing relief? Because I understand that this was done on a per-ton basis. And if the Minister has any answers as to what the average rate was previously and what actual level of relief it is going to provide to the construction and the landscape industry . . . But apart from that, Mr. Speaker, we have no objections to these regulations.

The Speaker: All right. Thank you, MP Burt.

Does any other Member care to speak?

The Chair will recognise the Minister for Works, from constituency 12, Devonshire South Central. Minister Craig Cannonier, you have the floor.

Hon. L. Craig Cannonier: Thank you, Mr. Speaker.

I do want to address the Shadow Finance Minister's question concerning the fees for the dumping by trucks of waste when it comes to shrubbery and the like, of the \$25.00 per load. And then, of course, in 2013, what I would like to say is that at 2013 there was a \$25.00 per load fee that was put in place. And the intent was every other year it would increase. But what happened was they attempted, in 2014/15, to come up with a different fee system which really did not make any sense at all. The truckers, after just two months, started to complain about this, that something was not right with the fee structure that they had put into place, which was \$80.00 per ton.

So, it was then very quickly, abruptly put aside to figure out what, in effect, should we be doing. So we decided to look at how we really should be . . . and do some more study on how we should be putting this fee structure.

So when it came before me, I said, *Well, let's not increase it, because we haven't gotten it right in the first place.* And that is why we have the reasoning, well, let us not increase the fee and put any burden on the truckers that were bringing this wastage to us. Let us take a look at it, put it back to 2013 and get it right from there. And so, therein lies the challenge.

I did not want to increase it unfairly until we got the science down as to exactly where it needs to be. Let us revert back to the old fee, which in 2013 was at \$25. And this year we will look exactly at what is going on. And if there is a need to increase it, then we will proceed with increasing the fee.

The Speaker: All right. Thank you, Honourable Minister.

The Chair will now recognise the Honourable Member from constituency 35, Sandys North Central, the Shadow Minister of Public Works, MP Lister.

Hon. Dennis P. Lister: Thank you, Mr. Speaker.

Mr. Speaker, the issue that brings me to my feet is basically the wording of "relief" in that the 2012/13 fee of \$25.00 per load was in place. And then the new Government created a new structure. And it seems that that structure has failed. So we are now reverting back to what was already in place. So it is not really a relief; it is going back to fixing a problem that was created by their new structure.

To fix that problem we are leaving it at the \$25.00 per load. So it should not be termed as a "relief." It should be termed as saying what they tried did not work. So, being it did not work, let us go back to what was working. I think that would be a better approach than to say the relief.

The Speaker: Thank you.

[Inaudible interjection]

The Speaker: Oh, no. You have had your say.

Would any other Honourable Member care to speak?

There are no other Members, so we will revert back to the Minister. Minister of Finance, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

We understand the semantics, and we will just leave it at that.

I would now like to move that the Government Fees Amendment (No. 2) Regulations 2015 be now approved.

The Speaker: All right. Thank you, Minister.

It has been moved that the Government Fees Amendment (No. 2) Regulations 2015 be approved.

Are there any objections to that?

There are none.

Minister?

Hon. E. T. (Bob) Richards: I do not have the wording in front of me, Mr. Speaker. But I think we have to send a message to His Excellency the Governor in that respect.

The Speaker: To the Governor. Yes, absolutely. Right. Thank you.

A message will be sent.

[Motion carried: The Government Fees Amendment (No. 2) Regulations 2015 was considered by the House and approved.]

The Speaker: Thank you, Minister.

All other Orders are carried over . . . Oh, sorry, sorry.

[Pause]

The Speaker: The Customs Tariff Amendment Act 2015, in the name of the Minister of Finance.

Minister Bob Richards, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

I am as anxious, if not more anxious, to finish up this evening than you, as anxious as you.

[Laughter]

Hon. E. T. (Bob) Richards: So I think I will try to move this along as fast as humanly possible.

Mr. Speaker and Honourable Members, I now request to give consideration to the Bill entitled the Customs Tariff Amendment Act [2015]. I would like this to be read a second time, please, Mr. Speaker.

The Speaker: Are there any objections to that? Minister, please carry on.

BILL

SECOND READING

CUSTOMS TARIFF AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: Mr. Speaker, the Bill proposes to amend the Customs Tariff Act 1970 (which will hereinafter be referred to as the principal Act) with a basket of measures designed to raise revenue for the government; reform, validate or repeal selected duty reliefs; and thirdly, to enhance customs control of imported goods.

These measures affect the principal Act and the Fifth and Sixth Schedules thereto, and also insert a new Seventh Schedule obtaining reliefs for miscellaneous goods in the principal Act. The Bill also seeks

to amend the Consular Relations Act 1971, correcting references to outdated tariff codes.

Mr. Speaker, I will now comment in further detail on the measures of the Bill beginning with those measures of the Bill that are directed at raising revenue. Mr. Speaker, in the Budget Statement in support of the Estimates of Revenue and Expenditure for the forthcoming fiscal year, I promised that the duty on fuel would be raised by 0.05 cents per litre in April 2015 to achieve additional customs revenues of about \$9.6 million. Accordingly, the Bill increases the duty rate applicable to gasoline, kerosene and diesel by 0.05 cents per litre.

This change affects heading 27.10 of the First Schedule of the principal Act. For the sake of clarity, I would mention that this measure does not affect existing *ad valorem* duty rates for heavy atmospheric gas oils, lubricating oils, grease, asphalt, petroleum gases or any petroleum oils containing bio-diesel. Mr. Speaker, the Bill also increases by 0.05 cents per litre concessionary duty rates for diesel and fuel oils for BELCO, the Bermuda Hospitals Board and hotels. This change affects CPC's 4701 through 4705 of the Fifth Schedule of the principal Act. It is expected that the impact of this change on the customer will be substantially mitigated by the current low fuel prices.

Mr. Speaker, I now turn to the measures of the Bill that will affect duty relief. In order to further encourage and support local food production, it is proposed to introduce a zero rate of duty for mushroom spawn, strawberry plants and trees of kinds that bear edible fruits and nuts. This is consistent with the zero rate of duty that has traditionally applied to other generative materials such as seed potatoes and seed for sowing.

Mr. Speaker, on its website, the World Bank has stated the world needs to produce at least 50 per cent more food to feed 9 billion people on Planet Earth by 2050. But climate change could cut crop yields by more than 25 per cent. The land biodiversity, oceans, forests and other forms of natural capital are being depleted at unprecedented rates. Already, high food prices are the new normal. Of course, high food prices have always been normal in Bermuda. Bermudians have witnessed their Island's natural capital depleted by property development, and Honourable Members will be well acquainted with our high food prices.

Because Bermuda is a very small, over-developed and densely populated archipelago, islanders are compelled to depend heavily on imported foodstuffs. It is therefore all the more important to reduce the cost and increase the volume of local food production as a hedge against increased food prices and possible global food shortages.

Mr. Speaker, as a further incentive to local commercial food production, the Bill proposes to subsume all existing commercial food production relief in one harmonised end-use relief. Currently, there are a

number of separate reliefs for goods for local food production. These include relief for the poultry industry, the dairy industry, commercial fishing, commercial aquaculture and commercial farming.

The new duty relief for goods for local food production will extend to all goods imported for use in connection with the local commercial production of animal or vegetable products for human consumption. As a safeguard against abuse, the goods must first be approved by the Director of Environmental Protection before being declared to Customs.

Mr. Speaker, the Bill proposes to reform the duty reliefs for plastic and paper articles for the conveyance of packing of local products or manufacturers. For the sake of certainty of interpretation of these duty reliefs, their respective scopes are to be recast as references to the relevant headings in the First Schedule of the principal Act. Also, the terms "animal" and "vegetable products," "manufacture" and "production" are defined, for the sake of clarity. For the avoidance of doubt, I should mention that the duty rate for such paper and plastic articles is to remain unchanged, at zero and 15 per cent, respectively. These changes affect CPC [Customs Procedure Code] 4151 and 4153 of the Fifth Schedule of the principal Act.

Mr. Speaker, the Bill proposes to update CPC 4127 of the Fifth Schedule of the principal Act to reflect the merging of the UN Special Fund with the extended programme of technical assistance, to create the United Nations Development Programme, known as UNDP. In addition, duty relief of poppies, under CPC 4201, is to be amended to include a reference to the Royal British Legion, as this organisation is now principally responsible for the importation of poppies for distribution in Bermuda. The scope of CPC 4119, vessels, articles and parts, is also to be amended to include duty relief for vessels leased by the Bermuda Government.

Mr. Speaker, the Bill seeks to preserve duty relief for commercial fishermen and commercial tour boat operators, and improve administration of duty relief by inserting appropriate end-use reliefs in the Fifth Schedule of the principal Act. Currently, duty relief on fuel is provided for these two categories of commercial vessel operators by Order made under the Customs Duty (Special Remission) Act 1951, and has been administered by way of a drawback scheme based on fuel purchased at the pump. This drawback scheme has proved problematic and cumbersome. The new end-use relief will allow the relief to be granted upon expounding of the fuel and, in future, will be administered directly by Customs Department.

Mr. Speaker, doubts have arisen as to the validity of certain private enhancements purporting to provide relief from customs duty for goods of the Bermuda Biological Station, the Bermuda Maritime Museum (now the National Museum), the Bermuda Fine Art Trust and the Bermuda Underwater Exploration Institute. Consequently, the Bill seeks to deem any

relief from customs duty granted by the Collector of Customs to those institutions pursuant to the relevant private enactments to have been validly granted.

The Bill further proposes to replace the purported duty relief in the relevant private enactments with a new end-use relief for goods for museums and a new end-use relief for goods for ocean scientific research, environmental protection or education.

Mr. Speaker, the opportunity is also being taken to subsume all existing end-use reliefs for artwork and museums into the new end-use relief for museums. Currently, there are five separate end-use reliefs for artwork and museums. These include relief for the Bermuda National Trust, artwork for public exhibition, the Bermuda Zoological Society, the St. George's Foundation and the Bermuda Society of Arts.

Mr. Speaker, the new end-use relief for goods for museums will extend to goods imported for use only for the purposes of public exhibition or display by any approved organisation; restoration of buildings on premises leased, owned or held in trust by an approved organisation; development, enhancement or conservation of any public exhibition or display promoted by an approved organisation; the feeding of animals forming part of any public exhibition or display promoted by an approved organisation.

Approved organisations are to be designated by the Minister of Finance by notice in the *Gazette*. At the outset, approved organisations will be the Bermuda Fine Art Trust, Bermuda National Trust, Bermuda Society of Arts, the Bermuda Underwater Exploration Institute, the Bermuda Zoological Society, the Government of Bermuda, the Masterworks Foundation, the National Museum of Bermuda and the St. George's Foundation.

Mr. Speaker, the new end-use duty relief for goods or ocean scientific research, environmental protection or education will extend to all goods imported and used by an approved organisation for the purposes of ocean scientific research and environmental protection or education. Approved organisations are to be designated by the Minister of Finance by notice in the *Gazette*. At the outset, the approved organisations will be the Bermuda Institute of Ocean Sciences (or B IOS), the Bermuda Underwater Exploration Institute.

Mr. Speaker, the Bill proposes to insert a new Seventh Schedule in the principal Act containing miscellaneous duty relief for goods brought back to Bermuda. Honourable Members may be aware that duty relief for goods brought back to Bermuda is currently embedded in the Revenue Act 1898, in section 79 of this Act. This is merely an historical anomaly. The Revenue Act relief pre-dates the original enactment of the principal Act. It is proposed to bring this relief home to the principal Act in a new Seventh Schedule in the form of four new miscellaneous reliefs covering the produce or manufacturers of Bermuda, duty-paid goods, goods repaired under warranty and goods re-

placed under warranty. This change is revenue-neutral.

Mr. Speaker, I now progress to those measures of the Bill that enhance customs control of imported goods. The Bill proposes to amend the general provision of the Sixth Schedule to the principal Act to authorise the Collector of Customs to impose additional conditions on temporary imports. This measure will allow the Collector to impose conditions that would enable her to trace the relevant goods and to carry out any checks which she considers necessary to ensure that the goods are actually re-exported before the end of the period of temporary importation relief, or that the goods are otherwise disposed of in a manner authorised by the Collector.

Such conditions are expected to be particularly helpful in monitoring the disposition of the large quantities of goods that are likely to be temporarily imported in connection with large-scale events like the upcoming America's Cup.

The Bill seeks to introduce a surcharge of 2 per cent on the duty imposed on goods entered pursuant to section 18 of the Revenue Act 1898. Honourable Members may be aware that under section 18 of the Revenue Act the Collector of Customs has authority to release a shipment of imported goods before proper entry and payment of duty in circumstances where the importer thereof does not have sufficient information as to what is in the shipment. Importers availing themselves of this facility must, within 30 days, make proper entry of their shipment and pay the outstanding duty. The new surcharge will help offset the cost of administration of this facility. And it is expected to discourage inappropriate applications and encourage the proper entry of goods at the time of importation.

Finally, Mr. Speaker, the Bill does a bit of housekeeping. The Bill seeks to remove certain spent provisions; to correct outdated references in the principal Act; and to make various consequential amendments, repeals and revocations. All of these changes are revenue-neutral.

Mr. Speaker, I now ask that the Bill be committed.

The Speaker: Thank you, Minister.

Would any other Honourable Member care to speak?

The Chair will recognise the Leader of the Opposition, from constituency 26. MP Marc Bean, you have the floor.

Hon. Marc A. R. Bean: Good evening, Mr. Speaker.

The Speaker: Good evening.

Hon. Marc A. R. Bean: Mr. Speaker, I am sure my Deputy and Shadow Minister of Finance will go into depth on this legislation. I rise just to state that, gen-

erally speaking, we are in favour of the proposed Bill, with the exception of the increases in fuel.

Now, we understand that the Minister indicated that this increase of 0.05 cents per litre will provide \$9.6 million additional revenue to the Consolidated Fund. But, Mr. Speaker, I am sure that that \$9.6 million of actual revenue would certainly also increase the burden on every one of us in this country. One thing is for sure. High oil prices affect all of us. And so I think that most of us, if not all of us in the country, were very excited to see the drop in oil prices on the world markets. And we were hoping at some point that that drop in oil price will be passed on to the end users, or consumers, of the various services and products that depend on oil.

So it is interesting to see that that 0.05 cents per litre . . . it sounds on the surface as a gentle increase. But if you look at the memorandum, Mr. Speaker, it actually indicates that that 0.05 cents a litre increase represents a 53 per cent increase on BELCO bills, electricity, and hotels, and—correct me if I am wrong—the electricity in general. And also, it represents a 22 per cent increase for hospital costs.

Transport costs, electricity costs and health care costs are costs that we all have to bear. And so, again, it is actually increasing the burden. And we understand the rationale, the actual \$9.6 million. But it speaks to this trend that we have seen over this budget debate where the One Bermuda Alliance is not hesitant on raising taxes that affect all of us and, in a lot of ways, would continue to put downward pressure on consumption patterns in this Island and demand in the Island. And so, that is a concern.

But otherwise, every other component that we find in this legislation we generally can agree on, with the exception of that increase in fuel price.

The Speaker: Thank you, Honourable Member.

Would any other Honourable Member care to speak?

Yes, the Chair will recognise the Minister for Economic Development, from Paget East, constituency 22. Dr. Grant Gibbons, you have the floor.

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker.

Ever so briefly, I just thought the Honourable Member who just took his seat made sort of a number of pronouncements about the impact of the 0.05 cents per litre increase on fuel and electricity. I just wanted to, for those who are listening, put that in perspective.

It is true that the increase in duty on fuel will have an impact. But fortunately, the Honourable Finance Minister's timing is impeccable here, because when you actually look at what it means for an average customer—and for BELCO, an average customer is someone who uses about 650 kilowatts per month—the highest rate that BELCO had was about 0.45 cents, 0.449 cents. And that has now dropped

from 0.45 cents per kilowatt hour down to about 0.37 to 0.38 cents per kilowatt hour. That is about a seven-cent difference between 0.45 [cents] and 0.37 to 0.38 [cents].

When you look at a 650-kilowatt average customer, what that means is the price has actually dropped from . . . that is a \$46.00 to \$38.00 drop when you look at that seven cents. And what that means, if you factor in the cost of the increase in fuel, which is about seven dollars, is that the average customer is still probably close to \$39.00 a head as a consequence of that drop in fuel price. So the difference between 0.40 to 0.45 cents per kilowatt hour—and word is right now about 0.37 [cents] to 0.38 [cents]—is about seven cents. The difference, the increase in the price because of the fuel thing is a little over one cent per kilowatt hour. So the same thing, you can work it out, you are still quite a bit ahead. And that is the consequence of the timing and the precipitous drop in the electricity rates.

The sense I got from the utility is that electricity rates, as a consequence of the drop in fuel rates, will probably continue to go down to some degree. So even with this increase, the customer is still way ahead because of the drop in fuel prices. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Minister.

The Chair will now recognise the Honourable Member from constituency 18, Pembroke West Central, the Shadow Minister of Finance. MP David Burt, you have the floor.

Mr. E. David Burt: Thank you very much, Mr. Speaker.

Mr. Speaker, again I appreciate the Minister providing his brief ahead of time so I was able to review. And that will, hopefully, save us some time this evening.

The first thing I would like to say is, as echoing our Leader, insofar as the support for the measures that were outlined inside of the Customs Tariff Amendment Bill, we are in general support, with the exception of this increase in taxes on everything.

The challenge, the one thing I do want to say is that I am especially appreciative of the concessions or reductions that have been put in place to attempt to stimulate and assist domestic food production, because, of course, Mr. Speaker, if you would recall, it is something that we spoke about in our party's *Vision 2025* Reply to the Budget, and it is something that we certainly welcome because we believe that it is very important that we increase or do whatever we can to support domestic food production, because, of course, that is something that will benefit the country in the long run.

But going to this tax on fuel. And of course, the Honourable Member who just took his seat, the Honourable Minister for Economic Development, who

also speaks for energy . . . it is interesting that he talks about the fact that gas prices have gone down, and therefore people's energy bills have gone down. That is a good thing. That is something that helps the economy. So, why are we trying to reverse some of those gains by increasing taxes on those very items? A tax is a tax is a tax. And following the Minister's logic, if gas prices have gone down by 0.7 cents per kilowatt hour, why did we raise the fuel tax up 0.7 cents per kilowatt hour seeing that, hey, people will not feel it anyhow? Why not?

Because the fact is, Mr. Speaker, that people will feel it. It will be felt. Any move in taxes, no matter how small, is felt. And when we are talking about a tax on fuel, that is a tax on everybody, Mr. Speaker. And I hope that the listening public understands that. Because it not only raises the price at the pump, it raises the price at the supermarket. It raises the price for BELCO. It raises the price for all goods and all services. It is an across-the-board raise.

So, in one hand, you are being given something, insofar as lower fuel costs, which will, of course, give much added benefits to our struggling economy—something that should be welcomed, something that should be applauded. But at the same time, we are using the other hand to take some of it away. Take it away. It is poor economic policy, and it will hurt the people who can afford it the least. It will hurt them the most. That is a fact, Mr. Speaker. When you raise taxes on energy, that is the result.

It is not good economic policy, and on this side of the aisle we do not support it. Because at a time when some families are actually seeing that savings that the Minister of Finance spoke about, when some businesses are actually seeing that reduction and a little bit of breathing room that they may get in their energy bills, something that is welcome, especially when we are seeing taxes go up across the board in other places, you know, people are going to be taking home less money for their pay cheques.

Payroll tax is going up. The Minister of Economic Development is talking about, *Oh, well, people are going to have extra money in their pockets for their BELCO bill.* But that is going to be wiped out because payroll taxes are going up, Mr. Speaker. How is that going to affect them?

We have to understand it all balances out. And the end result is the number of tax increases in this budget will hurt the small person and the person who can least afford it the most. It is bad economic policy, and it is one of those things that are put in place that make it more difficult for our economy to recover from the recession.

Now, the other argument is the wonderful false argument that is used by, I would say (I am wondering where I can find this word) liberal governments, maybe tax-and-spend governments, excuses that things that are done for taxes. Because, Mr. Speaker, the thing that we are hearing is, *Well, if we*

put in place these taxes, we are putting them in place because people can afford it because gas prices are going down. Mr. Speaker, what happens when gas prices go up? Is the Government going to reduce this tax back to the level? No! It is a permanent tax. That is what is going to happen.

I can assure you that the Minister of Finance is not going to take the tax back, because he himself says that he needs the revenue. So that is it. So it is a red herring. It is a false argument. Call it for what it is—a tax on everyone, a tax that will hurt the little man, a tax on business, a tax on transportation, a tax on fuel, a tax across the board which will be felt, Mr. Speaker.

We do not support that tax increase. We welcome the other changes. But we would hope that the Minister would reconsider. We understand that he may not, but it is important that the people know that this tax will hurt everybody in the economy and make it more difficult for us to recover economically. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Honourable Member Burt.

Are there any other Honourable Members who would care to speak?

There are none. Minister . . . there is one.

The Chair will recognise the Honourable Deputy Speaker, from constituency 4. MP Roberts-Holshouser, you have the floor.

Mrs. Suzann Roberts-Holshouser: Thank you.

I just did not want it to slip in and slip out, because unfortunately, that is what has happened with many of our war veterans. And I wanted to recognise the importance of one of the changes that we have had, by adding in "or the Royal British Legion."

Mr. Speaker, this is an organisation that has historically represented perhaps some of our war veterans who have not always been recognised as individuals who went and fought for not only Bermuda, but around the world.

So, Mr. Speaker, I know the individual Carol Everson has worked tirelessly to ensure that all our war veterans are recognised and get the funding that is much needed by certain of our elite members. And I believe that all members who represented the war and fought in the war, no matter under what capacity, need to be recognised and need to be saluted.

So, while it is a very thin line, by recognising, Mr. Speaker, as we do on page 9 today under the heading "End-use conditions" at the end by inserting "or the Royal British Legion," I salute the Government of Bermuda by encouraging and recognising this as another entity and allowing them to bring in their poppies, which are different than the poppies that have been historically recognised in Bermuda under the Bermuda War Veterans Association. This is another poppy, which I got a little bit of a history last year. But,

Mr. Speaker, when I saw this line, I could not help but want to stand to my feet. Thank you very much, Mr. Speaker.

The Speaker: All right. Thank you very much, Honourable Deputy Speaker.

Would any other Members care to speak?

I recognise now the Minister for Finance. Minister Bob Richards, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

You know, I understand the Honourable Opposition Members' point. But this is a tax on everybody. This is clearly recognised. But, you know, we are committed to having a balanced approach to the Government's financial situation, and these are one of the measures that we have to take on our road to breaking the back of the deficit.

So it has to be done. And I think that this is . . . the fall in global energy prices is an opportunity for us to get some more revenue with minimal impact on the consuming public, because insofar as electricity is concerned, it is clear that the fuel adjustment charge for BELCO has not run its course yet. The decline in that fuel adjustment charge has not run its course yet. Because they charge you according to the inventories that are already here. They have to use up that expensive inventory before they bring in less expensive inventory. So, consumers will not see a whole lot of difference in their BELCO bills, going forward.

Insofar as price at the pump, well, prices at the pump have already come down by, I think, about 0.40 cents a litre at gas stations. And again, nobody wants to see them go back up. But, as I say, we have a mandate to fix the finances of the Government, and this is part of it. Nobody likes to raise taxes, not even me. So, we want to do that.

I wanted to just sort of respond to the Honourable Leader of the Opposition. He said that we did not hesitate to increase taxes. Well, in fact, I did hesitate, Mr. Speaker. I hesitated. I have already hesitated twice in two budgets. You know, we need this money two years ago. And it was not an opportunity to do this. So I have hesitated. But this is the time that it has to be done.

So with that, Mr. Speaker, I would like to move that the Bill be committed.

The Speaker: Thank you.

It has been moved that the Bill be committed.
Any objections?

I would like to ask the Deputy Speaker to please take the Chair [of Committee].

House in Committee at 10:46 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

CUSTOMS TARIFF AMENDMENT ACT 2015

The Chairman: Honourable Members, we are now in Committee of the whole House for further consideration of the Bill entitled [Customs Tariff Amendment Act 2015](#). I call on the Member in charge to proceed. Minister, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

Madam Chairman, I am wondering if I should move all the clauses here.

The Chairman: Yes.

Hon. E. T. (Bob) Richards: Yes, okay.

The Chairman: You do have some revisions?

Hon. E. T. (Bob) Richards: Yes. We have some revisions as well.

The Chairman: Can you confirm that everyone is in receipt of the revisions?

Hon. E. T. (Bob) Richards: Yes.

The Chairman: Everyone is in receipt of the revisions. So if you would like, we will just proceed.

Hon. E. T. (Bob) Richards: Okay. Thank you.
I would like to move clauses 1 through 15.

The Chairman: Yes.

Hon. E. T. (Bob) Richards: Again, Madam Chairman, this Bill seeks to amend the Customs Tariff Act 1970 to impose a surcharge on certain goods; to amend the First, Fifth and Sixth Schedules; to insert a new Seventh Schedule; and to make consequential amendments. This Bill also seeks to validate customs duty relief granted under certain private enactments and to repeal those enactments, as the relief will be granted under the Fifth Schedule of the principal Act.

Clause 1 is self-explanatory.

Clause 2 amends section 5 of the principal Act. Clause 2(1) inserts new section 5(3) to give effect to the new Seventh Schedule in the principal Act inserted by clause 11. Clause 2(2) makes amendments in consequence of the new Seventh Schedule.

Now, Madam Chairman, in clause 3 I have got the original amendments, plus I have got an extra one to add on to that. So, clause 3 amends section 11 of the principal Act. Clause 3(1) inserts new section 11(5A) which imposes a surcharge of 2 per cent duty on goods entered pursuant to section 18 of the Revenue Act 1898, packages with unknown contents.

Clause 3(2) makes consequential amendments to the definitions of “discharge” and “duty suspension arrangements” in section 11(6).

AMENDMENT TO CLAUSE 3

Hon. E. T. (Bob) Richards: Also, Madam Chairman, we want to, in clause 3(1) in the new section 11(5A), delete “and 3.” Because that is the additional amendment we have to clause 3.

Clause 4 amends the First Schedule of the principal Act. Paragraph (a) decreases to zero the rate of import duty applicable to trees, shrubs, bushes, which bear edible fruit or nuts. Paragraph (b) inserts two new tariff codes for mushroom spawn and strawberry plants, both of which a zero duty rate applies.

Clause 5 amends the First Schedule of the principal Act. Paragraph (a) increases by 0.05 cents per litre the rate of imported duty applicable to gasoline, kerosene and diesel.

Clause 6 amends the Fifth Schedule to the principal Act. Paragraph (a) increases the concessionary rate on petroleum oils for the Bermuda Hospitals Board from 0.23 cents per litre to 0.28 cents per litre. Paragraph (b) increases the concessionary rate on petroleum oils for hotels and BELCO from 09.5 cents per litre to 14.5 cents per litre.

Clause 7 amends the Fifth Schedule of the principal Act. Clause 7(1) inserts new CPC 4216 (goods for museums) and CPC 4217 (goods for ocean scientific research, environmental protection or education). Clause 7(2) provides for the consequential repeal of the following CPCs:

- CPC 4132—Bermuda National Trust;
- CPC 4136—Artwork for public exhibition;
- CPC 4139—Bermuda Zoological Society;
- CPC 4184—St. George’s Foundation; and
- CPC 4199—Bermuda Society of the Arts.

Clause 8 amends the Fifth Schedule of the principal Act. Clause 8(1) inserts new CPC 4215 (goods for commercial food production). Clause 8(2) provides for the consequential repeal of the following CPCs:

- CPC 4101—equipment used in the poultry industry;
- CPC 4102—machinery used in the dairy industry;
- CPC 4103—commercial fishing equipment and bait;
- CPC 4104—aquaculture equipment;
- CPC 4146—extracts, essences or concentrates; and
- CPC 4174—farm commodities.

Clause 8(3) replaces CPC 4151 (plastic articles for the conveyance or packaging of local products or manufacturers) and CPC 4153 (paper packing con-

tainers for the conveyance or packing of local products or manufacturers).

Clause 9 amends the Fifth Schedule to the principal Act. Clause 9(1) replaces CPC 4127 (goods for the UN Development Programme and Commonwealth Fund for Technical Cooperation Project). Clause 9(2) replaces CPC 4119 (vessels: articles and parts). Clause 9(3) inserts CPC 4218 (fuels for commercial fishing vessels) CPC 4219 (fuel for commercial tour boats). Clause 9(4) amends CPC 4201 (commemorative poppies). Clause 9(5) provides for the repeal of the following CPCs, which are spent. And that is:

- CPC 4121—radios;
- CPC 4133—information material;
- CPC 4137—material used in construction of the National Sports Centre;
- CPC 4138—telecommunications equipment for amateur radio operators;
- CPC 4162—films; and
- CPC 4171—Bermuda Homes for People, Ltd.

Clause 10 amends paragraph 1 of the Sixth Schedule to the principal Act, authorisation of temporary imported relief, by inserting a new subsection (4), which provides for conditions to be imposed.

Clause 11 inserts a new Seventh Schedule (reliefs for miscellaneous goods) containing the following new CPCs for goods brought back to Bermuda in certain circumstances:

- CPC 4323—produce or manufactures of Bermuda;
- CPC 4324—duty paid goods; and
- CPC 4325—warranty repairs.

New CPC 4326 provides relief for warranty replacements.

AMENDMENT TO CLAUSE 11

Hon. E. T. (Bob) Richards: Also, Madam Chairman, in clause 11 there is a further amendment, which is the part that has been circulated to Members.

In clause 11, in the Table of Miscellaneous Reliefs, in the new Seventh Schedule, in CPC 4324, under the heading “End-Use Conditions / Restrictions”, delete paragraph (3); and under the heading “Specific Controls / Diversions”, insert “Notwithstanding any of the foregoing provisions of this CPC, where any repairs or improvements have been made to the goods, the usual import duty on the cost of such repairs or improvements must be paid.”

So those are the changes we are making for clause 11.

Clause 12 amends the Consular Relations Act 1971, correcting references to outdated tariff codes.

Clause 13 provides for various consequential amendments, repeals and revocations. Clause 13(1) revokes certain remission orders, which are superseded by amendments to the Fifth Schedule to the

principal Act in clause 9. Clause 13(2) amends the Third Schedule of the Municipalities Act 1923, in consequence of the insertion of new CPCs 4216 and 4217 into the Fifth Schedule to the principal Act by clause 7. Clause 13(3) repeals section 79 of the Revenue Act, which is goods brought back to Bermuda, in consequence of the insertion of the new Seventh Schedule to the principal Act by clause 11.

AMENDMENT TO CLAUSE 13

Hon. E. T. (Bob) Richards: Also, Madam Chairman, there is a further addition to clause 13, which has been circulated to Honourable Members. It says, "In clause 13, delete subsection 2(a)(ii) and substitute "(ii) delete 'and 4204' and substitute ", 4204, 4216 and 4217."

The Chairman: Thank you.

Hon. E. T. (Bob) Richards: There is one more, Madam Chairman. There are two more, sorry. There are [clauses] 14 and 15. We are almost there.

Clause 14. Doubts have arisen as to the validity of certain private enactments purporting to provide relief from customs duty to the Bermuda Biological Station [for Research], the Bermuda Maritime Museum (now the National Maritime Museum), the Bermuda Fine Art Trust and the Bermuda Underwater Exploration Institute. Consequently, [clause 14](1) deems any relief from customs duty granted by the Collector of Customs to those institutions pursuant to the enactments listed in [clause 14](2) to have been validly granted. [Clause 14](3) repeals the enactments, as the duty relief will instead be provided under new CPCs 4216 and 4217 in the Fifth Schedule to the principal Act, inserted by clause 7.

Finally, clause 15 provides for commencement on April 1st, 2015.

The Chairman: Thank you, Minister.

Are there any Members who would like to speak to clauses 1 through 15?

Thank you. The Chair recognises the Member from constituency 15, Pembroke East. Shadow Minister of Public Safety, Mr. Walter H. Roban, you have the floor.

Mr. Walter H. Roban: Thank you, Madam Chairman.

I have a question for the Minister in relation to clause 7 on page 3, under the description in relation to goods for museums. I note in the section "end-use conditions," there is a mention of approved organisations.

From that standpoint, how does an organisation . . . Is there a specific application process, or does the Minister just, by discretion, designate an organisation as an approved organisation?

The Chairman: Thank you, Member.
Minister?

Hon. E. T. (Bob) Richards: I am not certain of the answer to that question. Certainly, there are the ones that are established here, Honourable Member, which are well-established organisations like the National Trust, et cetera. Let me see if I can get an answer to that right now.

[Pause]

The Chairman: The Chair does recognise another Member, but do you want the Minister to be listening to your question?

Mr. E. David Burt: Yes.

The Chairman: Fine. The Chair recognises the Member from constituency 18, Pembroke West Central. Mr. E. David G. Burt, you have the floor.

Mr. E. David Burt: Thank you very much, Madam Chairman.

Madam Chairman, as stated in the general debate, we do not have any objections to this Bill. However, we would like to register our objection for the record to clause 5 and clause 6, which increase taxes on everybody.

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: To the Honourable Member who asked the question how you get on this list, you can apply and you apply to the Ministry of Finance to get on that list.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 15?

The Chair recognises the Member from constituency number 15.

Mr. Walter H. Roban: Thank you.

I thank the Minister for that answer, because I note that one particular museum that I am aware of, the Bermudian Heritage Association, is not on that list, and it is a recognised museum. So I was just wondering how that process . . . or even the African Diaspora Heritage Trail, which does carry out some activities that would be historical in reference and may want to perhaps host an exhibit of some nature in the future and should be able to benefit from such clauses. So I wanted, just for public information, to note how one would get on that list. So, thank you very much, Madam Chair.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 15?

The Chair recognises the Member from constituency number 18.

Mr. E. David Burt: Thank you very much, Madam Chair.

Just on one further item when it comes to clause 6. Clause 6(b) states that the fuel tax, the tax on the concessionary rate for BELCO and for hotels is going to go up, as the Honourable Leader of the Opposition said, up by 52 per cent, from 9.5 cents per litre to 14.5 cents per litre.

The question that I have is, was there any consideration given to possibly excluding hotels from this, because, of course, hotels are in a difficult position. They have just seen some of their tax concessions go back. We all know our hotels are struggling. We all know it is the lowest air arrivals in 48 years. I have said it many times. Was there any thought as to possibly excluding hotels so as not to give them the double whammy insofar as the tax they pay at the concessionary rate in addition to the money from BELCO?

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: I think that we decided to . . . Certainly, consideration was given to it. But the final decision is, as you see it, to spread it across as broad a spectrum as we could.

[Inaudible interjection]

Hon. E. T. (Bob) Richards: Yes, that is right.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 15?

The Chair recognises the Member from constituency number 15.

Mr. Walter H. Roban: Thank you, Madam Chair.

Just a question to the Minister on clause 8, which makes reference to goods for commercial food production. I, like some other Members, have some interest in local farming. And I am happy to see anything that assists with the promotion of local produce and makes it cheaper or less expensive to produce local produce, or assist farmers in ways that they can do things that will ultimately be cheaper for the end consumer.

Is this change made with a hope of assisting some of our local farms like [Westover] Bascome's farm, which has the only abattoir in the Island and a few . . . I think, only they and Wadson's Farm might do some sort of slaughtering of some specialist nature. Is this the type of clause that should help them, or even

perhaps help anybody who might be interested in getting into hydroponics, perhaps, even if it is assisting with some commercial development?

Madam Chair, I am just querying if that is some of the rationale around the changes that have been made under clause 8, from the Minister. Thank you.

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. E. T. (Bob) Richards: Yes, Honourable Member, I believe so. I believe it covers those types of activities that you mentioned.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 15?

There are no other Members.
Minister?

Hon. E. T. (Bob) Richards: Thank you, Madam Chair.

I would like to move all clauses, which in this case are clauses 1 through 14, as amended.

The Chairman: And clause . . . You actually want to do clauses 1 through 15. That would include the commencement date.

Hon. E. T. (Bob) Richards: Yes. Clauses 1 through 15, as amended, yes.

The Chairman: Are there any objections? It has been moved that clauses 1 through 15, with revisions, be approved.

Are there any objections to that motion?
No objections; agreed to.

[Motion carried: clauses 1 through 15 passed as amended]

Hon. E. T. (Bob) Richards: Madam Chair, I move the Preamble.

The Chairman: It has been moved that the Preamble be approved.

Are there any objections to that motion?
No objections; agreed to.

Hon. E. T. (Bob) Richards: Madam Chair, I move that the Bill be reported to the House, as amended.

The Chairman: It has been moved that the Bill be reported to the House as amended.

Any objections to that motion?
There are no objections; agreed to.

Hon. E. T. (Bob) Richards: Thank you, Madam Chair.

[Motion carried: The Customs Tariff Amendment Act 2015 was considered by a Committee of the whole House, and passed as amended in clauses 3, 11 and 13.]

House resumed at 10:06 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

CUSTOMS TARIFF AMENDMENT ACT 2015

The Speaker: Honourable Members, the Customs Tariff Amendment Act 2015 has been approved, with the amendments.

That concludes the Orders that we will complete today, and all other Orders are carried over.

So I will ask, first, the Education Minister. Minister Richards, yes.

SUSPENSION OF STANDING ORDER 21

Mr. Sylvan D. Richards, Jr.: Thank you, Mr. Speaker.

I move that Standing Order 21 be suspended to enable me to move that the Bill entitled the Education Amendment Act 2015 now be read the third time by its title only.

The Speaker: Any objections?
Carry on, Minister.

[Motion carried: Standing Order 21 suspended.]

THIRD READING

EDUCATION AMENDMENT ACT 2015

Mr. Sylvan D. Richards, Jr.: Mr. Speaker, I move that the Bill entitled Education Amendment Act 2015 do now pass.

The Speaker: Thank you, Minister.
Are there any objections to that?
There are none. So the Act is passed.

[Motion carried: The Education Amendment Act 2015 was read a third time and passed.]

The Speaker: The Chair recognises now the Minister for Finance.

SUSPENSION OF STANDING ORDER 21

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.

Mr. Speaker, I move that [Standing Order] 21 be suspended to enable me to move that the Honourable House approve the third reading of the Bill Customs Tariff Amendment Act 2015, by its title only.

The Speaker: Are there any objections to that?
There are none. Minister, carry on.

[Motion carried: Standing Order 21 suspended.]

THIRD READING

CUSTOMS TARIFF AMENDMENT ACT 2015

Hon. E. T. (Bob) Richards: I move that the Bill do now pass.

The Speaker: Any objections to that?
The Bill is now passed.

[Motion carried: The Customs Tariff Amendment Act 2015 was read a third time and passed.]

The Speaker: The Chair will now recognise the Honourable Premier.

ADJOURNMENT

Hon. Michael H. Dunkley: Thank you, Mr. Speaker.
I move that we now adjourn until Friday, March 13th.

The Speaker: Thank you, Honourable Premier.
The Chair will now recognise the Honourable Member from constituency number 18, Pembroke West Central, MP David Burt.

Mr. E. David Burt: Good evening, Mr. Speaker.

The Speaker: Good evening.

HOTEL PROJECT IN ST. GEORGE'S DELAYED

Mr. E. David Burt: Mr. Speaker, I would just like to speak briefly to discuss, I guess a matter of concern to myself, that earlier today we heard the Honourable Minister of Tourism and Transport basically tell this Honourable House that a project he previously indicated Cabinet was comfortable with the funding arrangements of, which is the hotel in St. George's . . . now we hear that the Honourable Minister is going around with cap in hand to banks helping to drum up financing for this hotel.

Now, I do not understand, Mr. Speaker. Because, if the Cabinet was comfortable that the money would be in place, why is the Government now part of the fundraising team trying to drum up support, or loans, or money for this hotel? It would seem as though there was an error in judgment made, if Cabi-

net was comfortable with the funding arrangements at that point in time, Mr. Speaker.

It is a very disturbing thing. And I hope that the Minister will take some time . . . maybe on Friday he would like to come with a Ministerial Statement to clarify. In my view, Mr. Speaker, we should not be hearing about delays in hotel projects in responses to Parliamentary Questions. Those things should come from an open and transparent Government ahead of time. So that is what I would suggest, Mr. Speaker.

[Inaudible interjection]

Mr. E. David Burt: Absolutely.

Now, Mr. Speaker, I was in St. George's yesterday, as the Honourable Member from constituency 1 knows. I had to make it to St. George's two times yesterday—all the way to constituency 1 twice—to read to some wonderful schoolchildren and also to attend an economic town hall [meeting]. And the Honourable Member from constituency 1 reminded me that I was granted safe passage into his constituency, and for that I am very appreciative.

[Laughter]

Mr. E. David Burt: However, Mr. Speaker, in that same safe passage at a town hall meeting last night, we heard about the desperation that exists insofar as getting a hotel built in St. George's.

Now, Mr. Speaker, we all know that the Progressive Labour Party was not successful in getting a hotel built in St. George's. But that does not mean that we are any less committed to wanting to make sure that it happens. But there is a challenge when the Cabinet says the funding is in place, and then, all of a sudden, we find out that the Cabinet is now raising money for the developer. It does not make sense, Mr. Speaker. It does not add up. And it seems a little bit weird.

There are a few things that kind of bother me there. Because when we go back to the Budget Statement, Mr. Speaker, we heard the Honourable Minister of Finance say (and I quote), “. . . the principal method of stimulus would have to be inward direct investment from abroad.” And then he listed the projects which would form the inward direct investment, and one of these was the project in St. George's.

So if we are now going and drumming up money from local banks looking for investment in this project, it would stand to represent that this is not direct investment from abroad. Would it not, Mr. Speaker? It would seem as though the plan of the Finance Minister is falling short. And it would seem that the developer who is supposed to be providing this financing from abroad, is not.

That, Mr. Speaker, seems to be a challenge, because we know that our banks, our local banks especially, have been hit hard for their investments in

local tourism projects. We know that. I mean, the list is long. You know, we go over to Tucker's Point. We can go to Newstead. We can go to a lot of projects where the banks have been hit hard because of the loans for tourism projects.

So, once again, we know that they do not have a lot of appetite for tourism investment, and they are certainly not going to have a lot of appetite if Government policy does not seem to be promoting the turnaround that tourism needs. As we have said many times, Mr. Speaker, lowest air arrivals in 48 years. Air visitors stay in hotels. If the number of visitors who are coming to the Island to stay in a hotel is falling, it does not give a bank confidence that they should make a loan, and that that loan will be repaid. Tourism promotion spending is at the lowest level now in 35 years. These are not things that would inspire the confidence in the local banks.

But we thought, Mr. Speaker, we were led to believe that the funding was in place, that it was there, that it would happen. I remember the banging of the desk when the Ministerial Statement was read that construction would be starting, and all that other wonderful stuff. Now, Mr. Speaker, we find out [that] construction is delayed, [there is] uncertainty, and the Minister is going around, cap in hand, to banks trying to drum up money. Mr. Speaker, it does not add up. It does not work.

So I would hope that the Honourable Minister would provide some clarity to this House. I see him taking notes, so maybe we will get it. And I would hope that the representatives from constituency 1 and constituency 2 are as concerned as I am, Mr. Speaker, because this is not a good situation. This is not a situation which spells success. And the reason why I say that, Mr. Speaker, is because the Honourable Minister of Finance said that the budget cuts and the tax increases will not harm the economy so much because we have all this inward direct investment coming along.

Well, where is it, Mr. Speaker?

That is the challenge. When the little pieces start falling apart, it presents a challenge and it is something that we have to confront. Because the last thing we want, Mr. Speaker, is for our economy to get weaker.

The final thing that I would like to ask, and I hope the Minister of Tourism would clarify . . . Is the Cabinet going around meeting with banks for every single development? Or is it just one development that gets that preferential treatment?

Is this something that developers should expect, that the Government is going to attempt to start drumming up support with local banks for loans? Because it does not seem like a good thing. One would think that a developer with a sound business plan would not need the Government to cheerlead for them.

But the other challenge that I have, Mr. Speaker, the first thing is that if we do it for one then we might have to do it for all. The second thing is that I think it exposes the Government to a place where they do not want to be, Mr. Speaker. And that is, what is to stop the bank from asking for the G-word, the guarantee for hotel development?

Mr. Speaker, we have seen it in one case, and we know the Minister of Finance has said that, *No, it is not going to happen for other things*. But what happens when you are in that meeting and you are looking for that investment and you want to make sure this thing happens, and then, all of a sudden, the Bank of Butterfield says, *You know what? We have been burnt from loans from here to there. But here is the thing. You want to give us the \$30 million guarantee, we'll make a \$30 million loan*. That is the challenge, Mr. Speaker.

So I would hope that the Minister, who is furiously writing notes, would be able to take some time to respond to those questions. And I would hope that he would actually give commitment to make sure that we keep informed about this development project. Because I do not believe the right way to learn about what the progress should be in responses to Parliamentary Questions. One would think that a Government that has campaigned and promised openness and transparency would be open and transparent at all points in time.

Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable and Learned Member, the Minister of Tourism and Transport, from constituency number 31.

Minister Crockwell, you have the floor.

Hon. Shawn G. Crockwell: Yes, thank you, Mr. Speaker.

Mr. Speaker, I certainly take issue with the last statement of the Honourable Member from constituency 18, in that what I stated today during the Question Period was in response to a supplementary. When the Government is ready to present a progress report to this Honourable House, we will do so. And I have been doing that all along the way with this particular project.

Mr. Speaker, the Cabinet, this Government, has always been confident with the financial structure of this project. We were always confident from day one. As I said this morning, the developer has always been committed to putting in more than 50 per cent equity in this project. They had a plan that we were comfortable with in terms of the debt financing of it. The developer would like to have a local bank as part of, even if it is a consortium, that debt lending. In their experiences, Mr. Speaker, they have found that, particularly in Aruba, when you have a local bank in-

involved, that generates and engenders confidence in the project.

The meeting that Members of Cabinet had with various banks was to discuss our general relationship with the banks, but we did articulate and highlight various projects that are important to this Government. And it was not just isolated to the St. George's project.

I have also explained, Mr. Speaker, that the delay was principally because the developer changed the brand that they had selected when they came to the table. That was between the developer and their brand at the time. I certainly was not privy to all the reasons why they changed. The good news was that they went from one five-star brand to another five-star brand. We were happy about that.

And, Mr. Speaker, we have been in in-depth discussions, negotiations. It is a complex development. Some of the issues the Honourable Member from constituency 18 raised are valid issues. Bermuda has not been a desirable place to develop, for various reasons. So we have had to work through concession agreements and the like to make this palatable and to make it a successful proposition for the developer, going forward.

But the progress has been positive. And I am still very confident. They were recently here a few weeks ago. Meetings went very well, and we are very confident that development will start this year. The Honourable Member and the Opposition know that these particular situations are difficult. But this has been a positive and a progressive process. They are committed to it. The Government is committed to it. And I understand the Opposition's need to consistently raise these concerns and questions. But this is going to be a project that will happen, Mr. Speaker. So I remain confident in that.

I think the way that the Honourable Member categorised this particular meeting with the banks is going too far. No one was going cap-in-hand. Meetings had taken place between the developers and local banks on their own. We met with them. We had conversations with them about our relationship, about what is important. But the banks have a job to do. The banks will do their own due diligence, and the banks would make decisions based on the economics of the proposal.

So we are confident, and nothing has undermined that confidence today. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

The Chair will recognise the Honourable Premier.

Hon. Michael H. Dunkley: Thank you, Mr. Speaker.

Mr. Speaker, a couple of things I think it is important to add tonight. First, in regard to the comments raised by the Honourable Member from constituency 18, my honourable colleague, Minister

Crockwell from constituency 31, I think answered him very well.

I think it is important that I say two things in relation to that matter. The first thing is, as my honourable colleague said, the way the Honourable Member from constituency 18 framed the meeting . . . I take a look at it in a different way. No one was going to that meeting with cap-in-hand trying to ask them to raise any money, or for Government to make any commitments. I had my good friend right here, the Honourable Member from constituency 11, there with Minister Crockwell as well.

It was more like a stick-in-hand. A stick to tell our good friends at the bank that we need them to come to the table and support what is trying to take place in Bermuda. They play a very important part in the fabric of what we need to get money to flow in this country. And they have the opportunity to help out. So it was a good opportunity for us to share the concerns that we have going forward, and to continue the dialogue.

The most critical thing, Mr. Speaker, and I think you would probably agree with it, is that as we try to turn around the economy . . . You know, the Honourable Member from constituency 18 had it correct. The appetite for tourism investment in Bermuda has struggled. They know that better than most people. They were the Government there. They tried to make that happen, to turn that around. We as a Government have to show everyone throughout the community that we are willing to communicate, we are willing to build relationships and we are willing to listen and try to work through the challenges that we have.

That is why we had to reach out to all the banks and tell them they have to get into the game. They have to help stimulate our economy. And I thought it was a productive meeting all around. And I thought we came to a good agreement on the way we need to go forward.

The most important thing I think the banks will take away from that meeting is that this Government is committed to work to turn this economy around. And I think they had some comfort in the fact that we are investing in tourism. We do see the way forward in tourism, and we do see it as critical for what we have to do. Now, there will be challenges ahead. I think we all fully expect that there will be challenges ahead. But we will work through those challenges.

So the meeting, in itself, was not generally just about one hotel project. It was much more than that. And this Government will continue to meet with all our partners throughout the community to talk through the challenges that we have, to work through those challenges, to get over those humps to find a way forward, because we cannot be isolated from one sector or the other. We have to work with everybody to make it happen.

While there might have been a short delay in that project moving forward, it is a big project. In the

magnitude of what is expected to be done, there are a lot of things that the developers want to try to put in place. And I think the people of St. George's will be comforted going forward to know how we will deal with the development down there. I am still very confident and comfortable with the way we have to go, and I have to thank the Honourable Minister of Tourism for the work that he has put in it to work with all parties involved to make sure we can get from step one to step two and all the way through. And we are making progress. The progress is not as fast as many people would like, but we will stick to it and we will make sure that we get it to the point where we need to be.

That is just one project. That is just one project. And I hear the Honourable Member on the other side say, *We have a long way to go*. We realise that we have a way to go. But we are not going to stop. We are not going to rest, and we are not going to make excuses. My colleagues are working hard to make it happen.

BUS ACCIDENT ON EAST BROADWAY

Hon. Michael H. Dunkley: Now, Mr. Speaker, the last thing I would like to say tonight is, I think all colleagues are aware that around lunchtime today there was a terrible accident down off Spurling Hill on East Broadway. And I want to take this opportunity to wish the best of wishes to the driver of the bus and all the passengers on the bus, which I understand are young people in the community.

I want to wish them well because from what I understand . . . and I am not here to draw any conclusions on the accident, to point any fingers or to lay any blame or anything. But I think it is important that we as leaders in this community offer our support for those people involved in the accident, because it must have been a very traumatic experience for them with what took place.

If anybody has had the opportunity to see the pictures, I am sure that some of our young people are having a hard time sleeping tonight because of what took place. So I wanted to reach out and wish them all the very best.

I also want to take this opportunity, Mr. Speaker, to thank the bystanders, the passers-by in the area, who jumped to assist very quickly to help out in any way they could. Whether it was passers-by, whether it was pedestrians, whether it was businesses in the area—they jumped in, calmed individuals who were involved in that, helped out until our emergency services got there.

I think the emergency services did a great job in trying to work through what was a significant challenge there to a very large piece of equipment. So all of them should be thanked for their care and their concern and their attention to people who were struggling and needed our help, especially our young people. Their quick action is certainly laudable, and it

shows that the community will rally at the drop of a hat.

The last thing I would like to say in regard to that, Mr. Speaker, I would like to send a thank-you to the rush-hour traffic, who were inconvenienced tonight and certainly traffic generally who were inconvenienced from lunchtime this morning and right the way through tonight. I appreciate their understanding during this matter. It is a main artery in Bermuda, and to have an accident happen in that position, it certainly puts a damper on the free travel of people back and forth.

So I thank all motorists for their understanding as the emergency department worked through, doing everything they could not only to clear the scene, to get those who needed attention, that attention, but also to investigate the accident.

So I thank everybody for their understanding in this matter. And I am glad that what was a very, very difficult situation for some people did not turn out to be much worse than it could have been, but for the grace of God. We are thankful. And I would like to pass on, on behalf of all the colleagues in the House, the care and concern for those involved.

Thank you, Mr. Speaker.

The Speaker: Thank you, Premier.

The House is now adjourned till Friday, March the 13th.

[At 11:27 pm, the House stood adjourned until 10:00 am, Friday, 13 March 2015.]

BERMUDA HOUSE OF ASSEMBLY**OFFICIAL HANSARD REPORT****13 MARCH 2015****10:04 AM***Sitting Number 15 of the 2014/15 Session**[Hon. K. H. Randolph Horton, Speaker, in the Chair]***PRAYERS***[Prayers read by Hon. K. H. Randolph Horton, Speaker]***CONFIRMATION OF MINUTES**

The Speaker: Yes, good morning, Members. The Minutes for the 6th, 9th and 11th of March are deferred.

MESSAGES FROM THE GOVERNOR

The Speaker: No messages from the Governor.

**ANNOUNCEMENTS BY THE SPEAKER
OR MEMBER PRESIDING**

The Speaker: No announcements from the Speaker.

MESSAGES FROM THE SENATE

The Speaker: No messages from the Senate.

**PAPERS AND OTHER
COMMUNICATIONS TO THE HOUSE**

The Speaker: No papers and communications.

PETITIONS

The Speaker: No petitions.

**STATEMENTS BY MINISTERS
AND JUNIOR MINISTERS**

The Speaker: No Statements.

REPORTS OF COMMITTEES

The Speaker: None.

QUESTION PERIOD

The Speaker: And we move first of all to the Question Period. And we have questions . . . I do not see the

Honourable Member Burgess here. So we will go to the questions from the Honourable Member from constituency 18. MP Burt, you have the floor.

Mr. E. David Burt: Good morning, Mr. Speaker.

The Speaker: Good morning, good morning.

[Crosstalk]

Mr. E. David Burt: Mr. Speaker, regarding the written questions, have the written questions been tabled?

The Speaker: Just one minute, Honourable Member. I was very confused with all this action down here.

[Pause]

The Speaker: Go ahead, go ahead. Honourable Member Burt. Yes.

Mr. E. David Burt: Mr. Speaker, good morning.

The question was, Have the answers to the written questions been received by the Clerk? Because we do not have them.

The Speaker: Right. Sorry. Say that again? I am sorry, Honourable Member.

Mr. E. David Burt: Mr. Speaker, regarding my second question, I am just asking if the written answers have been received by the Clerk, because there are oral and written. So I am asking if the written answers have been received by the Clerk.

The Speaker: Right. Madam Clerk, have we?

The Clerk: No, I have not received them.

The Speaker: Right. Honourable Members, we should have these matters.

Honourable Minister, do you want to speak to that?

Hon. E. T. (Bob) Richards: So, Mr. Speaker, I ask your indulgence. If I can defer the answers to both these questions to the next meeting.

The Speaker: On Monday?

Hon. E. T. (Bob) Richards: Yes.

The Speaker: All right. Yes. All right.

Yes. It is Question 1 . . . You have three questions, yes. Are you talking about those three questions, Honourable Member?

[Inaudible interjection]

The Speaker: All right. Yes.

The Chair will recognise, yes, MP Burt.

Mr. E. David Burt: Just to be clear, we are deferring all three or just two of the three?

The Speaker: The three questions, yes.

All right. The Chair will now recognise the MP from Hamilton East, MP D. Burgess. Yes, you have written questions, right?

Hon. Derrick V. Burgess, Sr.: Yes, sir.

The Speaker: Right. Do you have those? Have you received them yet?

Yes, Minister?

[Inaudible interjection]

The Speaker: I cannot hear you, Honourable Member.

Hon. Jeanne J. Atherden: Mr. Speaker, my written responses were received on Tuesday, and I was advised that they would be delayed until today because you could not have more than three questions. But they were in on Tuesday.

The Speaker: Just . . . wait a minute. Start over again.

Hon. Jeanne J. Atherden: The original questions were to be due on Wednesday.

The Speaker: Were due on the past meeting, yes.

Hon. Jeanne J. Atherden: Right. And I had them delivered on Tuesday. And I was advised at that point in time, because there were more than three questions from the Honourable Member, that they would be delayed until today. But they were received on Tuesday. They were sent here on Tuesday.

The Speaker: Oh, so they are here. Yes, that is the only question I wanted to get. If they are here, then they are here. They are written questions. They are [written responses](#). So, if they were sent on Tuesday, then we have them. And so, we have to make sure that the Honourable Member from Hamilton East receives the [answers].

So you do not have them yet, the answers? You do not have them yet?

Hon. Derrick V. Burgess, Sr.: I can get them. I am not worried about them.

1) *Will the Honourable Minister please advise this Honourable House what are the Government's plans to deal with the increased number of dementia and Alzheimer patients in Bermuda?*

2) *Will the Honourable Minister please confirm for this Honourable House when will the Government amend the Residential Care Homes and Nursing Homes Act 2001 so that it differentiates between nursing homes and rest homes?*

The Speaker: All right. Thank you. Thank you very much.

CONGRATULATORY AND/OR OBITUARY SPEECHES

The Speaker: We move now to congratulatory and/or obituary speeches.

Are there any Members who would like to speak to that?

There are no Members speaking to that.

MATTERS OF PRIVILEGE

The Speaker: No matters of privilege.

PERSONAL EXPLANATIONS

The Speaker: No personal explanations.

NOTICE OF MOTIONS FOR THE ADJOURNMENT OF THE HOUSE ON MATTERS OF URGENT PUBLIC IMPORTANCE

The Speaker: No notices of motions for the adjournment of the House.

INTRODUCTION OF BILLS

The Speaker: There are none.

NOTICES OF MOTIONS

The Speaker: The Chair will recognise the Honourable . . .

Please take your seat. I am really . . . I do not know what has happened this morning.

[Laughter]

The Speaker: The Chair will recognise the Honourable Premier. Premier?

Hon. Michael H. Dunkley: Good morning, Mr. Speaker.

The Speaker: Good morning.

MINISTERS AND MEMBERS OF THE LEGISLATURE (SALARIES AND PENSIONS) ACT 1975

Hon. Michael H. Dunkley: Good morning, colleagues.

I hereby do give notice that at the next day of meeting I propose to move the following resolution:

BE IT RESOLVED that previous resolutions of this House made pursuant to section 2 of the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975 be revoked, and

BE IT FURTHER RESOLVED that pursuant to section 2 of the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975, the annual salaries payable to Members of the Legislature listed in part A and officers of the legislature listed in part B of the table shown below shall be set out in column 3 of the table, with effect from April 1st, 2015, to 31st of March 2016. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Premier.

Are there any objections to that?

There are none.

The Chair will now recognise the Honourable Member from constituency 18. MP David Burt, you have the floor.

REJECTION OF SOLE SOURCING AT L. F. WADE INTERNATIONAL AIRPORT

Mr. E. David Burt: Thank you very much, Mr. Speaker.

Mr. Speaker, I give notice that at the next day of meeting, I propose to move the following Motion:

BE IT RESOLVED that this Honourable House does not support the sole sourcing of a developer and concessionaire for the proposed new terminal at the L. F. Wade International Airport, and further, we recommend the project be subject to a public RFP process.

The Speaker: All right. Thank you, Honourable Member.

Any objections to that?

The matter will be placed on the Order Paper.

ORDERS OF THE DAY

The Speaker: We now move to Orders of the Day. And we are to resume in Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for 2015/16. I would ask that the Honourable Member from Sandys, from constituency 35, please take the Chair [of Committee].

House in Committee at 10:15 am

[Hon. Dennis P. Lister, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Chairman: Good morning, Members. We are going to now continue resuming the debate in Committee. And this morning, we will be beginning with the Department of Immigration, Heads 93, 27 and 29. Junior Minister Richards, you will be leading the debate. Would you like to start now?

Mr. Sylvan D. Richards, Jr.: Yes, sir.

The Chairman: Go ahead.

Mr. Sylvan D. Richards, Jr.: Mr. Chairman, I move that—

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITOR

The Chairman: Before you start, before you start, let me just recognise the Senator in the Gallery. We have in the House the new Senator Marshall. Welcome.

[Desk thumping]

The Chairman: Mr. Richards.

[Pause]

The Chairman: The official start time is now 10:16. And you have got three and a half hours.

Mr. Sylvan D. Richards, Jr.: I thought it was four hours, sir.

The Clerk: Four hours.

The Chairman: Four hours; I am sorry. Four hours, yes.

MINISTRY OF HOME AFFAIRS

Mr. Sylvan D. Richards, Jr.: Mr. Chairman, I move that Heads 93, Headquarters, which includes Con-

sumer Affairs and the Department of Economic Development Corporation; Head 27, Department of Immigration; and Head 29, Department of Registry General, be now taken under consideration.

HEAD 93—MINISTRY OF HOME AFFAIRS HEAD-QUARTERS

Mr. Sylvan D. Richards, Jr.: I will read Head 93, Ministry Headquarters, found on pages B-300 through B-326 of the Approved Estimates of Revenue and Expenditure for the year 2015/16.

Mr. Chairman, I would invite my Honourable Colleagues to turn to page [B-299], Estimates of Expenditure and Revenue for Head 93, the Ministry of Home Affairs.

The proposed fiscal 2015/16 budget for the Ministry of Home Affairs reflects changes in service delivery and service levels for some established programmes and the inclusion of new initiatives designed to enhance the quality of service to the public offered by the various departments.

The Ministry of Home Affairs has responsibility for

- the Department of Workforce Development;
- Registry General;
- the Department of Planning;
- the Bermuda Economic Development Corporation (or BEDC);
- the Department of Immigration;
- Consumer Affairs, which now includes the Department of Rent Control;
- parish councils;
- charities; and
- the two municipalities.

The total Ministry budget is \$19,191,000. Of this amount, the Ministry Headquarters allocation, Head 93, totals \$4,951,000. The Current Account Estimates for Head 93 include funding for all of headquarters administration, which is inclusive of grant funding of \$1,300,000 to the Bermuda Economic Development Corporation, as found on page C-20 of the Budget Book. The mission of the Ministry Headquarters is consistent with other ministries in that it is responsible to direct and coordinate the activities of its departments, as well as drive any policy or legislative change.

Mr. Chairman, the Ministry of Home Affairs has a number of core objectives it will focus on in the upcoming fiscal year as a matter of priority, such as, but not limited to:

1. Implement Immigration Reform, Commercial Immigration;
2. Put measures in place to prevent the potential loss of land eligible for Bermudian purchase;
3. Make sure Bermudian opportunity and workplace rights are protected, while international workers are made welcome;

4. Devise a fairer infrastructure for labour laws to ensure that they are more responsive and inclusive;
5. Amend the Bermuda Immigration and Protection Act 1956 to provide pathways to Bermudian status for persons born in Bermuda or adopted by Bermudian parents;
6. Increase penalties for Planning offences;
7. Update procedures and policies for the Personal Services Section of the Department of Immigration;
8. Implement training for unemployed Bermudians via the National Training Plan, Part II, including the Government Job Board, Part II;
9. Streamline the Department of Workforce Development;
10. Continue work on the modernisation of the Planning Regulatory Framework;
11. Continue work on the new Bermuda Building Code; and
12. Continue work relating to the upgrading of the Land Use Register.

As a result, the Ministry's resources have been directed towards achieving these objectives.

The Ministry continues to be actively engaged as a participant on the Economic Development Committee. The Economic Development Committee continues to work towards streamlining regulatory processes while removing roadblocks and barriers associated with major developments in Bermuda in a bid to create new jobs. This will be done by focusing on the core objectives, as previously mentioned.

Mr. Chairman, the Ministry will also continue the work started with the Economic Tripartite Committee, a group of organisations made up from many sectors of the Island, from the collective unions, the Hotel Association, and the Bermuda Employers Council, to various government departments. The mandate is to continue working with the various businesses in the Island to encourage them to continue taking part in the shared sacrifice so that consumers can enjoy additional financial relief as we continue the upward trend in turning this economy around.

Mr. Chairman, I am happy to report that, in October of 2014, we held a retreat at the Elbow Beach Hotel and Resort. This meeting was an overwhelming success. Presentations were made by various key industry partners, including the Public Service.

I am equally pleased with the commitment from the members of the committee, since we have been having more frequent meetings with suggestions forthcoming relating to ways we can stimulate job growth.

Mr. Chairman, the departments within the Ministry of Home Affairs have accomplished much during fiscal 2014/15. Many of the initiatives were presented as our primary goals for that period. I am

pleased to advise that the Ministry accomplished the following:

1. Completed the work started in relation to the review of work permit policy in consultation with the stakeholder group.
2. Made improvements to the internal work permit approval/appeals processes, which is progressing very well.
3. Completed and published the National Training Plan, Part I.
4. Continued working with the Economic Tripartite Committee to have other entities, such as local insurers, take part in the shared sacrifice.
5. Completed the merger of the Consumer Affairs Office with the Department of Rent Commissioners to realise further savings to the Government by way of salaries and rental expenditure.
6. Implemented the Job Board website so employers and potential employees can now see what jobs are available in the job market.
7. participated in the 2014 Hospitality Job Fair;
8. Mediated issues between the Bermuda Industrial Union and employers when required.
9. Worked with our cruise line partners to provide more opportunities for locals to explore careers on board cruise ships.
10. Tabled the Charities Act 2014.

Mr. Chairman, the Ministry actively engaged stakeholders during the past year and conducted individual stakeholder meetings with the

- Work Permit Stakeholder Group;
- Bermuda Industrial Union;
- Bermuda Trade Union Congress;
- Bermuda Public Services Union;
- US Consul General;
- Philippine Consular;
- Bermuda Entertainment Union;
- Bermuda Hotel Association;
- Salvation Army;
- BEST [Bermuda Environmental Sustainability Taskforce];
- Economic Tripartite Committee; and
- Labour Advisory Council, to name just a few.

Against that background, Mr. Chairman, I would now like to draw your attention to Current Account Estimates for Head 93, the Ministry of Home Affairs, page B-301 refers. Mr. Chairman, there is a programme, [line item] 9301, that comprises Administration, as well as Consumer Affairs. I will now read the numbers for cost centre 103000, administration variance versus 2014/15. The original estimate for 2014/15 was \$2,797,000. The estimate for 2015/16 is \$4,169,000. This represents an increase of \$1,372,000, or 49 per cent. Mr. Chairman, Administra-

tion costs, once again, are \$4,169,000, up from \$2,797,000 from the previous year, which represents a 49 per cent increase from the original estimates from 2014/15.

Mr. Chairman, the Ministry Headquarters is staffed by eight full-time employees, including a Permanent Secretary, Executive Assistant, Policy Analyst, Comptroller, one Finance Officer and two Accounts Assistants. The Policy Analyst post was previously filled by a seconded officer and now needs to be filled on a substantive basis.

Mr. Chairman, with a quick review of the subjective analysis of current account estimates, the allocation of the funding is clear, with the three most significant line items being that of salaries, professional services and grants and contributions.

The grants and contributions line item represents the operational grant to the Bermuda Economic Development Corporation, notwithstanding this grant was reduced by some \$177,000 when compared to the fiscal year 2014/15.

Other funding, for professional services, for instance, another sizable line item, represents an allocation for legal and consulting fees for specialised work to be carried out by the Ministry in the exercise of its remit. Such work includes support of the Immigration Appeals Tribunal, governance reform project costs, and other incidental costs.

Mr. Chairman, I will now discuss Consumer Affairs. I am pleased to present to you the estimate of revenue and expenditure for Consumer Affairs, fiscal year 2015/16, within Head 93, as found on page B-301, cost centre 103010, Consumer Affairs administration variance versus 2014/15. The original estimate for 2014/15 was \$669,000. The estimate for 2015/16 is \$644,000, representing a decrease of \$25,000, or 4 per cent. Employees remain at five.

I will now read cost centre 103015, Consumer Affairs Rental Unit, variance versus 2014/15. The original estimate for 2014/15 was zero. The estimate for 2015/16 is \$138,000. Employees, original estimate for 2014/15 was five; and for 2015/16, there will be two employees, a reduction of three.

Mr. Chairman, cost centres 103010 and 103015, Consumer Affairs/Rental Unit. The proposed fiscal 2015/16 budget for Consumer Affairs reflects additional service delivery due to the merger of Rent Control under Consumer Affairs.

Mr. Chairman, the 2015/16 fiscal budget for Consumer Affairs is a total of \$782,000. This comprises cost centre 103010, which is \$644,000, and cost centre 103015, Consumer Affairs Rental Unit, which is \$138,000, as seen on page B-301. By merging Rent Commission under Consumer Affairs, Government will realise a savings of \$342,000 in their 2015/16 budget. As noted on the bottom of page B-301, Head 42 was previously a separate department, which has been integrated into the Ministry of Home Affairs Headquarters. In fiscal year 2014/15, Rent

Commissioner was allocated \$480,000, as is shown on page B-319; for the fiscal year 2015/16, the amount allocated is now \$138,000, hence the savings of \$342,000.

Mr. Chairman, one of the ways the savings were realised was through the retirement of two Rent Commission Senior Officers, Mr. Eugene Foley, Rent Commissioner, and Mrs. Gail Tucker Williams, Senior Inspector. Mr. Foley and Mrs. Tucker Williams were long-serving dedicated civil servants who were instrumental in the development of the Department of Rent Commission. On behalf of the Government, I would like to take this opportunity to thank them both for their contribution to Government and the people of Bermuda.

Mr. Chairman, provisions for the establishment and operational duties and authority of Consumer Affairs are statutory under the Consumer Protection Act 1999, the Rent Increases (Domestic Premises) Control Act 1978 and the Supply of Services Act 2003. They are also directed by law to be the enforcement agency for the Copyright and Design Act 2004.

Consumer Affairs has been authorised to carry out criminal and civil investigations for prosecution under their Acts. It also provides mediation and advice services on issues that have a direct impact on the provision of consumer goods and services. Consumer Affairs is responsible for all product recalls, consumer education and consumer market research, and all other tasks assigned to Consumer Affairs by the statutory Consumer Affairs Board.

Mr. Chairman, the merger and decrease of Rent Control staff by three persons has placed additional responsibilities on Consumer Affairs. These duties include assessing applications for rent increases, rental facilities inspections, providing advice to landlords and tenants on tenancy issues, and mediating disputes between parties upon request.

Mr. Chairman, the Consumer Affairs' reporting year statistically is January 1st through to December 31st of the same year. In 2014, Consumer Affairs conducted 503 case investigations, of which 209 were complex in nature. Consumer Affairs joined forces in 11 joint investigations with other local enforcement agencies within Government and a further seven cases which involved overseas enforcement agencies. Four hundred product recalls were investigated, of which 31 products were pulled from sale.

Mr. Chairman, on page B-303 are Consumer Affairs' projected output measures for 2014/15. Its projected measures were either on point or exceeded expectations. Consumer Affairs bases its projections on three main indicators: global market research; its case management system; and global crimes committed against consumers, such as cyber scams.

The next heading is Enforcement, Mediation and Advice. Mr. Chairman, consumer contracts, debt and scams played a significant role in the work carried

out by Consumer Affairs in 2014. Many hard-working consumers found themselves in a negative financial position due to the economic downturn, which resulted in loss of jobs, reduced pay or hours, and the decline of middle- to high-end renters. These factors have contributed to consumers' defaulting on their financial obligations, which results in debt, court proceedings, and a vulnerability to scammers and get-rich-quick schemes.

Mr. Chairman, through Consumer Affairs investigations and mediation in these matters, three things were evident:

1. Many consumer contracts are weighted in favour of the other contracting party. For example, many consumer contracts allow the business to opt out of liability and financial penalties.
2. Debt collection businesses need to be regulated to ensure fair and reasonable business practices.
3. The banking industry transactions with consumers need to be addressed in a more forceful way by the BMA [Bermuda Monetary Authority] as regulators.

These practices are being addressed jointly by Consumer Affairs, its statutory board and two other government ministries. This initiative is slated for completion in this upcoming fiscal year.

Mr. Chairman, the Consumer Affairs team had the additional task of protecting consumers during the growing number of business closures. It assisted liquidators in the ongoing process of making sure consumers who had products in for repair or on lay-away received their goods, and those with gift certificates and financial deposits were listed as creditors. Consumer Affairs also worked with local retailers and overseas manufacturers to honour the warrantee on those products bought from the closing business.

Mr. Chairman, with consumer spending down, businesses that provide goods and services to consumers called for advice and assistance to resolve issues with their customers, with a view to increasing their market share. These issues included, but were not limited to:

- innovative ways to keep prices down and still sell quality products;
- keeping their staff employed;
- providing a fair and equitable resolution to complaints brought by their customers; and
- advice on how to obtain monies from customers for services delivered, with court being their last option.

Mr. Chairman, the Enforcement Officers of Consumer Affairs are governed by law, which dictates remedies for consumers. These remedies can fall under one of five categories: repair, replacement, prosecution, compensation, or refunds. The first two cate-

gories are the preferred remedy by businesses and consumers, as a cash refund is more restrictive in nature.

Mr. Chairman, Consumer Affairs is involved in cross-ministry initiatives as consumer consultants. A few of these will be ongoing throughout the 2015/16 fiscal year:

- Regulatory Authority Quality-of-Service Working Group to address broadband widths and Internet services provided to businesses and customers.
- Police, Insurance and TCD Working Group to address increased cycle thefts and the cost to consumers.
- Internet Governance Policy Advisory Committee. and
- The E-Commerce Portal Focus Committee.

Mr. Chairman, other initiatives undertaken in 2014/15 include:

- providing guidance and information to the Complaints Commissioner in Tortola, Virgin Islands, on development of a Consumer Affairs Office based on Bermuda's model;
- partnering with the Bermuda Police Association on their local crime prevention publication, *Help Make Bermuda Safer*;
- partnered with the Bermuda Bankers Association to bring awareness to the public on Internet banking fraud;
- the monitoring of food prices during the 10 per cent initiative;
- partnering with three local businesses to do a budgeting presentation for their staff; and
- working with the Underwriting Laboratory Verification Services in the Philippines concerning product safety standards in Bermuda.

Mr. Chairman, the largest undertaking for Consumer Affairs was the amalgamation of the two teams into the Rent Commission facility in April. The challenges have been many, as the amalgamation did not take place until September 2014. The completion of cross-training, legislation changes and other workflow procedures will not be completed until the summer of 2015.

Mr. Chairman, Rent Control plays a vital role in the relationship between landlord and tenant. Its function is that of rent increases, unlawful rental charges and unlawful evictions. Bermuda's rental market and increasing consumer debt have made its role even more relevant as they provide this essential service. Under Consumer Affairs' leadership, its role is being expanded to include a more comprehensive service to the public.

Education. Mr. Chairman, Consumer Affairs continues to see significant growth in its social media presence. Through the use of online and offline marketing channels, Consumer Affairs maintained a

strong education and outreach presence, covering a wide range of topics, with a focus on the Consumer Affairs website as a primary source of help and advice to both consumer and business. The expanding Consumer Affairs website has resulted in a 25 per cent increase in usage over the previous year. The introduction of Facebook in 2014 has resulted in 802 regular followers in that year.

Mr. Chairman, the Education Officer at Consumer Affairs partnered with the Department of Financial Assistance to provide monthly budgeting and personal finance presentations to their clients. This is a mandatory initiative for all clients of Financial Assistance.

Consumer Affairs extended its 2013 education project on consumer contracts, using print and radio public service announcements to educate the public on contract law, terms and conditions. It also directed consumers to visit the Consumer Affairs website, which houses contract information and a comprehensive section dedicated to scams.

Mr. Chairman, Consumer Affairs continued its monthly consumer interview segments on FM 89 and Power 95. Due to the closure of the *Bermuda Sun*, its weekly column was moved to social media. Updating of its most popular educational material has begun, with the first updating being done for businesses on the application of the Sale of Goods Act to its daily business transactions with consumers.

Mr. Chairman, before concluding, I would like to thank the staff of the Consumer Affairs, Rental Unit for a job well done. They continue to work diligently to ensure that unfair business practices and unconscionable acts are not prevalent in everyday consumer business transactions. The team continues to deal with consumer complaints, as well as paying close attention to those emerging consumer-related trends in our global marketplace. They are proactive in identifying and addressing the important issues, especially those relating to our current economic climate. Thank you, Mr. Chairman.

Mr. Chairman, I will now continue my presentation on Head 93, Ministry of Home Affairs, with the Bermuda Economic Development Corporation (known as the BEDC). The BEDC, the Bermuda Development Corporation quango, is found on page C-20, Grants and Contributions, of the Approved Estimates of Revenue and Expenditure for the year 2015/16.

Mr. Chairman, it gives me great pleasure to present the budget for the Bermuda Economic Development Corporation, a quango presently under the Ministry of Home Affairs, found on page C-20 of the Budget Book.

Quango mission. Mr. Chairman, the Bermuda Economic Development Corporation's activities are guided by its three-year strategic plan for the period 2013–2016. The organisation's mission is as follows: To position the Bermuda Economic Development Corporation as the foremost resource for small and

medium businesses and community enterprise through the provision of effective technical guidance, financial assistance, useful relationship networks, pertinent business intelligence, and accurate and timely business and data-based policy advice.

Historical background. The Bermuda Economic Development Corporation was originally established as the Bermuda Small Business Development Corporation [BSBDC], under the Bermuda Small Business Development Corporation Act 1980, to assist with the development of the small business sector through the provision of financial support and business start-up and management advice.

The Bermuda Small Business Development Corporation, or BSBDC, commenced operations on January 20, 1981, funded by an original capitalisation of \$680,000. Such capitalisation was subsequently increased to \$1,000,000 in 1996 and was contributed as follows:

- Government of Bermuda—\$500,000;
- Bank of Bermuda Limited—\$228,600;
- Bank of N. T. Butterfield & Sons Ltd.—\$228,600; and
- Bermuda Commercial Bank Ltd—\$42,800.

Presently, operating expenses for the BEDC are funded by way of a Government grant. The corporation, via its legislation, is able to provide guarantees of up to six times its capital; therefore, it can at any time provide a total of \$6 million in loan guarantees.

The BEDC is currently responsible for overseeing the operations of the Economic Empowerment Zones (EEZs), for providing financial support and technical advice to small- and medium-sized businesses, and for managing the operations of outside vendor markets.

The Bermuda Economic Development Corporation is Bermuda's source of free, confidential business advice, with a singular focus to actively assist the development of a strong, well-managed and prosperous local business sector in Bermuda. The key objective of the BEDC remains, which is to provide a broad range of business advice, counsel and financial assistance to local businesses in Bermuda.

Mr. Chairman, under the Act, a *small business* is defined as a Bermudian-owned and owner-operated business enterprise having an annual gross payroll not exceeding \$500,000, or having annual sales revenues of less than \$1 million. In addition, under the BEDC Act, a *medium-sized business* is a Bermudian-owned and owner-operated business enterprise with at least three of the following attributes:

- gross annual revenues between \$1 million and \$5 million;
- annual payroll between \$500,000 and \$2.5 million;
- a minimum of 11 and a maximum of 50 employees;

- has been in operation for a minimum of 10 years; and
- has net assets of less than \$2.5 million.

Mr. Chairman, the BEDC's aim is to fulfil the following functions of the corporation, as stated in the Bermuda Economic Development Act 1980:

- the granting of loans or other forms of financial assistance, to assist persons in establishing, carrying on or expanding small businesses, medium-sized businesses, and entities with economic empowerment zones;
- the provision of technical advice or assistance to persons who are seeking or who are granted financial assistance;
- to operate and manage markets;
- to oversee and manage the development and implementation of economic empowerment zones; and
- the maintenance of a register of small businesses, medium-sized businesses, and economic empowerment zone business entities, which may be divided accordingly.

There have been drastic changes to the global and local economic environment over the past few years. As a result, there has been a greater need and demand for affordable, professional business advice and financial assistance for both start-ups and existing local businesses.

Mr. Chairman, I will now give a revenue overview. It is estimated that BEDC will generate a total of \$1,519,470 in revenue in the 2015/16 financial year. Revenue will be generated from government grants, private sector sponsorship, fees for services, interest on fixed deposits, and any carryover from the 2014/15 budget.

The breakdown of the revenue is as follows:

- government grants, \$1,350,000;
- sponsorship, \$15,000;
- fees for service, \$31,858—

Mr. Walton Brown: Point of clarification.

The Chairman: Minister, do you just want to pause? We have a point of clarification from the Shadow Minister.

Mr. Brown, you have the floor.

POINT OF CLARIFICATION

Mr. Walton Brown: Yes, a point of clarification and/or guidance.

So, I see the Minister is doing his breakdown. I do not have any reference to any heads or anything else. So, I am just wondering if there is some information I am going to have to be able to look at.

The Chairman: Minister, basically, as you are reading along, if you can just refer back and forth to whichever heads you are discussing, or cost centre, so that the Shadow Minister can follow along and make respective notes.

Mr. Walton Brown: Point of clarification.

The point is that there are no heads, because it is a grant. So I am just wondering if it is appropriate for that . . . I have nothing to refer to.

The Chairman: Okay. Basically what you are . . . There is no head or cost centre because of the grant. So, in general, he is giving an overview of how the grant is exercised under that department. So it gives you the ability to be able to respond accordingly in a broader sense.

Mr. Sylvan D. Richards, Jr.: Yes. It is on page C-20 of the Budget [Book], under Grants.

The Chairman: If you go into the red section of the book, you should be able to find it.

Okay. All right. Further question, Shadow Minister, or are you okay?

Mr. Walton Brown: I understand, Mr. Chairman. Just that, in order for us to have an effective discussion, I would need to have some reference point. But I can look at . . . Obviously, I cannot, though. If you will allow it, then I would just listen.

[Pause]

Mr. Sylvan D. Richards, Jr.: The Honourable Member's point is taken. I will continue with the breakdown of revenue:

- government grants, \$1,350,000;
- sponsorship, \$15,000;
- fees for service, \$31,858;
- interest, \$6,112; and
- carryover, \$116,500.

The total revenue, therefore, is \$1,519,470. In 2014/15, the BEDC received \$1,537,138 in grants from the Government. For fiscal year 2015/16, grants totalling \$1,350,000 will be advanced. This is found on page C-20 of the Budget Book. This represents a decrease of \$187,138, or approximately 12 per cent on the grants offered in the 2014/15 fiscal year. Of the total government grants, the Department of E-Commerce provides \$50,000, which I will go into further detail in my presentation.

Mr. Chairman, the total current expenditure is estimated to be \$1,519,470 for 2015/16, compared to \$1,644,094 for 2014/15. This represents a decrease of \$124,624, or approximately 8 per cent lower than the current expenditure of 2014/15.

With the BEDC's carryover savings in the amount of \$116,500 to be used to fund any operational funding deficit in 2015/16, the BEDC has implemented an ongoing programme to work with industry partners in order to conduct various initiatives and supplement any shortfall in Government funding.

Manpower. Mr. Chairman, the BEDC currently has nine substantive full-time posts, as follows:

- one Executive Director;
- three Economic Development Officers;
- one Small Business Director;
- one Business Development Officer;
- one Finance Director;
- one Administrative Officer; and
- one client Services Representative.

This represents a reduction in total staff complement from fiscal year 2014/15 by one post as a result of Mrs. Erica Smith being promoted in August 2014 to the post of the Executive Director of the Bermuda Economic Development Corporation, resulting in the post of Director of the Economic Empowerment Zones Agency being deleted.

Mr. Chairman, too often, the mandate of the BEDC is lost. Therefore, I would like to share some of the major achievements of this invaluable organisation.

First, I will discuss Business Planning Advisory Services. Mr. Chairman, for the 12-month period ending December 31st, 2014, BEDC officers met with 874 persons seeking business planning and management advice. This is an increase of 23.4 per cent over 2013, in which 708 persons had advisory meetings. This is an indicator that, even in this challenging economic environment, Bermudians are still looking to become entrepreneurs.

Approximately 5 per cent, or 44 of these persons were interested in taking advantage of the BEDC Loan Guarantee Programme. These advisory meetings are individual business coaching sessions generally lasting 60 minutes and are offered free of charge to the public.

The BEDC Loan Guarantee Programme. As of January 2015, for fiscal year 2014/15, the BEDC managed a guarantee portfolio supporting 58 businesses consisting of 46 loan guarantees and 12 micro-loan guarantees. I would like to note that these 58 businesses represent a combination of both new and existing businesses. The total value of the 58 guarantees was \$2.6 million, which supported \$6.6 million in bank loans.

As at January 31st, 2015, twelve of the loans supported by these guarantees were on the corporation's watch list for either restructure, seasonal, or distressed circumstances. BEDC officers are in monthly contact with these clients, providing business advice and counselling as required to mitigate the risks of these loans being demanded. This mitigation practice has resulted in the BEDC paying out on only one

called guarantee in 2014, in the amount of \$79,039, which was an exceptional feat, given the challenging economic climate.

In 2014, six of the loan guarantees extended to local businesses were successfully satisfied with the guarantee certificates returned to BEDC by the financial institutions.

Thus far during fiscal year 2014/15, twelve new BEDC guarantees have been advanced, totalling \$113,900 supporting \$163,900 in loans. These comprised two loan guarantees and 10 micro-loan guarantees. Compared to five new guarantees in 2013/14 comprising three loan guarantees and two micro-loans, this is considered a positive step in the right direction. And I would just like to make a note that these 12 new BEDC guarantees are included in the total of the 58 businesses, of existing and new businesses.

To date since its beginning, the EEZ has supported 11 EEZ businesses with BEDC loan guarantees in the amount of \$548,039 to secure \$1,176,077 in bank financing.

Business Advisory Seminars/Forums. Mr. Chairman, through creativity and collaboration, the BEDC partnered with many organisations over the reporting period to hold the corporation's popular quarterly business seminars. These seminars provide entrepreneurs with up-to-date professional business advice and knowledge of best business practices.

In this regard, the BEDC partnered with the Bermuda Tourism Authority and their Summer 2014 Lunch and Learn Series to provide business plan and development advice to entrepreneurs applying for a Tourism Experience Grant. BEDC also partnered with KPMG to provide seminars geared at medium-sized businesses, and also partnered with PwC [PricewaterhouseCoopers] to facilitate a seminar on managing finances for businesses.

The BEDC continued its partnership with the US Consulate General to facilitate a Massive Open Online Course [MOOC] for Bermudians, a university-level course on entrepreneurship from MIT, from March 2014 through to May 2014. Twenty-seven business owners and budding entrepreneurs in Bermuda registered to take the course, and the 10 who attended and passed the facilitated sessions were honoured with certificates presented by Minister Fahy and US Consul General Settje at a reception held at the home of the US Consulate.

The BEDC also partnered with Interise, the Bermuda College, the Bank of Bermuda Foundation, Bermuda Community Foundation, HSBC, KPMG and Clarien Bank to introduce the revolutionary *StreetWise* 'MBA'™ programme to Bermuda. The programme is run by the Boston-based non-profit organisation Interise, which helps small-business owners add resiliency to their businesses, create jobs and achieve and manage long-term growth of their businesses. It has been successfully established in 40 US cities, and

Bermuda has become its first international partner. Students focus on their own respective businesses, which function as personal case studies. Lessons are learned and instantly applied to key areas such as Business and Leadership; Financials; Sales and Marketing and Resources. One of the BEDC's officers was selected to be trained as an instructor for this programme. The six-month programme was officially launched in January 2015, with a cohort of 17 local businesses, with 19 participants.

The BEDC held its own annual seminar series with the following workshops titled "Business Basics Matters" in June 2014, "Managing the Basics Matters" in August 2014, and "Green and Blue Economies Matters" in September 2014, resulting in over 175 persons attending in total. Mr. Chairman, acknowledging the growth in Bermuda's ageing population and the services needed to provide for this demographic, the BEDC hosted a seminar on February 19th, 2015, entitled "Senior Care Matters" to discuss the opportunities and requirements for starting and successfully operating a private care facility in Bermuda. The seminar, which included testimonials, had an attendance of over 45 persons, all interested in establishing businesses in this industry.

Mr. Chairman, the BEDC also administered the grant provided by Government's Department of E-Commerce for the coordination and execution of the Inspire eBusiness initiative, which included a series of six workshops. Three of these workshops took place in November 2014 during Global Entrepreneurship Week activities, with the remainder taking place on February 19th, March 5th, and March 12th of this year. The February 19th lunchtime seminar had over 30 people attending.

The BEDC is also facilitating the StartUp Weekend project under this initiative. Three Bermudian entrepreneurs have already been overseas to participate in StartUp Weekends and are involved in the facilitation of Bermuda's first one. Scheduled to take place on March 6th through to March 8th, 2015 (we already had that), Startup Weekend is a non-profit community-building event that provides entrepreneurs of different backgrounds and brings them together, including software developers, marketers, designers and other enthusiasts to gather, pitch business ideas, form teams, and start companies in 54 hours! (I will skip through this because it has already happened.)

Lastly, the BEDC continues to partner with the Community Education and Development Programme under the Ministry of Community, Culture and Sports to teach an eight-week entrepreneurship course every term. The entrepreneurship course is aimed at helping existing business owners and new entrepreneurs through the basics of developing their business idea and their business plan. Currently, for the winter 2015 term, there are 20 budding entrepreneurs taking the course. For the upcoming spring 2015 term, commencing in April 2015, the BEDC will be introducing

the internationally renowned Ice House Entrepreneurship Programme to Bermuda. Inspired by the life story of Pulitzer nominee Clifton Taulbert, the Ice House Entrepreneurship Programme is a powerful learning programme designed to educate and engage participants in the fundamental aspects of an entrepreneurial mindset and the unlimited opportunities it can provide. The overall objective is to empower learners by exposing them to entrepreneurial thinking while immersing them in real-world entrepreneurial experiences.

Mr. Chairman, the BEDC far surpassed its entrepreneurship advocacy, awareness and education target for 2014 when it held or participated in 90 seminars or events, resulting in outreach to over 2,600 entrepreneurs and budding entrepreneurs. Of this total, 29 events involved young people and youth entrepreneurs, with over 800 young people being impacted. This number bodes well for Bermuda's future entrepreneurs.

Retail Development Programme [RDP]. Mr. Chairman, in response to the challenges faced by retailers in Bermuda, the BEDC was tasked with developing a programme to help small business owners and managers revive their businesses. The goal of the RDP is to provide small retailers with educational opportunities to foster the growth of their business. There is funding in the proposed 2015/16 Budget to conduct a third RDP class. The eight-week course will be limited to a cohort of 14 retailers dedicated to spending six hours per week fine-tuning their businesses. Five weeks will be focused on products and services, with the remaining three weeks on business acumen.

Vendor Markets. Mr. Chairman, the BEDC is charged with the establishment of an outside vendor market in each of the EEZs. Presently, there is a regular market at the Rubber Tree Market in Warwick, the Hidden Treasures in Somerset, and the Old Towne Market in St. George's.

The BEDC assisted in the organisation of all three markets and provides ongoing assistance to these markets. There is a small amount of funds allocated in the budget to assist these markets in 2015/16. These vendor markets have proven to be quite successful as part-time business ventures for the 200-plus entrepreneurs registered with the BEDC.

In this reporting year, the BEDC will roll out its second series of vendor market seminars aimed at strengthening the skills of these micro-entrepreneurs. In March 2015, the Vendor Market Seminar Series will expose vendors to all the government requirements and information that they need to know so that their business venture can be successful and operate at the highest standards.

Mr. Chairman, the BEDC sees growth opportunities for micro-enterprise—hence its attention to this industry and its commitment to rolling out updated legislation in 2015, which I will speak to later in my

presentation. One of the BEDC's key goals is to strengthen the vendor market industry and provide avenues for micro-enterprise to grow in Bermuda. As with the first Vendor Markets Seminar Series held in fiscal year 2013/14, those micro-entrepreneurs who attend all four seminars in 2014/15 will be awarded with a Certificate of Professional Development.

Customs Duty Deferment. Mr. Chairman, the customs duty deferment allows business and property owners located in the EEZs to take advantage of a deferral of customs duty for capital projects and endeavours. The customs duty deferment can be applied to all imported goods, materials, merchandise and construction development if a project meets the intent of the approved scheme. The EEZ has approved customs duty deferment on total goods valued at \$1,053,618, resulting in deferred duty totalling approximately \$258,000. This has greatly assisted in the development of 13 EEZ businesses and property owners.

EEZ Payroll Tax Concession. In order to encourage and attract businesses to start up in an EEZ, a reduction in the payroll tax rate was implemented, wherein a rate of 5.25 per cent is offered to new businesses up to a maximum of nine tax periods. Seventeen businesses have started up or relocated to the EEZs in order to take advantage of the concession.

I will now speak to the Small Business Construction Incubator (or SBCI), Hands Up Empowered (or HUE). Mr. Chairman, the SBCI was designed specifically for the small construction company owners. This initiative was aimed to strengthen the leadership and business acumen of Bermuda's small construction-related business owners, and facilitate a greater involvement of small businesses in growth sectors of the construction industry. Ninety persons participated in this programme.

In 2014, the BEDC assisted 14 SBCI graduates being awarded contracts through ensuring that, one, graduates were aware of the tenders, and two, that their submitted bid packages were as complete and robust as they could be for success.

The BEDC continues to partner with Butterfield Bank in offering a 100 per cent mobilisation loan guarantee product for SBCI graduates to assist them with start-up financing to commence construction projects. The mobilisation loan is 100 per cent guaranteed by the BEDC. In 2014, two loans for these construction projects were guaranteed and fully repaid as agreed, which has allowed these small contractors to successfully manage jobs.

I will now speak to the BEDC Business Register. Mr. Chairman, the BEDC is responsible for the establishment and maintenance of a business register for small and medium-sized businesses. This register contains the company's and owner's names, contact details and other relevant information pertaining to the business. Utilising internal [data] as well as data collected from the Department of Statistics, the electronic

register is continually populated. As of December 2014, the register contains the details of 5,777 small businesses, compared to 5,718 small businesses at December 2013. This is an increase of 59 small businesses. As of December 2014, 83 medium-sized businesses were registered, an increase by one over 2013.

At long last, on February 26th of this year, the BEDC launched a redesigned register, which will be web-based and directly accessible to the public, with the goal of having all of Bermuda's small and medium-sized businesses listed. The benefits of the register include:

- provide a unique Business ID [number] to businesses;
- capture data on existing and new businesses;
- capture data on individuals interested in starting a business;
- sort, classify and access data by industry sector;
- report on selected data to be used to help guide policies for local businesses;
- increase and improve internal business efficiencies;
- facilitate businesses being eligible for bank deposit insurance for coverage up to \$25,000;
- assist businesses in accessing government and private sector opportunities; and
- assist businesses in promoting their business services and products to other businesses.

Economic Empowerment Zones (EEZ). Mr. Chairman, there are currently three EEZs in Bermuda. The North East Hamilton Economic Empowerment Zone is a 59-acre area (approximately 25 square blocks) in the north east quadrant of the City of Hamilton, consisting of over 300 households and over 200 businesses. The St. George's Economic Empowerment Zone is approximately 334 acres covering over 100 businesses. The Somerset Economic Empowerment Zone is approximately 305 acres, consisting of over 100 businesses.

An Economic Development Officer is physically located in each EEZ and provides dedicated advice and support for each of the zones. Part of this focused support involves routine weekly walkabouts in the EEZs to remain abreast of issues affecting each EEZ business.

For 2014, the EEZs recorded 24 new businesses opening, resulting in 64 new jobs created. The Economic Development Officers also visited with individual businesses a total of 518 times during their mandated weekly business walkabouts in the zones, which was an increase of 113 visits over 2013 totals.

Global Entrepreneurship Week (or, as it is known, GEW). Mr. Chairman, in the reporting year, the BEDC celebrated GEW in November 2014 by joining over 150 countries around the world. Global Entrepreneurship Week is the world's largest celebration

of the innovators and job creators who launch start-ups that bring ideas to life, drive economic growth and expand human welfare.

With the goal to inspire young people to embrace innovation, imagination and creativity, Global Entrepreneurship Week encourages youth and entrepreneurs to think big and turn their ideas into reality. The BEDC has an Memorandum of Understanding with the Global Entrepreneurship Week, Inc., to host the activities in Bermuda until 2015.

Although Global Entrepreneurship Week 2014 was officially held on November 17th through 22nd, GEW Bermuda 2014 launched on November 5th with activities held throughout November. The Bermuda Host Committee is made up of the BEDC, Youth Entrepreneurship Initiative of Bermuda (registered charity number 616) and the Department of E-Commerce. Formed in 2008, the Bermuda Host Committee has grown to include new and seasoned entrepreneurs and representatives from the public and private sector, all acting with the common goal of inspiring the new generation of entrepreneurs and creative thinkers.

In 2014, BEDC was able to partner and gain sponsorship for GEW from local businesses, which allowed the celebration of entrepreneurship to take place throughout November rather than just the one week. The BEDC, along with the Host Committee, facilitated an astounding 38 activities and events that were held leading up to and during the month of November. The BEDC was able to double the number of events held in 2014 in comparison to 2013 due to the support of its 30 partners that provided logistical and/or financial support to ensure that the initiative was a success.

Key highlights for 2014 were as follows: The Future Agro Challenge. Mr. Chairman, I would be remiss if I did not highlight at this time that Bermudians Connor Burns and EJ Burrows, owners of Bermuda Aerial Media, beat out nine other companies from all over the world to bring home the top prize at the International Future Agro Challenge at Industry Disruptors 2014 in Athens, Greece, with their use of cutting-edge technology in robotics, engineering and computer software, and applying it in diverse ways to aid in agricultural land management.

The 1000 Cups, Bermuda College Student Pitch Event. Other events included Business to Business Networking Event, Tech Awards Reception, Rocket Pitch Challenge, Networking Events, the US State Department/US Consulate Virtual Speaker Events, the Women's Entrepreneurship Day Reception, and the Entrepreneurship Education Awards.

Mr. Chairman, GEW 2014 encouraged hundreds of entrepreneurs to get inspired and therefore create businesses and grow jobs. The BEDC is optimistic that, based on the overwhelming success of 2014/15, funding in 2015/16, combined with local

sponsorship, will allow 2015's events to continue to grow.

I will now speak to the BEDC Clarien Bank micro-loan. Mr. Chairman, in October [2013], the BEDC launched a micro-loan product in partnership with Clarien Bank. The micro-loan product was developed in response to an identified gap in the lending market. This product gives the small businessperson access to the often time-sensitive and secured financing they need to purchase goods and/or capital items directly related to generating income for their businesses. The micro-loan product is available to all small businesses Island-wide, including vendors and those businesses located in a designated EEZ.

Clarien has allocated \$100,000 annually in funds to be used for this product to facilitate small loans in amounts from \$2,000 up to \$7,500. Take-up was slow in 2013, but in 2014, a total of 11 applications were approved. To date, this product has seen 12 micro-loans approved, facilitating \$78,900 in bank financing to be distributed, with several applications currently in the pipeline.

Plans for the upcoming year. Mr. Chairman, the BEDC sets annual operational goals to guide its day-to-day work. The following outlines the operational goals for fiscal year 2015/16:

- They will meet with and advise each guarantee client quarterly.
- Meet with and advise each watch list client monthly.
- Provide six BEDC loan guarantees.
- Provide 12 BEDC Clarien micro-loan guarantees.
- Assist eight SBCI graduates through the HUE programme to attain work.
- Assist in the development of six new businesses in the North East Hamilton EEZ.
- They will also assist in the development of five new businesses in the St. George's EEZ, and in the development of four new businesses in the Somerset EEZ.
- They will action agreed recommendations from the five-year review of the North East Hamilton EEZ.
- They will partner with the Department of Planning to gain approval for North East EEZ plan;
- Conduct the Retail Development Programme annually.
- Partner with private sector to offer seminars to the medium-sized business sector.
- Implement two entrepreneurship curriculums and coordinate the training of BEDC officers;
- Successfully host and grow Global Entrepreneurship Week initiative and activities.
- Partner with private sector stakeholders to offer six seminars (three in EEZs and three centrally).

- Gain approval for new vendor legislation and implement oversight of this sector.
- Partner with the Office of Procurement to assist in supporting Government's goal of 20 per cent spending with small businesses.
- Conduct business walkabouts one day per week in each EEZ to capture up-to-date relevant information on the state of their businesses.
- Present BEDC audited statements to the legislature for financial years 2010–2014.
- Create a revenue-generation services plan for the BEDC Business Register.
- Recover 1 per cent of losses.

Mr. Chairman, the BEDC is poised to raise the entrepreneurial bar in 2015/16 and is optimistic about the future of entrepreneurs in Bermuda. As such, priority strategic objectives for 2015/16 are as follows:

- Strengthen and grow the vendor market and vendors sector through introducing modern legislation.
- Create a public interface for the Business Register.
- Develop alternate financing options for BEDC clients.
- Facilitate opportunities for local small- and medium-sized businesses to take advantage of America's Cup 35 business prospects.

I am going to repeat that last one, Mr. Chairman: Facilitate opportunities for local small- and medium-sized businesses to take advantage of America's Cup 35 business prospects.

I will now give a legislative review. Mr. Chairman, the following are BEDC projects anticipating legislative changes in 2015/16:

- The Vendors Act [2015]—the current Pedlars Act 1894 is outdated and does not address the needs of the growing vendor industry. Hence, the Corporation will be bringing forth new legislation governing this sector in the upcoming legislative session.
- Local Land Use Plan for North East Hamilton—the Corporation is currently partnering with the Department of Planning to finalise this local plan and anticipate its rollout in concert with the new City of Hamilton Plan.

I will now address outstanding guarantee loss collection. Mr. Chairman, while it is never the goal of BEDC to have the loans it guarantees called, the reality is that, due to the slowly reviving economic climate, some loans will be called and the BEDC will have to pay out on some guarantees.

As mentioned earlier in my presentation, BEDC's due diligence, supportive relationship with its clients and partnerships with the local financial institu-

tions have limited the BEDC to only paying out on one called guarantee in 2014, although an average of 12 clients have been on the BEDC's watch list throughout 2014. It is BEDC's commitment to recoup funds from clients by establishing payment plans with these clients. The BEDC has set a goal of collecting at least 1 per cent of the guarantee losses paid out over the years within the upcoming fiscal year.

[Inaudible interjection]

Mr. Sylvan D. Richards, Jr.: [It is] 1 per cent.

Mr. Chairman, because we care. We have been gratified to see the level of enthusiasm and the entrepreneurial spirit demonstrated by existing business owners and newly introduced business owners in Bermuda. The BEDC officers will continue to provide tailored and bespoke services to its customers to ensure local business success. This will consist of on-site business and counselling support for the loan-guaranteed clients, hands-on support for clients in the three EEZs, as well as services to newly established or struggling medium-sized businesses.

Mr. Chairman, during 2014/15, the Bermuda Economic Development Corporation has achieved laudable success and remains focused on its dedication to the local business community in Bermuda. I wish to pause here to thank the Executive Director and her team for their continued dedication to the BEDC's aims. Many entrepreneurs who come through the doors receive valuable assistance, guidance and support during consultations, which makes the difference in starting and successfully running a business in Bermuda.

Through the loan guarantee programme, clients have been given the opportunity to participate in Bermuda's commercial marketplace. It is therefore vital that the BEDC continues to provide the necessary support in order to foster economic stability and growth in Bermuda's local commercial sector.

Thank you, Mr. Chairman.

[Pause]

HEAD 27—DEPARTMENT OF IMMIGRATION

Mr. Sylvan D. Richards, Jr.: Mr. Chairman, I will now present the Department of Immigration, Head No. 27, found on page B-304.

The Department of Immigration has the mission to administer the Bermuda Immigration and Protection Act 1956, including the control of entry, residence, employment, land acquisition by non-Bermudians and the granting of Bermudian status.

The department's mission statement. The Department of Immigration is committed to serve travelers and to conserve and protect Bermuda for the benefit of its people, residents and visitors. In pursuit of our mission, we will work as a team and exercise

sound judgment in the performance of our duties to ensure that we respond to the needs of our customers in an efficient, effective and timely manner in accordance with the laws of the land, the policies of the Ministry, and the procedures of the department. We will act sympathetically, courteously and impartially to accomplish our mandate.

Mr. Chairman, the legislation for which the department is directly responsible includes the Bermuda Immigration and Protection Act 1956, which is divided into the following parts:

- Part I, Preliminary;
- Part II, Authorities for Execution of the Act;
- Part III, Acquisition and Enjoyment of Bermudian Status (administered by the Personal Services Section);
- Part IV, Control of Entry and Residence in Bermuda (administered by Compliance Section, Personal Services Section, and Corporate Services Section);
- Part V, Regulation of Engagement in Gainful Occupation (administered by Corporate Services Section);
- Part VI, Protecting Land in Bermuda for Bermudians (administered by Personal Services Section);
- Part VII, Deportation (administered by the Compliance Section); and
- Part VIII, Supplemental, et cetera, Provisions.

The Regulations/Amendments associated with this Act are:

- Bermuda Immigration and Protection (Rental and Use) Regulations 2007;
- Bermuda Immigration and Protection (Minimum Annual Rental Values) Regulations 2007;
- Bermuda Immigration and Protection (Territorial Restrictions) Regulations 2007;
- Bermuda Immigration and Protection (Licence Application) Regulations 2007;
- Bermuda Immigration and Protection (Designation of Eligible Condominium Units) Regulations 2007;
- Bermuda Immigration and Protection (Land-Holding Charges) Regulations 2007;
- Bermuda Immigration and Protection (Tourist Accommodation and Hotel Residences) Regulations 2010;
- Bermuda Immigration and Protection (Land Holding Charges) Amendment Regulations 2010;
- Bermuda Immigration and Protection (Rental and Use) Amendment Regulations 2010;
- Bermuda Immigration and Protection (Designation) Amendment Regulations 2010;

- Bermuda Immigration and Protection (Land Holding Charges) Amendment Regulations 2013;
- Bermuda Immigration and Protection Amendment Act 2013; and
- Bermuda Immigration and Protection Amendment (No. 2) Act 2013.

The Bermudian Status by Birth or Grant Register Act 1992. This establishes the register of Bermudians and is administered by the Personal Services Section [via] the British Nationality Act 1981, which governs various citizenships, namely:

- British Overseas Territories citizenship—for former citizens of the United Kingdom and Colonies associated with Bermuda and the remaining British overseas territories;
- British citizenship—for former citizens of the United Kingdom and Colonies associated with the United Kingdom and for British Overseas Territories citizens from qualifying British Overseas Territories;
- British Overseas citizenship—for former citizens of the United Kingdom and Colonies who do not qualify for either of the above categories; and
- British Nationals (Overseas)—for former British Dependent Territories citizens associated with Hong Kong.

The budget amount for the year under debate—the General Summary is found on page B-304 of the Budget Book. Mr. Chairman, the budget for 2015/16 for Immigration is \$4,475,002, up from the previous year's budget of \$4,406,778. This difference is \$68,224, or a 2 per cent increase from the 2014/15 budget year. This increase is primarily due to the end of the monthly furlough days taken by each staff member.

The changes in expenditure are explained next—Corporate Services, [cost centre] 37010, found on page B-304 of the Budget Book. Cost centre 37010, Corporate Services variance 2014/15 versus 2015/16. Mr. Chairman, the original estimate for 2014/15 was \$687,000. The estimate for 2015/16 is \$725,000, which represents an increase of \$38,000, or 6 per cent. The employees remain unchanged, at 10 in number.

[Cost centre] 37010, Corporate Services, costs are \$725,060, up from \$686,891 the previous year. Mr. Chairman, the Corporate Services Section is responsible for administering Part V (the regulation of engagement in gainful occupation) of the Bermuda Immigration and Protection Act 1956, and for processing work permits and permissions to reside while seeking employment or attending school or college. To this end, this section is responsible for processing the wide range of work permit applications (including related landing permits). Comprising a team of 10 full-

time staff, the Corporate Services Manager, Industry Relationship Officers, and Customer Service Representatives liaise directly with employers and work in conjunction with the Board of Immigration to make recommendations for each application.

Standard Work Permits. Mr. Chairman, in 2014, the Corporate Services Section processed 4,934 standard one-to-five-year and ten-year work permit applications in an average turnaround time of four weeks. This compares to 4,207 in the previous year.

I will now review temporary, periodic and landing permits and applications for job title/category changes. There were 4,362 temporary and periodic work permits processed in 2014 (compared to 3,318 in 2013). Many employers use temporary permits, which are processed in 10 working days, to bring in new employees from overseas while the standard work permit is being processed. Periodic permit applications are for business visitors who have a requirement to make multiple visits (maximum stay is 30 days for any one visit) to Bermuda in any period of the validity of the permit.

The number of landing permits processed decreased to 646 in 2014, compared to 1,150 in 2013. Landing permits are often requested for resident work permit holders because a person has to travel and his or her work permit has expired or will expire while he or she is off-Island, and/or his or her employer submitted the new work permit application late, or because the new work permit is in process at the Department of Immigration and a decision is not likely before his or her travel date. In lieu of a work permit, landing permits provide confirmation that a person has a right of residency and employment in Bermuda.

There were 603 applications for work permit job title and job category changes in 2013. In 2014, the number of applications increased to 760. This increase is due to business structure changes.

Permissions to Reside. There were 292 applications for permission to reside in 2014, up from 274 in 2013.

Mr. Chairman, I will now review major achievements, policies and legislation. Mr. Chairman, at last year's Budget Debate, I mentioned the work that was in train for a further review, or phase two of the work permit policies. While it was intended that the policies would be implemented at April 1, 2014, the extensive consultative process and the requirement to ensure that the policies met the intended goals delayed the roll-out. As my colleagues are now well aware, the new policies were implemented March 1, 2015.

Mr. Chairman, some highlights of the policy include implementation of a recruitment disclosure form which requires employers to list all those applicants who applied for an advertised position and give reasons why suitable Bermudians, spouses and PRC holders are not eligible. This is reviewed by technical

officers and the board before a work permit can be issued. Mr. Chairman, all unsuccessful Bermudians, spouses and PRC applicants must be advised in writing of their unsuccessful application, and copies of letters must be available for inspection by the Immigration Department.

Companies that have more than 10 permits in a particular category may be asked to participate in National Training Board initiatives. Such participation will be considered before permits are issued. Companies must advertise on the Job Board for eight consecutive days, in addition in the newspaper three times over eight days. The Job Board is free and is accessible on Cablevision. Job seekers can register online as well. Short-term permits will not be granted in most circumstances without advertising the position first. In order to encourage overseas training of Bermudians, policy has been implemented to encourage companies to do the same. This has been tied to the National Training Plan.

Reduced red tape for employers through a streamlined process of application . . . There are requirements that minimal weekly wage information be provided to work permit applicants in respect of restaurant staff to ensure that staff are not exploited. There are requirements now that beauty salons explicitly state whether holiday and sick pay are included in contracts of employment to also ensure that staff are not exploited. There will be the availability of a card for work permit holders to facilitate travel. Employers more than 90 days behind on social and health insurance payments that do not have a payment plan in place will not be granted work permits.

Mr. Chairman, the process involved some of the most extensive consultation in recent times, with members of the Work Permit Stakeholder Group meeting with employee and employer representatives to canvass opinions and ideas on the development of a new policy that would make Bermuda more competitive and open to business, whilst ensuring Bermudians are given opportunity across the Bermuda job market.

At the conclusion of the process, and upon drafting of the policy, the Minister then met with the very same employee and employer groups that were originally consulted, to obtain feedback. These included, but were not limited to, the business alphabet groups, labour unions and the Labour Advisory Council. The draft policy was also released to the public for their view, via a dedicated e-mail address.

Mr. Chairman, at this time I would like to take this opportunity to address a few points in respect of the work permit policy relating to entertainers. Throughout the 18-month process, the stakeholder group members also met with the BEU [Bermuda Entertainment Union] leadership. The Chief Immigration Officer and the Minister also met with the BEU leadership several times between them to hear the BEU concerns and views, the most recent meeting being

November 14th, 2014. Under previous policy, entertainers could be granted a seasonal permit of nine months. Under the new policy, this has been reduced to eight months.

Under previous policy, local entertainers should, if available, get equal time to perform as that of a work permit holder. The BEU has admitted that this rarely happens since, in the vast majority of cases, local entertainers are not available and/or do not play the genre of music being requested by the local establishment. Using an extreme example, if you go to hear, say, Irish jig music on St. Patrick's Day at a local pub, you are not there to listen to a jazz saxophonist. The new policy corrects this anomaly. If, of course, there is a qualified available Bermudian entertainer who plays, say, Irish jig music, then a work permit would not be issued. In fact, the new policy is clear that such positions must be advertised in the usual way. However, for large commercial entertainment venues, it is expected that qualified local entertainment should feature, if available. If not, no work permit shall be issued.

Mr. Chairman, under previous policy, the Department of Immigration has facilitated the collection of *travellers dues* by requiring such dues be paid to the BEU before work permits can be processed.

Mr. Chairman, the Department of Immigration has not assisted any other private organisation in collecting fees, and in numerous cases the work permit application process was delayed due to slow vetting by the BEU. This anomaly ends with the new policy.

Under previous policy, the BEU would vet applications to ensure that visiting musicians were in good standing in their home jurisdiction. Under new policy, visiting entertainers will need to confirm that they are in good standing in their home jurisdiction when a work permit application is made. The BEU was advised of this in writing.

Under existing law, the Hotels Concession Act 2000 provides the framework for granting incentives for the hiring of local entertainers. This does not change.

Last year, the Bermuda Tourism Authority arranged for local entertainers to play on visiting cruise ships.

It remains unclear what the *travellers dues* are used for, since the BEU constitution says that their scholarship fund shall not exceed 10 per cent of the BEU budget without a general membership vote. Those paying dues have raised numerous queries about what the fees are, in fact, used for.

Finally, as regards the BEU's concerns in relation to private venues using the services of overseas entertainers for private functions, it remains the Government's position that this is a fine balancing act. Good local entertainers are often busy and booked. As such, when, for example, a wedding party wishes to stay in Bermuda and bring their favourite entertainer, and they have booked half of a [hotel's rooms],

the answer is obvious. The Minister would likely use his discretion and allow the overseas entertainer to our shores. This increases business for the hotel property (and assists Bermudians remain employed) and ensures our visitors get what they are paying for.

Mr. Chairman, in the Minister's dozens of discussions with restaurateurs, hoteliers, bar owners, and entertainment venues, there is a clear desire to hire good Bermudian entertainers at a reasonable rate. It is also very apparent indeed that good Bermudian entertainers get hired. Employers do not like having to go through advertising and work permit processes, which cost them money. Good local entertainers have nothing to fear regarding the new policy. If the BEU wishes to collect traveller's dues from visiting entertainers, they are welcome to do so; however, the Department of Immigration will no longer assist in that collection. The new policy strikes the right balance between the needs of hoteliers, bar owners, and entertainment venues (that hire many Bermudians) and the opportunity for Bermudians to provide entertainment—versus the 13 members of the BEU (per the latest accounts filed with the Registrar General for the period 1st of January 2012 to December 31st, 2012).

Mr. Chairman, it is also important to add clarity to an issue that was raised in this House regarding dependant children. Every stakeholder has been aware that dependant children of work permit holders were not permitted to seek employment and would not be able to do that under the new policy. To make this 100 per cent clear, the policy has been updated.

Mr. Chairman, the new policies gave rise to the requirement to update and introduce new work permit application forms. The Department of Immigration conducted information sessions with key stakeholders, including the Bermuda Employers' Council, the Bermuda Hotel Association, the Bermuda Chamber of Commerce, the Association of Bermuda Insurance Companies, the Association of Bermuda Insurers and Reinsurers, the Bermuda Human Resource Association, and the Construction Association of Bermuda.

Mr. Chairman, immigration application forms will no longer be printed by the Bermuda Press Limited. As a part of the Department of Immigration's cost-cutting exercise, the forms will only be available on the Immigration website, at www.immigration.gov.bm. Once again, that is www.immigration.gov.bm. Employers and applicants will be able to complete the forms online and print them for submission with all relevant documentation to complete the work permit application.

Mr. Chairman, the next achievement by the Corporate Services Section was the introduction, at March 1, 2015, of work permit cards. You may be aware that work permits issued by the Department of Immigration are paper-based, and the work permit is required for presentation upon entry into Bermuda.

Because the permits are paper-based, there has been a tendency for the permit to be folded excessively and/or damaged. While some work permit holders have taken the initiative to laminate their permits in an attempt to preserve them, permits that have been laminated have not been accepted by the Department of Immigration.

To fix the above and improve upon Immigration's service product, new work permit cards are now available to global, new business, global entrepreneur, standard, periodic and special category work permit holders, and to sponsored dependants (partners and children). The card's primary aim is to facilitate travel to and from Bermuda. It will replace the current paper work permit document; paper documents will only be issued for employers' and Immigration's files.

The work permit card, which, by the way, is laminated, is bigger than a credit card, but slightly smaller than a passport page. The card will provide the card holder with a faster, more streamlined experience whilst being processed at any of Bermuda's air passenger arrival facilities. The work permit card is featured with a machine readable zone (or MRZ) and can replace the permit holder's passport (for landing at the L. F. Wade International Airport), and can be read by passport readers. (However, please note that permit holders will still require their passport whilst transiting through overseas gateway locations). Since the permit holder's travel details and purpose of entry are encapsulated in the machine readable zone, the card will facilitate faster processing times for cardholders at all Bermuda points of entry. The processing time will then mean that work permit card holders should be processed at the same speed as if they were carrying a passport only.

Mr. Chairman, to prevent fraudulent reproduction of the cards, the front of the card has been embossed with a security foil, which is fashioned in the image of the Island of Bermuda. A fee of \$145 will apply for each work permit card issued. As of March 1, 2015, both current and first-time (i.e., new to Bermuda) work permit holders and their sponsored dependants can apply for a work permit card.

A new work permit card will also be issued to resident work permit holders and their sponsored dependants under the following circumstances: (a) if the card has been lost, damaged or stolen; (b) if the employer's name changes (for example, where a person moves to a new employer, or in a merger, the current work permit card should remain and be changed after it expires); (c) if the card holder's name changes; and (d) when the card itself expires.

Work permit cards, going forward, will be an automatic by-product of work permit applications for standard, global, new business and periodic work permits, and applications for sponsored dependants. In these cases, employers must submit a complete application form and the requisite documents and the

fees for the work permit application and the work permit card. In cases where work permit holders for standard, global, new business and periodic work permits, and sponsored dependants are already resident in Bermuda, a letter requesting a work permit card, including the fee for all persons to whom a card is to be issued, must be submitted by employers.

Mr. Chairman, the last achievement by the Corporate Services Section was the change in the processing of standard work permit applications. In September 2014, the application process was moved from our legacy system, AS400, to our Application Processing System (or APS), which is supported by BITS/Lansa. This is a significant achievement because, since 2006, BITS/Lansa has developed phases of APS and it has continued to work with the Department of Immigration to implement a full system for automating the processing of all immigration application types. Prior to September 2014, only temporary, periodic and representative work permits were processed in APS. On the Personal Services side, passport applications and 5(2) status applications were processed the same. With all work permit application types now being processed in APS, BITS/Lansa, in consultation with the Department of Immigration, will be able to focus attention toward the remaining applications in the Personal Services Section being processed in APS. These include Bermudian status, naturalisation, PRC and land licence applications.

Mr. Chairman, Corporate Services revenues, found on page B-305, are expected to be \$9,364,992, distributed as follows:

- For full-time and part-time work permits—\$4,750,000;
- For temporary and periodic work permits—\$2,207,600;
- For permission to reside in Bermuda and work or attend school or college in Bermuda—\$508,138;
- For general services related to employment, such as late work permit application fees, job title or category changes—\$1,899,254.

Mr. Chairman, I will now move on to the next section within the Department of Immigration, the Personal Services Section. Personal Services, [cost centre] 37020, can be found on page B-304 of the Budget Book. I will now give cost centre 37020, Personal Services, variance 2014/15 versus 2015/16. The original estimate for 2014/15 was \$915,000. The estimate for 2015/16 was \$1,016,000, which represents an increase of \$101,000, or 11 per cent. There were 13 employees in 2014/15, 12 for 2015/16, a decrease of one. The 11 per cent increase is due in part to the discontinuation of staff taking a furlough day each month. In the Personal Services Section, one full-time employee [FTE] remains frozen.

Mr. Chairman, this division comprises 12 staff and liaises directly with the individual customer. The Customer Service Representatives in our reception area are available to answer all individual enquiries. The Personal Services Manager and Client Services Officer is responsible for the following areas: travel documents, the acquisition of Bermudian status, naturalisation as a British Overseas Territories Citizen (or BOTC), permanent resident's applications, issuance of related certificates, licences to purchase land, permission to reside, permission to seek employment, permission to attend school, letters for spouses of Bermudians, landing permits, and airline ticket validations.

Mr. Chairman, in 2014, there were 93 applications for land licences for houses. This number increased from 72 in 2013. There were 169 applications by land licence holders requesting permission to rent out their houses to visitors, which was an increase from 155 in 2013. For such requests, a rental charge equivalent to the hotel occupancy tax is levied so that this private visitor accommodation does not compete unfairly with commercial accommodation. There were 81 permissions to reside on an annual basis, which was up from 76 in 2013, and 10 applications for residential certificates, down from 19 in 2013.

Bermudian Status. There were 636 applications for Bermudian status, when compared to 150 in 2013. This total can be further broken down as follows: Section 19 (Qualifying Bermudian Connection), there were six applications; Section 19A (Spouses of Bermudians), 115 applications; Section 20 (Deemed Persons), there were 62 applications; and Section 20B (Other Cases), 453 applications. There were 644 applications for naturalisation, compared to 170 in 2013. The significant increase in both Bermudian status and naturalisation applications is due to the Supreme Court ruling by Chief Justice Kawaley in the Rebecca Carne—

Mr. Walton Brown: Point of order.

The Chairman: Would you pause for a minute? We have a point of order from the Shadow Minister.

We recognise the Shadow Minister, Mr. Brown. Mr. Brown, continue.

POINT OF ORDER

[Misleading]

Mr. Walton Brown: Thank you.

The Honourable Members is, perhaps inadvertently, misleading the House. The increase in naturalisation in Bermuda is solely due to a decision by the Governor, not the Department of Immigration.

The Chairman: Thank you.

Mr. Walton Brown: The Governor makes decisions regarding naturalisation, not [the Department of] Immigration.

The Chairman: Thank you for the clarification. Minister? Do you recognise the point?

Mr. Sylvan D. Richards, Jr.: Yes.

The Chairman: Thank you.

[Inaudible interjection]

The Chairman: Shadow Minister, he agreed with you. Continue on, Minister.

[Inaudible interjections]

Mr. Glenn A. Blakeney: Excuse me. Point of order.

The Chairman: Point of order? Yes, Honourable Member Blakeney from constituency 13—

Mr. Glenn A. Blakeney: I think, for the purpose of the Hansard—

[Crosstalk]

POINT OF ORDER

Mr. Glenn A. Blakeney: For the purpose of the Hansard, and the reason why we have audio amplification, and its being disseminated by way of a radio frequency is so that it is a public record. And so, the Junior Minister should acknowledge the point of order for the record. Thank you.

The Chairman: Point taken, Shadow Minister Blakeney.

Junior Minister, in light of the fact that you did acknowledge the point with the microphone off, it would be only fitting that you do acknowledge it and continue on while the microphone is on.

Mr. Sylvan D. Richards, Jr.: I acknowledge the point.

An Hon. Member: Your microphone is off.

Mr. Sylvan D. Richards, Jr.: My microphone is not off.

So let me resume where I left off.

[Pause]

Mr. Sylvan D. Richards, Jr.: Immediately after this ruling was made public, the Department of Immigration began to receive applications from other PRC holders. To date, total applications received are in the area of 620.

Mr. Chairman, you will recall that in October of 2012, enquiries were made to the Department of Immigration about the right to Bermudian status under section 20B of the Bermuda Immigration and Protection Act 1956, with the applicants at that time correctly being advised that no such application procedure existed. In spite of this advice, applications were subsequently submitted to the Minister in 2013, at which time the Minister rejected the applications on the basis that there had been no pre-approval for Bermudian status under the Act.

The Minister's decision was overturned by the Immigration Appeal Tribunal (the IAT), with the Minister subsequently appealing the IAT's decision in the Supreme Court in January of 2014. The Chief Justice upheld the IAT's decision, ruling in favour of the applicants and stating in his summation (and I quote), "the decision of the IAT directing the Minister to grant the Respondents' applications for Bermudian status is accordingly affirmed."

Mr. Chairman, in essence, the Supreme Court ruling meant that if a PRC holder who was granted PRC as a result of having been in Bermuda prior to July 31st, 1989, submits an application for naturalisation to become a British Overseas Territories Citizen (BOTC) of Bermuda to the Department of Immigration at the same time he or she submits an application for Bermudian status under section 20B(2)(b) of the Act, and the Minister supports the naturalisation application, which is subsequently approved by the Governor, the Minister must, save for various circumstances as set out in the Act, grant the applicant Bermudian status under the said section.

Mr. Chairman, this provision has existed for many years, but it only came to light as a result of the original PRC legislation being passed in 2001. It would appear the previous administration did not grasp the fact that provisions in the Act that were amended in 1994—

Mr. Walton Brown: Point of order.

The Chairman: Minister, pause for a minute. We have a point of order from the Shadow Minister.

Shadow Minister Brown, we recognise you.

POINT OF ORDER

[Misleading]

Mr. Walton Brown: Thank you, Mr. Chairman.

The Honourable Member is misleading the House. The process by which naturalisations were granted were at the decision made by the Governor. It had nothing to do with any decision made by the Progressive Labour Party Government in 2000, 2001, 2002 or 2003.

The Chairman: Thank you, Shadow Minister.

Minister, do you recognise this point?

Mr. Sylvan D. Richards, Jr.: I am going to continue with my statement.

The Chairman: Continue on.

Mr. Sylvan D. Richards, Jr.: It would appear the previous administration did not grasp the fact that provisions in the Act that were amended in 1994 would have this effect upon the introduction of PRC legislation in 2001. In essence, the PRC legislation has seemingly created this unique circumstance. Indeed, it was brought to the attention of the Ministry in October 2012, and nothing was done to interfere with the relevant section of the Act. Immigration records show that there are approximately 1,455 persons that would fall into this category.

The Minister did not grant the applicants' status upon their application and consequently appealed the decision of the IAT. That appeal was ultimately unsuccessful. The individuals who are affected by this judgment will have been in Bermuda for at least 25 years, indicating that they have strong roots and a love for their adopted home. There are also very strong arguments being made in respect of human and political rights for such persons' being given the opportunity to obtain Bermudian status. The potential applicants come from across the social and economic divide and are from a number of different countries. Their presence has made a substantial contribution to the community and should be welcomed. After all—

The Chairman: Minister, there is just about a minute left, so you can pick the point where you want to wind down, or we can recognise the Premier.

Mr. Sylvan D. Richards, Jr.: I will continue. There are only a few more sentences, and then we will break for lunch, if that is okay with you, Mr. Chairman.

The Chairman: Okay. Sure. Finish that thought.

Mr. Sylvan D. Richards, Jr.: After all, every Bermudian ultimately came here from somewhere else, including some of our well-respected and notable leaders of Bermuda. Those who ultimately decide to apply and receive Bermuda status should be welcomed.

The Chairman: Thank you, Minister. Premier?

Hon. Michael H. Dunkley: Thank you, Mr. Chairman. I move that we adjourn for lunch and come back at 2:00, back in Committee.

The Chairman: Thank you, Premier, yes.

Minister, when you return, you have an hour and 47 minutes left in the debate.

[Gavel]

Proceedings suspended at 12:30 pm

Proceedings resumed at 2:01 pm

[Mrs. Susan E. Jackson, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

MINISTRY OF HOME AFFAIRS

HEAD 27—IMMIGRATION

[Continuation thereof]

The Chairman: I would like to call on the Junior Minister to continue.

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

I am continuing with Head 27, Department of Immigration which begins on page B-304 of the Budget Book. Madam Chairman, I am going to pick up where I left off.

Let me reiterate that 1,455 PRCs are potentially eligible for status under section 20B(2)(b) of the Act. We do not know how many children of these PRC holders would be eligible for status, but we believe the number to be minimal, since the children would have to be under 22 years of age to be deemed to have status. Spouses would have to be married to a Bermudian for 10 years to be eligible, so that clock starts ticking again.

Many PRCs already own property. PRCs granted status would have full freedom to buy property, instead of being limited to condominiums or properties with an ARV of \$63,000 or \$1.2 million and upwards. PRCs are here in Bermuda now and so there will be no net increase in Bermuda's population. Again, we are talking about people who must have been here since at least 31 July 1989.

I can confirm also that there were 88 applications for Permanent Residents' Certificates from long-term residents and dependants of long-term residents. Finally, 745 persons applied to have their names added to the register of Bermudians, down from the 1,400 persons in 2013.

- Travel:

The Personal Services section issued 4,232 passports for adults compared to 4,000 in 2013; and 996 passports for children compared to 1,500 in 2013. A total of 391 persons took advantage of the express

passport processing procedure, down from the year before when there were 450 in 2013.

Madam Chairman I will now discuss major achievements, policies and legislation. Madam Chairman, from last year's budget submission, you would already be apprised of the work being done by the Personal Services Section, in conjunction with the UK Government to transfer the printing of British Overseas Territory Citizen (BOTC) passports to the UK. The transfer was to take effect at December 2014. However, due to incomplete initiatives by Her Majesty's Passport Office (HMPO), the transfer for some territories will occur at May 2015. For Bermuda, the transfer will be some months later since we plan to deplete our current passport stock of 12,000 books.

Madam Chairman, a significant achievement relating to this project is that at December 2014, the Department of Immigration selected WorldReach Software Corporation to undertake the printing process. The new printing process will be implemented in two phases:

- Phase 1, which will be implemented in May 2015, will require that passport application files be sent to HMPO via courier service.
- Phase 2, which will be implemented in December 2015/January 2016, will allow for the transfer of passport application files electronically.

It should be noted that with the roll-out of both phases, no staff will be displaced and there will be no requirement to increase the current headcount in the department.

In August 2014, the British Overseas Territories were presented with the proposals of two vendors for consideration relative to work to be performed to complete the systems upgrades. The vendors are 3M-Innovative Properties Company and WorldReach Software Corporation. The department currently has a contract with 3M for its Border Management System at the L. F. Wade International Airport, and for support of the Passport Issuing System (IDIS) which allows for the production of passports.

A review of the proposals revealed that 3M's quote for Bermuda is \$403,300 and the WorldReach quote is \$652,697.

The technical team within the department undertook a thorough review of both submissions. The team recommended to the Minister that WorldReach should be engaged to undertake the systems upgrades given the ageing passport issuing system and the value for money represented by WorldReach's quote. In evaluating each proposal, the team placed considerable emphasis on the department's experience with 3M relative to responsiveness, the level of difficulty in accessing their service team, and the quality of support services provided. In December 2014, Cabinet authorised the Department of Immigration to enter into contract with WorldReach. By signing the

contract before December 17, 2014, the Department of Immigration received a 10 per cent discount.

Madam Chairman, the Personal Services Section has remit for receiving and vetting applications for naturalisation on behalf of the Deputy Governor's Office. In an attempt to streamline the process, both the Deputy Governor's Office and the Minister agreed that there would no longer be a requirement for applicants to obtain police certificates from their country of origin if they resided continuously in Bermuda for more than 15 years, and that there was no need for applicants to state specifically that they had no absences in a particular year, provided they completed the absence section of the application form for naturalisation. It was also very recently agreed by the Minister with the Deputy Governor that reference letters (to determine good character) would not be required, as other Overseas Territories rely on police checks instead. These policy/process changes have resulted in quicker vetting and turnaround times for decisions on naturalisation applications.

Finally, Madam Chairman, while not yet a realised achievement, the Personal Services Section is presently working on a major policy document which will encapsulate formally written guidance on best practice for submitting applications under its charge. The Personal Services policy document will carry a similar sentiment to that of the new Work Permit Policies (previously mentioned earlier) the intent being to clearly communicate what is expected of applicants, including a list of personnel in the Personal Services Section and processing timelines.

Madam Chairman, Personal Services Revenues found on Page B-305 are estimated to be \$11,193,500 distributed as follows:

- from passport issuance—\$659,000;
- from landholding and rent charges—\$9,983,000;
- for permissions to reside—\$69,000;
- for Bermudian status related services—\$174,000;
- for naturalisation and registration of British Dependent Territories citizens—\$14,000; and
- for other services such as applications for permanent resident's certificates and spouse's letters and credit card-size cards for travel purposes to replace the permission letters and certificates—\$294,500.

Madam Chairman, the third core division of the Department of Immigration is the Compliance Section. Compliance, [cost centre] 37030, is found on page B-304 of the Budget Book.

Variance 2014/15 versus 2015/16: The original estimate for 2014/15 was \$1,282,000. The estimate for 2015/16 is \$1,264,000 which represents a decrease of \$18,000, or 1 per cent. There are 14 employees in the department and that will not change.

The decrease from the 2014/15 budget to the 2015/16 budget consists of cuts in overtime and training.

Madam Chairman, the Compliance section is overseen by the Compliance Manager who, together with two principal compliance officers and 11 inspectors, is responsible for the inspection and investigation of potential breaches of Immigration law, regulations and policy. They conduct compliance audits; enforce work permit conditions/restrictions; and maintain control over Bermuda's border and are responsible for processing Bermuda entry visa applications. Staff members in the division are assigned to both Immigration headquarters and the L. F. Wade International Airport.

The number of investigations decreased from 2,000 in 2013 to 1,396 in 2014. Twenty-three persons were added to the Bermuda stop list when compared to 80 in 2013. There were eight deportations in 2014 and this number was the same as that for 2013.

Madam Chairman, in previous budget submissions, we have not included a revenue figure for the Compliance Section. However, for the ensuing year, Compliance Revenues, found on page B-305, are estimated to be \$85,000 for airport clearance.

Major achievements, policies and legislation. Madam Chairman, a passenger processing line for business visitors (i.e., persons coming to Bermuda for meetings and who do not require a work permit of any kind, pursuant to the new work permit policies) was introduced March 1, 2015 at the L. F. Wade International Airport.

Working very closely with the Department of Airport Operations (DAO) over 12 months, the Compliance Section affected the design of new pop-up banners for placement in the arrivals hall. The identification of the business visitor line necessitated that all other passenger processing lines be identified. The passenger categories are as follows (and these are the new lines to be found at the L. F. Wade International Airport):

- Line 1—for Bermudians, PRC holders, spouses and dependants of Bermudians and of PRC holders, and Residential Certificate holders;
- Line 2—for Work Permit Holders;
- Line 3—for Visitors;
- Line 4—for Business Visitors.

Madam Chairman, for the first time in almost five years the Compliance Section has returned to the use of "Wanted Persons" posters for persons who are in Bermuda illegally without the Minister's permission. Promotion of these "Wanted Persons" is via the Department of Immigration's website at www.immigration.gov.bm.

At March 1, 2015, a "Wanted Person" poster for an individual being sought by the Immigration Department was posted on the Department of Immigra-

tion's website. In less than four days, this individual was apprehended. Working on information from the general public, Immigration Officers acted expeditiously and this individual departed Bermuda yesterday (March 12, 2015). I pause here, on behalf of the Minister of Home Affairs and the Department of Immigration, to thank the general public for coming forward with information. The public is encouraged to continue to provide information to the Department of Immigration with respect to foreign nationals who are alleged to be in Bermuda illegally without the Minister's permission. For the ways in which information can be submitted, persons should access Immigration's website at www.immigration.gov.bm.

Madam Chairman, as I have done in the previous two sections of this brief, I wish to again highlight something I spoke to during last year's Budget Debate. The matter relates to the efforts last year by the Compliance Section to be adequately prepared to undertake investigations under the Bermuda Immigration and Protection (No. 2) Act 2013. You may recall that this Act introduced civil penalties for work permit violations.

Madam Chairman, to formalise Government's mandate to ensure work permit processes are adhered to while remaining business friendly, and promoting fair employment practices that serve to protect the interests of Bermudian workers seeking employment opportunities in Bermuda, the Bermuda Immigration and Protection Amendment (No. 2) Act 2013 was passed in the House of Assembly on September 27, 2013.

Madam Chairman, by way of reminder the Bermuda Immigration and Protection Amendment (No. 2) Act 2013 clarifies that:

- employers are responsible for the accuracy of the information, including related documents, submitted for work permit applications;
- the definition of "exceptionable person" already contained in the Act, applies to work permit holders;
- the most recent employer is responsible for the costs associated with repatriation of a person and their qualifying dependants when a work permit has ended;
- the Chief Immigration Officer can impose civil penalties of \$5,000 for a first offence or \$10,000 for a second or subsequent offence on a person or employer who violates the Act;
- the procedures for natural justice will be followed before a civil penalty is imposed;
- persons aggrieved by an imposition of a civil penalty by the Chief Immigration Officer have the right to appeal to the Supreme Court;
- the former employer shall be responsible for deportation expenses of the employee and any qualifying dependants, if warranted; and
- the criminal penalties under Section 141 of the principal Act have been increased from

\$5,000 to \$10,000 for a first offence and from \$10,000 to \$25,000 for a second or subsequent offences.

Madam Chairman, I am pleased to report that the refresher training with the Bermuda Police Service and the Department of Public Prosecutions has showed meaningful results in the work of Senior Immigration Inspectors. For example, the Compliance Section has conducted two investigations to date for work permit infractions. The files were presented to the Chief Immigration Officer in December 2014 and it is likely that penalties of \$5,000 for first offences will be levied to the employers and employees who have breached the Act. Formal notices and warning notices have already been issued by the Chief Immigration Officer to the parties concerned.

Madam Chairman, one more comment as it relates to the Compliance Section. Due to internal promotions and a secondment which eventually resulted in a permanent transfer external to Immigration, I wish to advise that two Principal Compliance Officers have been recruited and will start their tenures as early as March 16, 2015. Filling these posts was necessary to the continuance of the vital role the Compliance Section plays with investigations and coverage at the secondary office at the L. F. Wade International Airport.

Madam Chairman, I now advance to present the support sections of the Department of Immigration: the Finance and Administration and the Planning and Policy Sections.

I am now referring to cost centre 37040, Finance and Administration, variance 2014/15 versus 2015/16, found on Page B-304 of the Budget Book.

The original estimate for 2014/15 was \$1,429,000. The estimate for 2015/16 is \$1,470,000 which represents a \$41,000 increase, or 3 per cent. The number of employees for 2014/15 stood at seven. The number of employees for 2015/16 stands at nine, an increase of two persons.

Finance and Administration costs are \$1,469,711 up from \$1,429,995 from the previous year which represents a 3 per cent increase from the estimate for 2014/15. As with the previous sections, this increase relates to the discontinuation of the monthly furloughs days.

Madam Chairman, the Finance and Administration section is overseen by the Finance and Administration Manager who, together with the Administrative Assistant, Processing Clerk/Cashier, and the Records Management Clerk, is responsible for the department's accounts, budget, financial records/reporting, annual budget preparation, administrative support services, and personnel administration functions. There is a total of nine staff in this section including the Chief Immigration Officer and the Assistant Chief Immigration Officer. The number of full time employees increased by two due to the merger of one

staff from the Policy and Planning Section and one from the Rent Commission.

Madam Chairman, the Policy and Planning division is overseen by the Chief Immigration Officer who, together with the Business Systems Officer, is responsible for the development, implementation and maintenance of information systems. Within this section, the Chief Immigration Officer is also responsible for the management, administration, control and implementation of the Minister's and department's policies and procedures and strategic planning processes.

Madam Chairman, this section logged in 33,061 documents (as compared to 60,000 in 2013/14), a 45.8 per cent decrease. This can be attributed to a reduction in the submission of incomplete applications, thereby decreasing requests for additional information.

Madam Chairman, I will now review cost centre 37050, Policy and Planning, variance 2014/15 versus 2015/16 found on page B-304 of the Budget Book.

Madam Chairman, Policy and Planning costs are nil (zero) for 2015/16 down from \$94,492 from the previous year which represents a 100 per cent decrease when compared to the 2014/15 estimate. As previously mentioned, this decrease represents the transfer of one full-time employee to the Finance and Administration Section (cost centre 37040).

The one employee in the section continues to be involved in the implementation of the new IT systems. For example, this employee was involved in the behind the scenes work for the new work permit cards and the processing of standard work permits in APS, both earlier mentioned under the Corporate Services Section's achievements.

Madam Chairman, there were no major achievements, policies and legislation changes in the Finance and Administration section or the Policy and Planning section during the 2014/15 period.

In conclusion, overlapping the work of both the Corporate Services and Personal Services Sections is the work of the Immigration Appeal Tribunal. Legal Representative, Mr. Philip Perinchief, and the Tribunal's Chairman, Mr. Timothy Marshall, and Deputy Chair, Ms. Kiernan Bell, have cleared the back log (which was approximately 44) of appeals that dated back to 2011. All directions and substantive hearings have been conducted. Any outstanding business requires that the Chair and Deputy Chair complete written rulings for the appeals.

Madam Chairman, all these changes in the Department of Immigration strike the right balance to help Bermudians as well as business. It is clear that the department is fulfilling its mandate. At all times we remain focused to ensure Bermudians find opportunity. It makes no sense at all to not be focused on that. I urge the public to consider the above changes

which will assist Bermudians as well as businesses, both big and small.

The opposition has laid out a vision called “comprehensive reform.” They say that their reform will protect and ensure that Bermudians come first for jobs in Bermuda, provide severe penalties for those who seek to violate immigration laws and policies, and provide a streamlined and bureaucratic-free atmosphere for employers who legitimately need to bring in foreign expertise.

Well, Madam Chairman, I have spent a considerable amount of time laying out just some of the highlights of the department’s initiatives and policies, and as you have heard, this Government has already fulfilled the opposition’s suggestions. This Government will continue to make changes to improve the Immigration regime.

Madam Chairman, last year, the Minister challenged the Department of Immigration to make further improvements to policy to fulfil the department’s mission statement in 2014/15. This brief is proof positive that it did just that. To this end, I would like to thank the Immigration team under the leadership of Dr. Danette Ming, Chief Immigration Officer, and Mr. Steven Lambert, Assistant Chief Immigration Officer, together with Mr. Philip Perinchief, the Immigration Board headed by Mr. Glen Smith, JP MP, and the Immigration Appeal Tribunal for the remarkable and outstanding achievements made in 2014/15.

The Minister would also like to thank Mrs. Marita Grimes, Mrs. Michelle White, Mr. Ron-Michel Davis and their respective teams, as well as the Collector of Customs and her airport team for administering the airport border control on behalf of Immigration. They have all been cooperative and innovative in their respective disciplines and the roles they have played in immigration matters. The Minister will be challenging his teams again this fiscal year to make even more progress in turnaround times.

Thank you, Madam Chairman.

HEAD 29—REGISTRY GENERAL

Mr. Sylvan D. Richards, Jr.: Madam Chairman, I will now focus on Head 29, Registry General which can be found on pages B-310 through B-313 of the Estimates of Revenue and Expenditure for the year 2015/16.

Madam Chairman, the Registry General is a government facility responsible for maintaining civil registrations and providing public access to such records. Under the general direction and control of the Minister of Home Affairs, the Registrar General exercises his statutory functions and is assisted by such public officers as may from time to time be authorised by the Legislature.

Madam Chairman, the mandate of the Registry General is:

1. to provide and maintain a reliable system for the storage of public records;
2. to provide access services to those records, and provide an efficient registry service which supports the registration of every birth, death, adoption and marriage in Bermuda;
3. the performance of civil marriages;
4. facilitating the registration of land and other property transactions;
5. they are responsible for the registration of professionals and organisations;
6. the granting of intellectual property rights such as trade and service marks, patents and designs;
7. advising on copyright and related rights; as well as,
8. to assume all administrative responsibilities with respect to the registration of country code top-level domain names for Bermuda (for example, .bm).

The department is able to achieve this mandate with existing resources.

Madam Chairman, the department is responsible for discharging duties conferred under a total of 54 Acts, Orders, Regulations and Rules which govern the operations of the Registry General.

Core services and activities of the Registry General. Madam Chairman, the Registry General, consists of the following four sections with a complement of 20 staff in total:

1. [Cost centre] 39000—Administration with a staff of eight;
2. [Cost centre] 39010—Intellectual Property Registration with a staff of six;
3. [Cost centre] 39020—Property, Professional and Organisation Registration with a staff of two; and
4. [Cost centre] 39030—Births, Marriages and Deaths with a staff of four.

The function of the Births, Marriages and Deaths Section is to register and issue certificates for all vital and general events including births, deaths and marriages that occur in Bermuda or on Bermuda-registered ships.

The function of the Property, Professional and Organisation Registrations Section is to register documents relating to land, deeds, and mortgages, as well as professional registrations which include architects, charitable organisations, friendly societies, marriage officers, pension trust funds, professional engineers, professional surveyors, psychological practitioners, and trade unions.

The function of the Intellectual Property Registrations Section is to provide a timely and efficient service for the granting of Intellectual Property rights, such as trade and service marks, patents and designs, and advising on copyright and related rights; as

well as assuming all administrative responsibilities with regard to .bm (country code top-level domain name registration).

The function of Administration is to ensure that the proper resources are made available to facilitate the efficient and timely processing of the registration process for all vital and general events occurring in Bermuda, which includes births, marriages and deaths.

Madam Chairman, in relation to births, the majority of babies are born at the King Edward VII Memorial Hospital in Paget Parish. However, there is a trend on the Island in which more parents are opting to have home births with the assistance of a midwife, and in some instances a doula. These persons are often flown in from overseas having first received approval from both Departments of Immigration and Health. The trend has also been recognised by some of the local insurance companies resulting in the provision of coverage for these midwifery services.

Madam Chairman, there were six babies born outside of the hospital, in the homes of the parents in 2014, which was double the number born at home in 2013.

Madam Chairman, the Registry General is notified of the births of children born at the King Edward VII Memorial Hospital by the Medical Records Department on a weekly basis. On the occasion when a child is born at a location other than the hospital, notification is made by the person or persons who attended the birth. The department issues a free birth certificate with respect to each newborn child.

The births, marriages and deaths section provides a useful resource in that certificates issued by the department are often used for multi-purposes. An important application is the use of a vital registration certificate to validate information when processing passports.

It is interesting to note that numerous persons have subsequently found that the name that they have been using for many years is not actually the legal name that they were registered with at the time of their birth. It is, therefore, essential that when parents submit the newborn registration forms, they ensure that all of the information is correct and that the birth registration form is fully completed.

Names of parents should be correctly recorded in the proper order as they appear on their own official birth certificate. This will prevent future problems and reduce costs associated with the correcting of inconsistencies within registrations. So for those listening by way of radio, I would encourage you to double-check your documentation to ensure all is in order.

Madam Chairman, statistical data gathered through the birth registration process, and the identification of certain trends is a useful resource for such agencies as the Department of Health, public and private schools, and insurance companies as examples.

The Department of Statistics also incorporates this data into their population figures and the production of numerous reports. It should be noted that in 2014 there were 575 births with 353 being born to parents who were married, and 222 being born to single parents. This is a decrease of 65 from the 640 newborns in 2013.

Madam Chairman, the Registrar General also receives notices of deaths occurring on the Island and within Bermuda's territorial waters from local funeral directors. In cases where inquests have been held into the causes of deaths, the notices of deaths are sent to the Registrar General by the Coroner's Office.

Data gathered through the death registration process is a useful resource for various entities, such as Social Insurance and the Office of the Tax Commissioner, who is responsible for administering death tax pertaining to land. Issued death certificates are also useful for life insurance and banking purposes. The Parliamentary Registrar's Office also keeps their register current through the use of the death records.

In 2014, 492 deaths occurred in Bermuda. The death figure of 252 for males was higher than the death figure for females, which was 239. The Coroner investigated 86 deaths in 2014 of which six related to visitors to the Island.

Madam Chairman, local Marriage Officers are responsible for the majority of marriages that occur on the Island. Marriage Officer licences are granted to clergy, priests, ministers, and persons in equivalent positions, by the Minister responsible for the Registry General. It should be noted that marriages in Bermuda can only be performed by registered Marriage Officers who meet the requirements. Marriages in Bermuda cannot be performed by Justices of the Peace, as in many other jurisdictions.

Civil marriages are performed in an attractive Marriage Room within the department. These marriages prove quite popular with many overseas couples who desire to be married in Bermuda, as well as with local residents. When necessary, witnesses are provided by the department.

Madam Chairman, all persons intending to be wed in Bermuda must submit a Notice of Intended Marriage Form to the department, which is then posted within the department for public viewing until the licence is collected as well as published in the local newspaper on two separate occasions. This aids in the identification of persons who are marrying for convenience and fraud by interested third parties, and the Department of Immigration Inspectorate. It is important to note that in addition to the marriage certificates issued at the time of marriage by the church, it is necessary to order official marriage certificates from the Registry General. These documents are certified and can be used for legal applications such as changes of name and the issue of BOTC (Bermuda) and British passports.

Madam Chairman, there were a total of 477 marriages performed locally in 2014. This figure represents an increase of six marriages over 2013. Out of this figure, 381 were religious marriages taking place in churches, gardens and hotels, while the remaining 96 civil marriages were conducted in the Registry General.

Bermuda continues to be a popular venue for marriage by overseas couples for they historically have comprised more than 50 per cent of the marriages performed on the Island. The data collected from marriage registrations is useful forecast information for the Department of Tourism, churches, hotels, marriage coordinators, newspaper media, and Department of Statistics.

Madam Chairman, information in respect of maritime marriages, which are marriages that occur on the high seas aboard Bermuda-registered ships, is provided by the masters of these ships. A total of 569 maritime marriages were conducted in 2014. The trend continues with the number of maritime marriages exceeding that of local marriages. There are currently 27 cruise ships performing marriages under Bermuda's Maritime Marriage Act 1999.

The Registry General, Madam Chairman, also registers mortgages, deeds, voluntary conveyances, and land transfers. The law firms and/or the banks submit the original mortgage documents, voluntary conveyance or land transfer notices and a memorandum to the office for registration. The date of deposit of these legal documents establishes priority in respect of liability and other legal issues.

The registration of the mortgage or chattel mortgage publicly establishes the lien the bank or a person may have on a particular piece of property. There have been a few instances where the bank has repossessed a car that the original owner had sold to another person. If the original owner did not repay the mortgage on the car, the bank has every right to take possession of the car even if it is owned by another person.

This year, Madam Chairman there has been an increase in the number of mortgages and chattel mortgages registered. In 2014, 797 mortgages and 363 chattel mortgages were recorded. By comparison, there were 584 mortgages and 355 chattel mortgages recorded in 2013, and 853 mortgages and 460 chattel mortgages were recorded in 2012.

Any person, who becomes entitled to any land, must give written notice to the Registrar General. The transfer notices are registered and filed by parish and by the year of the actual transfer of the land. Persons are not able to search the land transfer notices with only the address of the property. The indices are kept by parish, year, owner and previous owner. Searches are more successful if the client has the name of a past or current owner. There were 297 land transfers in 2014, a decrease of 57 over the 354 transfers in 2013.

Madam Chairman, the department registers Professionals and Organisations to protect the various interests of members of the public and other interested parties. For example, a member of the public can conduct a search in the Registry General to ensure that someone they wish to hire to do architectural work is registered as a bona fide, qualified registered architect. As part of the registration process for architects, professional surveyors, professional engineers, and psychological practitioners the Registry General liaises closely with the governing bodies of the professional organisations that approve the applications for registration in accordance with legal and ethical requirements.

Madam Chairman, organisations wishing to become registered charities or wishing to re-register as a charity must submit the appropriate application to the Registry General by the first Wednesday of the month. These applications should include either a copy of their constitution (if they are first-time applicants) or financial statements signed by the treasurer and one other officer (if they are seeking re-registration). Under the Charities Act 2014; Charities Regulations 2014; and the Charities (Anti-Money Laundering, Anti-Terrorism Financing and Reporting) Regulations 2014; charities are now required to complete an annual report form on the activities of the charity over the previous period.

This form also includes a section on how the charity has complied with the requirements set out in the Charities (Anti-Money Laundering, Anti-Terrorism Financing and Reporting) Regulations 2014. It should be noted that this report along with signed financials must be provided also by those charities that have indefinite status on an annual basis. Charities are now required to pay an annual fee based on the income of the charity. For charities with income under \$35,000, the fee is \$100. For charities with income over \$35,000 and under \$450,000, the fee is \$250. For charities with income over \$450,000, the fee is \$400. The fee is payable when the financial statements and annual report are submitted to the office of the Registrar General.

As of December 31, 2014 there were 344 charitable organizations on the Register; three more than in 2013. Eighty of the currently registered charitable organisations have short-term registrations (i.e., duration of one year), with the remaining 264 having permanent registration status.

Madam Chairman, any change in the officers of a charity should be reported to the Charity Commissioners within one month of the change. Signed financial statements and the annual report should be received within six months after the financial year end. Receiving this information provides protection to the public since the financial statements of any charity are available for the public to view. Much effort is made by the department to ensure that registered charities are in compliance with the legislated requirements.

Madam Chairman, the Registry General, is also responsible for the registration of Pension Trust Funds, in respect of non-Bermudians. This registration provides an avenue for non-Bermudian employees to receive retirement benefits. It is voluntary registration for such entities as: overseas companies which are not permit companies; partnerships; or other unincorporated business entities established outside of Bermuda, if in each case, the trustees are resident in Bermuda. The role of the Registry General is to ensure that these funds are compliant with the provisions of the Pension Trust Funds Act 1966.

Madam Chairman, the registration of Trade Unions allows for local trade organisations to operate as unions within a legal framework. Before registration, the unions must first qualify and meet the criteria for such with reference to the Trade Union Act 1965 and the Trade Union Amendment Act 2002.

There are currently nine trade unions registered. Two of the larger unions include the Bermuda Industrial Union and the Bermuda Public Services Union. The responsibility of the Registry General is to ensure that the registered unions are in compliance with the Act. Trade unions are required to submit a general audited statement of the receipts, funds, effects and expenditure, as well as membership information each year. In addition, any change of officers, alteration of rules, and new rules must be submitted to the department.

It should be noted that an excessive amount of time and resources is spent in efforts to bring delinquent trade unions into compliance.

Madam Chairman, the Registry General has a Search Room which affords the public the opportunity to access the various registers under the department's remit. These include not only births, deaths and marriage registers, but also those pertaining to property registrations and professional registrations.

Popular searches include those by banking institutions to verify whether or not there is a lien on property, as well as chattels (such as boats, cars and bikes); and to record whether or not a loan has been satisfied. There are numerous persons who also conduct genealogy searches. In fact the department has overseas customers who visit the department to conduct family searches. Historical researchers such as the Bermuda National Trust often utilise the Search Room.

I am going to skip a few sections and go to the Intellectual Property (IP) section. Madam Chairman, the Intellectual Property (IP) Section of the Registry General manages the registration of the Bermuda country code top-level domain name (.bm). A domain name allows people to identify websites by name rather than by number, and a .bm web address directs users to a Bermuda homepage via the Internet.

Additionally, the IP Section maintains the protection of intellectual property rights to the highest international standard, so that Bermuda remains a place

where creativity and talent can thrive. The aim of the IP Section is to ensure that the intellectual property system in Bermuda contributes not just to the local but to the global economy, encourages investment in innovation, and fosters an entrepreneurial spirit locally.

The IP Section promotes creativity and awareness of intellectual property rights of the individual, and a respect for the rights of others by administering the laws relating to trade/service marks (Trademark Act 1974; Trade Marks and Service Marks Regulations 1993), copyrights (Copyrights Act 2004), designs and patents (Patent and Design Act 1930; Patent and Design Rules 1903).

In February 2014 there was appointed for the first time a Copyright Tribunal, an independent tribunal established by the Copyright Act 2004, to adjudicate in commercial licensing disputes between collecting societies and users of copyright material in their businesses. Also, in February 2014, nine new statutory instruments in relation to copyright administration matters were introduced. One of these was the Copyright (Educational Establishments) Order 2014 which exempts educational institutions, such as Bermuda's schools, to allow for the use of copyright materials to be used for educational purposes.

The IP Section provides high quality and critical trademark, patent and design registration services to the public which is mandated by legislation in order to acquire protection. All intellectual property rights granted are recorded in registers which are maintained by the Registrar General and are open to the public for inspection. The maintenance of these registers is legislated by the various Acts.

Madam Chairman, the Registry General has established measures to facilitate desired output levels for customer service. These include the following:

- To maintain the registering of births to within 10 days of receipt of the Notice of Particulars of birth in the office, from the parents. This measure was achieved with respect to 90 per cent of the notices received in the office in 2014.
- For the processing of deaths to maintain the registering of deaths to within 10 days of receipt of the Notice of Particulars of death forms within 10 days of receipt, from the undertakers or coroner's office. This measure was achieved with respect to 90 per cent of the notices received in 2014.
- For the processing of marriages, the measure to register the Notice of Particulars of Marriage forms within 10 days of receipt from the Marriage Officers was achieved with respect to 80 per cent of the notices in 2014.
- For the processing of deeds and other legal documents the measure to maintain the time registering and indexing of mortgages, deeds and other legal documents to one month, from the receipt of documents in the office, was

achieved with respect to 95 per cent of the documents for 2014.

- For the processing of Land Transfer Notices the measure to register the notices within 10 days of receipt, was achieved with respect to 100 per cent of the notices in 2014.
- To maintain the registering of trademark, patents and designs, to ensure that all applications are processed within four to six months of the date of receipt, was achieved with respect to 100 per cent of the applications in 2014.
- To ensure that 100 per cent of all correspondence with respect to applications, post registrations and the issue of certificates for all patents, trademarks and designs are processed and actioned within one month of the date of receipt, was achieved with respect to 100 per cent of the correspondence received in 2014.
- To promote e-commerce by managing the registration of the Bermuda country code top-level domain name (.bm). The Section ensures that all applications for registration or modification requiring completion within two days of receipt of application and request letter, was achieved with respect to 100 per cent of the applications in 2014.

Major Projections/Initiatives. Madam Chairman, this Section will focus in this coming year on bringing amendments to the Friendly Societies Act 1868 and the Friendly Societies Act 1930 to enhance the regulation of Friendly Societies and improve their governance and accountability. A meeting was held on February 13, 2015 with representatives of the local Friendly Societies to discuss the proposed amendments. What was suggested and agreed at that meeting is that a working committee, composing of Registry General's staff and members of the Friendly Societies, be established to provide guidance as the Registry General develops the proposed amendments.

Also, it is the department's intention to continue work in the legal and compliance area within the upcoming fiscal period, with the view of updating the Trade Union Act 1965. It is envisioned that stronger penalties will be implemented to ensure compliance with legislative requirements, as well as ensure that filings are received in the appropriate timeframes. Once the amendments have been legislated, it is expected that at least 90 per cent of the trade unions will be in compliance.

Madam Chairman, the IP Section has identified key initiatives and projects for the upcoming fiscal year. These initiatives and projects are achievable and will benefit, not only the operations of the department, but Bermuda as well.

At the forefront of the IP Section's agenda is to acquire a new domain name registration system

and introduce registration fees for .bm domain names. The current system is fragile and inadequate, and has limited searching capability. The existing system needs to be replaced with a streamlined, fully integrated and automated system which allows for a smoother registration process of the .bm country code top-level domain names [CCTLD]. Benefits of a new system are:

- a) improve the level of service to clients;
- b) improve job satisfaction for staff; and
- c) the IP Section can charge registration/renewal fees, therefore create a new revenue stream.

In the fiscal year 2014/15, funds in the amount of \$70,000 were carried forward from the 2013/14 budget for a new replacement system. A RFP for the new system was published in November 2014 and a vendor has been selected. It is anticipated that the new system will be installed by June of this year.

Further, the IP Section would like to fully exploit the potential of the .bm domain name by relaxing the requirements and expanding eligibility for registration to include individuals who live in Bermuda, and allow for the use of .bm to no longer be restricted to commercial use. Also, market the .bm as the domain name of choice for entrepreneurs and international businesses in Bermuda. A successful marketing drive will serve not only to ensure that Government's plan of business development will be fulfilled, but more importantly to promote .bm as a national resource that can contribute to Government revenue. I am pleased to advise that already on our Register are over 9,300 .bm domain names.

Madam Chairman, another initiative on the IP Section's agenda is that of legislative review of the Trademarks Act 1974. This Act was first enacted in 1938 and has not had any significant amendments since 1993 when the Act was updated. It is in keeping with the objective of the IP Section to bring the intellectual property laws in line with international trends and treaties, thus creating a proper environment for the protection of the intellectual property assets of residents and businesses both locally and internationally.

Such a review will bring Bermuda's Trademark Act and regulations in compliance with: the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) which is an international agreement administered by the World Trade Organisation that sets minimum standards for different forms of intellectual property regulations; the Paris Convention for the protection of industrial property, which includes trade and service marks, in respect to the principles of national treatment, right of priority and common rules; and the Madrid Protocol for the international filing and registration of trademarks via a single application administered by the World Intellectual Property Organization (WIPO).

Most nations, whether party to the TRIPS Agreement or not, have complied with the requirements, and therefore the Bermuda IP Section is committed to keep abreast with its international counterparts and has deemed this review urgent at this time. Also, alignment with the requirements of the Madrid Protocol for international filing is necessary to bring Bermuda trademark practice in common parlance to the international standard, and would further strengthen the Registry General's strides for excellence in the intellectual registration.

The introduction of the Madrid Protocol in Bermuda would mean an increase of trademark filings and a potential increase in revenue for the Registry General. Research has shown that an effective Trademark registration and protection system in any country encourages trade and investment.

Madam Chairman, another initiative of the IP Section is the legislative review of the Patents and Designs Act 1930. This Act is an old piece of legislation modelled significantly after the UK Patents and Designs Act 1907, a consolidation act, which itself has been repealed by two separate legislations, the UK Registered Designs Act 1949 and the Patents Act 2004. This means that the current Bermuda case law is outdated and does not reflect modern practice and procedure internationally. For example, a major issue with the Bermuda Patents and Designs Act 1930 is that it does not have the relevant criteria for what constitutes a patent or what is able to be patented; for example, an invention must be new (novel), have an inventive step that is not obvious to someone with knowledge in the subject, and must be capable of industrial application (being made or used in some kind of industry).

The main objective of the IP Section is to ensure that the Bermuda patent and design legislations are brought in line with international treaties and best practices of a global standard for patent and design protection, for residents and businesses both locally and internationally.

A review will afford the IP Section the opportunity to bring Bermuda's Patents and Designs Act and rules in compliance with international treaties, such as the Patent Cooperation Treaty (PCT) for patents, and the Hague Agreement for industrial designs, which have potential revenue benefits for the Registry General. Both the PCT and Hague Agreement provides for the international filing and registrations via a single application which is administered by WIPO. If Bermuda's patents and designs legislation is aligned with the requirements of the PCT or Hague Agreement, the potential benefit would be an increase of application filings and revenue to the Registry General.

Madam Chairman, I will now give the budget overview for Head 29, Registry General, which can be found on page B-310 of the Budget Book

The Registry General has been allocated a total of \$1,840,000. This represents a net decrease of \$126,000, or 6 per cent from the amount allocated for the financial year 2014/15, which was \$1,966,000.

The decrease consists of a 2 per cent, or \$20,000 increase in the Administration Section; a 6 per cent or \$33,000 decrease for the Intellectual Property Registration Section; a 34 per cent or a \$57,000 decrease in the Property, Professional and Organisation Registration Section; and a 13 per cent, or \$56,000 decrease in the Birth, Marriages and Deaths Section.

Cost centre 39000, Administration, variance for 2014/15 versus 2015/16. The original estimate for 2014/15 was \$802,000. The estimate for 2015/16 is \$822,000 which represents a \$20,000 increase or 2 per cent. The number of employees in this cost centre is unchanged at eight.

Madam Chairman, the increase is as a result of the 4.6 per cent increase in salaries of \$34,000 as a result of [ending] the furlough days. There is a savings of \$16,000, or 2.4 per cent which comes from reductions in training expenses, software maintenance, office supplies, travel expenses, telephone expenses, and no funding to hire temporary staff if someone is out for extended periods of time.

Madam Chairman, I will now review cost centre 39010, Intellectual Property, variance 2014/15 versus 2015/16.

The original estimate for 2014/15 was \$574,000. The estimate for 2015/16 is \$541,000 which represents a \$33,000 decrease, or 6 per cent. The number of employees in this section remains unchanged at six.

Madam Chairman, the decrease of \$33,000 is provided for by:

- a \$16,000 increase from furlough days and a \$15,000 increase in salaries that was not budgeted for in the last fiscal period;
- a reduction of \$14,000 to funds allocated for the Copyright Tribunal;
- a reduction of \$10,000 to funds allocated for Opposition Hearings;
- office supplies were reduced by \$5,000;
- airfare reduced by \$6,000;
- subsistence by \$3,000;
- software maintenance reduced by \$10,000;
- a reduction of \$13,000 to provide the examiner with training overseas; and
- books and periodicals were reduced by \$2,500.

I will now give the results for cost centre 39020, Property, Professional and Organisational Registration, variance 2014/15 versus 2015/16.

The original estimate for 2014/15 was \$167,000. The estimate for 2015/16 is \$110,000 which represents a \$57,000 decrease, or 34 per cent.

Employees in the year 2014/15 were at three; employees in 2015/16 will be two, a decrease by one.

The variance represents a \$57,000, or 34 per cent decrease when compared to the 2014/15 budget year. The cost savings will be realised as a result of not replacing a member of staff who retired in 2014.

I will now review cost centre 39000, Births, Marriages and Death Registrations, variance 2014/15 versus 2015/16. The original estimate for 2014/15 was \$423,000. The estimate for 2015/16 is \$367,000, which was a \$56,000 decrease, or 13 per cent. Employees for the 2014/15 year were five; in 2015/16 there will be four employees, a decrease of one.

Madam Chairman, the variance represents a decrease of \$56,000, or 13 per cent less than the 2014/15 budget year. The cost savings will be realised as a result of not replacing a member of staff who retired in 2015.

Madam Chairman, \$55,000, as found on page C-15 of the Budget Book, has been allocated under Capital Acquisitions for the upgrading of the country code top-level domain name (.bm) registration system. As previously mentioned, the current system is old and fragile with limited search capability. An upgrade will introduce a more robust and user-friendly domain name registration system.

Madam Chairman, on the revenue side, referring to page B-312, the Registry General expects to realise \$2,491,000 in revenue during 2015/16. This amount is distributed as follows:

- From the registration and renewal of Trademarks, Patents and Designs, and Domain Name Registration Fees—\$1,586,000. This is an increase of \$524,000 over the 2014/15 amount of \$1,062,000. It is anticipated that with the new domain name system and the ability to charge registration fees that this increase will be realised.
- From Property Registration, Land Transfer Registration and Charity Registration fees—\$253,000. With the coming into effect of the Charities Act 2014 and ancillary regulations, it is anticipated that an increase of \$69,000 will be realised from the payment of the annual charity fee.
- From Birth, Death and Marriage Fees—\$652,000. It is anticipated that there will be a decrease in revenue of \$50,000 for birth certificates in 2015/16.

Madam Chairman, the budget estimates of \$1,840,000 allocated to the Registry General, will allow the Registry to provide the core services mandated by the law. The allocation of \$822,000 to the Administration, cost centre 39000, as found on page B-310, will ensure that the proper resources are made available to facilitate the efficient and timely registration of all intellectual property, and vital and general events occurring in Bermuda during this fiscal period.

The \$541,000 allocated to the Intellectual Property cost centre will allow that section to register or renew the registration of domain names, trademarks, patents and designs in the upcoming budget year. The department will continue to meet its output measures as it registers documents relating to land and other property transactions with the \$110,000 allocated to the Property, Professional and Organisation cost centre. The \$367,000 allocated to the Birth, Death and Marriage cost centre will ensure that all of these vital events occurring in Bermuda will be registered.

Madam Chairman, as with all the departments within the Ministry of Home Affairs, I would like to express my gratitude to the team of the Registry General Department, led by Mr. Aubrey Pennyman, as they continue to take a proactive approach to ensure Bermuda remains current with our global partners.

Thank you, Madam Chairman.

The Chairman: Thank you, Junior Minister.

The Chair now recognises the Shadow Minister of Home Affairs, Mr. Walton Brown JP MP, Pembroke Central, [constituency] 17.

You may proceed.

Mr. Walton Brown: Thank you, Madam Chairman, and good afternoon.

Madam Chairman, two words come to my mind right away—juvenile and tedious.

Madam Chairman, I have, what, 25 or 15 minutes left? What is it? How many minutes do I have left?

The Chairman: You have about 20 minutes.

Mr. Walton Brown: Twenty minutes left. So we had four hours allocated to discuss an issue of fundamental importance to the country. The Government decides that they will take up three hours and 40 minutes—showing contempt for the people, because we are not going to have a debate. We cannot have a debate with 20 minutes left. So, what I will have to do, obviously, is take a range of my issues that I intended to raise directly to the people by way of other media.

So Madam Chairman, we are not going to have a debate, but let me throw out a few questions which the Minister should be able to provide answers for. What exactly is the mission statement of the Ministry of Home Affairs? I heard the Junior Minister say one thing, I read something different in the Budget Book, and then I read something completely different in the Work Permit Policy document that is effective March 1st. So I am not sure what the mission statement is.

Is it to promote interests of Bermudians and opportunities? Or is it to improve the economy as it said in the Work Permit Policy document? I am not sure what that objective is. Improving the economy, I

thought, was the mission of Economic Development and Finance. So I do have a level of confusion about that.

Referring to [cost centre] 37030, Madam Chairman, I have a series of questions under Compliance. Can the Minister answer whether or not he is prepared to reconsider some of the penalties that are imposed? Right now the struggling company that has tax arrears is not able to get a work permit unless they have certain things worked out. So there is no opportunity for a work permit, yet the company that wilfully violates work permit policy can get a fine and continue to do business. Would the Minister consider imposing a work permit restriction on those companies that look at the \$5,000 or \$10,000 fine as just the cost of doing business, and they will continue to do as they please?

Has the Ministry changed its position on work permit holders who are told to leave the Island because they have committed a criminal offence? I asked the Minister a question about that some time ago and I did not get an answer. But there is at least one employee—I have a case study—who admitted to stealing from an employer who is now back working in Bermuda. What is the policy in that respect?

Will the Minister give real consideration to the systemic . . . well, let me retract that, the apparent systemic abuse of domestic workers in this country? They are silent, they are fearful, they work on their own, yet there are many anecdotal reports and, yes, anecdotes do not make up a general position, but at least it should give cause for investigation. And so, under Compliance, will the Minister undertake to look at that?

Right now you have a situation where, under Work Permit Policy, domestic workers can be paid as little as \$2,000 a month because it says that . . . and that is if you are generous by saying they work 50 hours a week . . . because at \$10.00 an hour . . . and then there is this requirement that \$700.00 be taken out for rent and room and board. That issue needs to be looked at. And if the Minister wants more examples of the systemic abuse of domestic workers, I am happy to provide it. But I want an undertaking from the Minister that this will be looked at.

We have a Compliance section (I believe the Member said about 12 or so members are working in Compliance), that needs to be looked at.

Does the Minister have a policy on those contrived employment ads, the ads which are written in such a way that Bermudians are unlikely to apply for it? For example, there was a recent ad calling for an excessive set of activities, one of which was to be able to work a night shift. I am reliably informed that this particular company has the person who is doing the work, working straight shift from 10:00 to 6:00 and has been doing so for the last two years. But the employment ad looking for a manager is calling for that person to do night shift . . . shift work.

Is there a penalty that the Minister will consider for those who wilfully violate the intent of the legislation, which is to give fair opportunities to Bermudians?

Again, there is anecdotal information which suggests there is abuse of the three-month work permit issue. We changed the law to allow people to live here, to stay for up to 90 days. There is a lot of information which suggests that there are people who are coming in to work for 90 days, working illegally, going back out for a short period of time and then coming back to the Island. I have received that information from construction workers, as well as landscapers.

Now, it is easy for Immigration to assess whether there is any merit to this because all you need to do is look at those who come (through your data base analysis) for three months, leave for a period of time and then come right back. So you do not need to guess whether it happens or not. If you see a pattern of this taking place you will be able to identify the nature and extent of it. So I would like to know if the Minister and the Ministry would give an undertaking to address this.

Madam Chairman, [cost centre] 37050, Policy and Planning, there is no money allocated. I understand the explanation in the Junior Minister's prolonged presentation. I understand the explanation of why that is the case. So policy is being developed elsewhere. We have this brand-new Immigration Work Permit Policy, and I am going to speak to some of that, but under [cost centre] 37050, because that is where I understand the policies have emanated from.

We know now that the argument about term limits was a bogus argument. We have gotten rid of term limits and it has not led to the resurgence of people coming into the Island. So we know there is no strong connection between term limits and people leaving the Island, despite the assertions—and vociferous assertions—of a number of people.

Now, the [Incentives for] Job Makers Act is a fundamentally problematic piece of legislation. It was ill-conceived and implemented in its first rendition. The second rendition is even worse. It is bad for any fair assessment of new immigration policy because it is racist and sexist and has a class bias. I remember . . . and why do I say that, Junior Minister? Because the only people who can benefit on a PRC application under the [Incentives for] Job Makers Act are the senior executives in international business, and the overseas . . . those who are on a work permit have a particular demographic . . . they tend not to be female, they tend not to be of colour, and they tend to be wealthy. So it has a bias.

So if this is the only vehicle for people to achieve PRC status it has a fundamentally biased structure. I want to know if the Minister will give an undertaking—

POINT OF ORDER

Mrs. Suzann Roberts-Holshouser: Member, thank you, point of order.

Having a bias, perhaps, or an opinion that something is biased does mean that it is a sexist policy.

Thank you.

The Chairman: Please proceed.

Mr. Walton Brown: Thank you, Madam Chairman.

For the edification of the Member, there are well-established definitions of such terminology. One of which, which is relevant in this case, is if a policy or an action has the effect of treating people differently based on race, age, gender, or sexual orientation. In this example it is unmistakably the fact that people are treated differently based on age, race, sex, and gender.

Now, Madam Chairman, I remember listening to Members on the other side who dismissed these concerns when they were expressed as new policy one or two years ago. And these two Members in particular said they did not care where these people came from, as long as they come here. That is intriguing, you know, Madam Chairman, because those two individuals . . . their fathers came to this country (one from Trinidad, one from Guyana) at a time when the Government did not want people from the West Indies to come because they were seen to be the trouble-makers.

So it is somewhat surprising that those two Members saw no issue with it. Of course, their fathers each in their own way went on to make significant contributions to Bermuda—one as the leader of the Bermuda Works Association, the other as Bermuda's first Premier. So we had a policy developed that had race at its core, and you cannot go forward blindly without considering that. So I want to know if the Minister will at least give some consideration to some amendments to take out that clear bias in the legislation.

The Junior Minister talked about PRC and the pathway to status. It is very clear that nationalisation of PRC holders under section [20B] of the Immigration and Protection Act 1956 was a decision made by the Governor. The Governor decided that in his mind and in the UK's mind these people were qualified to be naturalised and, therefore, would be entitled to be "be-longers" and acquire status. The Government accepted that that was sufficient to allow for the granting Bermuda status to up to 1,400 people.

We now hear the Government saying they want to consider pathways to status for the children who are born here. So when the Junior Minister said the number of children of PRCs who get status is negligible, that is contradicted by the earlier position that those who are born here will be entitled . . . or look at

a pathway to . . . I see the Minister shaking his head. But sometimes we have to clarify things in our conversation, and we may well clarify that.

But the point I am making, Madam Chairman, is that, again, it represents a piecemeal approach. This side of the House has proposed a joint select committee . . . I know I cannot talk about it. Right?

An Hon. Member: You just mentioned it.

Mr. Walton Brown: So I am just going to mention it then. We proposed a joint select committee to address that. And I am hoping the Government will support it.

Madam Chairman, there are some innovative changes in the new work permit policy that I am going to commend the Government for. The short-term work permit changes, the global work permits, the global entrepreneur work permit, the emergency work permit—we have no issues in terms of accepting those reforms.

I have an issue with the new business work permit. I think it is far too generous. It lends itself to abuse because the number does not really have a firm fix on it, and it is for an extended period of time. But I think that it is a move in the right direction to try to provide for the flexibility that companies need to be able to grow.

It is interesting that the Government has decided to expand the nature of—the definition of—"sponsored dependants". Unless it was slipped in . . . it had to be deliberate because every word is deliberate. I am happy to see the Minister give clarification that the children of work permit holders will not be allowed to seek employment. The Minister and the Junior Minister will recognise that there was ambiguity in the wording and that that ambiguity led to an interpretation that it was possible. So I am happy to see the Minister nodding his head. I am happy to see it being made unequivocally clear what the position is.

Now, the Government should also be commended for creating an opportunity for gay unmarried couples to be able to reside and seek permission to work. I am not sure . . . was that the clear intent of the policy? Because if it is, I will commend you. Some people may be upset by that, but it is clear the intent, when you say this definition of "partner," if you have a partner—

[Inaudible interjection]

Mr. Walton Brown: Unbiased? There is no bias, exactly.

So what you are allowing for unmarried couples of the same sex to be able to apply for and seek permission to work for their partner, which is good. And, you know, you should not tuck it away in this innocuous document called "sponsor dependants," you should celebrate it. You should be proud of the pro-

gressive stance that the Government is taking. Do not try and sneak it in and think nobody notices it. You know, I will pat you on the back for it.

An Hon. Member: The board know it.

Mr. Walton Brown: The board knows it.

But in the interest of openness and transparency it is important to put it on the table so that prospective work permit holders coming to Bermuda recognise that and seek the opportunity.

An Hon. Member: And to allay suspicion.

Mr. Walton Brown: And to allay suspicion.

Land acquisition, [line item] 8291, page B-305. This relates to those who purchase land, those who are not Bermudian, and it is tied into the whole issue of fronting. That was a highly contested issue for a number of years. We did not know how many non-Bermudians actually owned property in Bermuda or were the beneficial owners.

I heard the Junior Minister give a figure the other day in the absence of a full count . . . I am not sure if that figure is accurate. There are many suspicions that the 40 per cent threshold of foreign ownership of property in Bermuda has long since been surpassed, and the previous Government was attempting to try to find a way to properly codify and get that number.

We do not know what it is yet. If you are definitive on that 2,000 acre figure, I would like to know how it was derived. I would like to be assured. And if it is, then that is a good thing because that means we have not gone past the . . . 40 per cent that was enshrined in law in 1976 legislation.

But the issue of fronting remains. Can the Minister confirm that there was a brief prepared in his Ministry on the issue of fronting? That there were files prepared for prosecution? And that that file was completed just prior to the 2012 General Election? And if that is the case, what is the status of those files? Does the Government intend to prosecute those who were allegedly involved in fronting—the lawyers, the owners on paper, and the beneficial owners?

This also is connected to the issue of status applications and grants, because if any of the people who are involved in fronting, who have since applied for and received status, that clearly would be an issue of character and it would have a material impact on the status and validity of their Bermuda status grant and/or application. So I want to know from the Government, and the Minister in particular, do you have knowledge of this file?

I just want to know if you have knowledge of the file. If you do not have knowledge of the file, I can put you in contact with the person who prepared the file. Are you prepared to examine that file and to take

appropriate action? That is the question that I would have for the Government.

I do not have much time left—

The Chairman: You have five minutes, if you want to yield to get response.

Mr. Walton Brown: I will yield. Let me just get this one little thing off my back. I do not understand why it is easier for me to land in Gatwick [Airport] and go through the airport than it is to land at L. F. Wade Airport and get processed. I understand that the immigration and customs perform some dual duties. I understand that, but this is the only country in the world that I should be able to land, they should be able to look at my passport and say, *Go ahead*. That happens to me when I arrive at Gatwick, Schiphol, Charles de Gaulle, so why can it not happen in my own country?

I will yield now, Madam Chairman, and hopefully I can get some answers to the questions.

The Chairman: Thank you.

The Chair recognises the Junior Minister of Home Affairs.

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

The Honourable Member has raised, I would say some interesting, and also I think they are decent, questions. They are good questions. And I am sure the Minister and I will sit down and go over the questions, where it is necessary, and collaborate with the Honourable Member. I think he is a reasonable person and he is certainly somebody on that side that I can work with.

POINT OF ORDER

Mr. Walton Brown: Point of order, Madam Chairman.

The Chairman: Yes, your point of order?

Mr. Walton Brown: He *thinks* I am a reasonable person?

[Laughter]

Mr. Sylvan D. Richards, Jr.: That is the best you are going to get from me today, Honourable Member.

But he started off asking, what is the mission of the Department [*sic*] of Home Affairs—

[Inaudible interjection]

Mr. Sylvan D. Richards, Jr.: Yes, the Ministry of Home Affairs.

You know, what I can say is that it is a balancing act, and it always has been. As a small Island nation, we are dependent on the outside world for almost

everything from industry to the people that fuel that industry. So it is nothing new. But it has always been a challenge for every Government, including this Government.

I say that to say that some of the issues that you have raised today are now our issues and, as you are well aware, were also issues of the prior Government. A number of the situations that you outlined, and rightfully so, are carryovers from the previous administration. And that is not to cast aspersions; it is just a fact.

So the Ministry is charged with walking that fine line of encouraging investment in Bermuda. And I see Immigration as the gatekeeper of that because if we do not have our immigration policy right, the economy can be hampered. If we get it right, then it just facilitates the ability of our economy to grow and prosper, which benefits all Bermudians. So when you asked what the mission of the Ministry of Home Affairs is, I do not see the confusion, because it is varied. But at the heart of it we must protect Bermudian jobs, we have to create opportunities for Bermudians, because if we do not then all bets are off. So—

The Chairman: One minute.

Mr. Sylvan D. Richards, Jr.: That is my answer to that one.

I am obviously not going to be able to provide responses to everything that was asked, but I do have some . . . anyway, the term limits. I thought that was an interesting observation that you made about term limits and I will quickly speak to that.

I believe you made a statement that term limits were . . . I do not know exactly what you said, but it was not the . . . I am sorry, I have to paraphrase, but you did not feel that term limits had a material impact on jobs leaving the country. And I believe that term limits were having a detrimental impact on jobs in Bermuda. But at the same time—

The Chairman: Time.

Mr. Sylvan D. Richards, Jr.: —by doing away with term limits it slowed down the pace of jobs leaving Bermuda.

The Chairman: Okay, your time is up. Sorry.

Shadow Minister—I mean, sorry, Junior Minister?

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

I move that Heads 93, 27 and 29 now be approved.

The Chairman: It has been moved that Heads . . . that the Heads be approved.

Are there any objections to that motion?

No objections.

Agreed to.

[Gavel]

[Motion carried: The Ministry of Home Affairs, Heads 93, 27 and 29 were approved and stand part of the Estimates of Revenue and Expenditure for the year 2015/16.]

The Chairman: Okay. We continue.

I call on the Minister in charge to proceed, Minister of Legal Affairs.

MINISTRY OF LEGAL AFFAIRS

Hon. Trevor G. Moniz: Thank you, Madam Chairman.

This is the Ministry of Legal Affairs. I am moving Head 87—Ministry of Legal Affairs Headquarters; Head 3—Judicial Department; Head 4—Attorney General's Chambers; Head 74—Department of Court Services; and Head 75—Department of Public Prosecutions.

HEAD 87—MINISTRY OF LEGAL AFFAIRS HEAD-QUARTERS

Hon. Trevor G. Moniz: The Ministry of Legal Affairs, under the direction of the Minister of Legal Affairs and Attorney General, is charged with the responsibility for upholding the Constitution and legal system of Bermuda. The Ministry's mission is simply "To provide and promote fair administration of and access to justice."

The departments that come under the umbrella of the Ministry are Legal Affairs Headquarters, the Judiciary, the Attorney General's Chambers, the Department of Court Services, and the Department of Public Prosecutions.

The Ministry of Legal Affairs, as with many other government ministries, was tasked with reducing its expenditures by approximately 5 per cent from its 2014/15 budgetary allocation. With this new budgetary reality in mind, the Ministry critically analysed its expenditures and sought to preserve the efficient delivery of services.

The original estimate for 2014/15 was \$5,725,000. The estimate for 2015/16 is \$5,119,000 which is a decrease of \$606,000, or 11 per cent.

The Current Account Expenditure Estimates for Head 87, the Headquarters, begins on page B-60 of the Estimates of Revenue and Expenditure. A total of \$5,119,000 has been allocated to Ministry Headquarters. That is the 11 per cent decrease, I mentioned. The decrease is mainly due to a targeted reduction in spending on external legal counsel in the Legal Aid Office due to budget constraints.

Of the \$5,119,000 allocated to Ministry Headquarters, \$1,462,000, or 29 per cent represents the

allocation for Salaries. This includes salaries for Ministry Headquarters, the Legal Aid Office, and the Office of the National Anti-Money Laundering Committee, and is detailed as follows:

- Ministry Headquarters—\$570,000;
- Legal Aid Office—\$454,000;
- Office of NAMLC—\$438,000.

Madam Chairman, \$1,807,000, or 35 per cent of Ministry Headquarters' budget is allocated to Professional Services, largely consisting of the budget allocation for external legal counsel retained by the Legal Aid Office of \$1,400,000. Also included in the Professional Services allocation is a budget of \$300,000 for the Justice Protection Programme. This programme continues to produce excellent dividends for the Bermuda Government and the country as a whole by aiding in the successful prosecution and conviction of criminals.

Madam Chairman, the Ministry of Legal Affairs Headquarters is divided functionally into five programmes:

- Administration—[cost centre] 97000;
- Financial Intelligence Agency—[cost centre] 97010;
- Legal Aid—[cost centre] 97030;
- NAMLC—[cost centre] 97040;
- Justice Protection—[cost centre] 97070.

For Administration, [cost centre] 97000, the original estimate for 2014/15 was \$1,015,000. The estimate for 2015/16 is \$693,000, a decrease of \$322,000, or 32 per cent from the 2014/15 estimates.

Factored into this decrease is the withdrawal of funds used in the past to support the training of pupils in their preparation for a call to the Bar. This programme in Headquarters is no longer sustainable. In addition, funds used for one post were transferred to the Attorney General Chambers to fund a Senior Parliamentary Counsel position which is necessary if we are to continue meeting the demands of drafting legislation in a timely manner. We also terminated a consultant contract with no plan for renewal. Collectively, the total movement aforementioned has decreased the budget by \$313,000.

Included in the Administration cost are Salaries and related costs for Ministry Headquarters. Administrative support for the Minister and Permanent Secretary is provided by one Executive Assistant and one Administrative Assistant. Policy formulation for Ministry legislative initiatives and project management is provided by a Policy Analyst and an Assistant. Fiscal and financial control is provided by a Ministry Comptroller.

The Legal Aid Office, [cost centre] 97030. Madam Chairman, the Legal Aid Office fulfils the Government's constitutional mandate to provide legal advice and representation to those who can least afford it.

The Legal Aid Programme, which is administered by the Legal Aid Committee under the authority of the Legal Aid Act 1980, is supported in 2015/16 by an allocation of \$2,039,000, which is a 23 per cent, or a \$594,000 decrease from the 2014/15 allocation. The decrease in the cash limit from 2014/15 is mainly due to a \$600,000 reduction in the funds allocated to legal services.

Of the 2015/16 budget allocated to legal aid, \$454,000 (or 22 per cent) represents salaries for administrative and management staff; \$1,400,000 (or 69 per cent) is the cost allocated for legal services; the remaining \$185,000 (or 9 per cent) represents administrative expenses other than salaries for the Legal Aid Office. Due to budgetary constraints, reduced funds were allocated to legal services for 2015/16. It is our plan to curtail expenses for legal services through revisions in legislation.

Madam Chairman, the Legal Aid Office has focused primarily on increased operational and administrative efficiency and the reduction of expenditure, where possible, given the limitations in budget and small staff size coupled with a high demand for services.

Historically, the largest area of expenditure within the legal aid budget has been legal fees. Budgetary allocations over the past five years have been insufficient to meet the demand for legal services. The Legal Aid Office has made efforts to reduce costs through the following continuing initiatives:

1. Containment of legal fees through requirement for brief fees for all criminal trials in Magistrates' Court and Supreme Court, and for appeals to the Court of Appeal and Privy Council for serious offences such as murder and drug offences.
2. Strict adherence to the act with respect to eligibility criteria on the basis of type of matter and household income.
3. Scanning and e-mailing all correspondence sent out to counsel in private practice who are involved in the legal aid scheme thereby reducing time spent by administrative staff faxing and preparing correspondence for mailing.
4. Close monitoring of costs of current certificates by preparing and submitting with each tax bill a total of previous payments which triggers correspondence to counsel requesting an estimate of time required to conclude the matter where payments are high or the matter has continued over more than one fiscal period.
5. Regular income review of certificate holders with ongoing matters to ensure that their income still falls within the statutory limit. Reassessment of certificate holders which reveals that their income no longer falls within the statutory limit results in immediate discharge of their legal aid certificates.

6. General law reform to the justice system aimed at reducing the demand for legal services and speeding the legal administration and the cost to the system.

New Cost Savings Initiatives. The Ministry will consider further legislative amendments to enhance cost savings such as:

- establishing brief fees for all legal aid matters including domestic, matrimonial and civil matters;
- increasing the legal aid committee's power of assignment of counsel for legal aid matters to maximise use of in-house counsel.

Legal Services. Madam Chairman, as at 31 March 2014, the Legal Aid Office managed 138 domestic and matrimonial matters, 146 civil matters, and 375 criminal matters, a combined total of 659 matters. [There was] \$25,150 recovered in the form of client reimbursements and has been applied to the consolidated fund.

As at 31 January 2015, the Legal Aid Office managed 64 domestic and matrimonial matters, 68 civil matters, and 167 criminal matters, for a combined total of 299 matters, which is at this point in the year slightly less than half of last year. [There was] \$12,900 recovered in the form of reimbursements and contributions and has been applied to the consolidated fund.

Output Measures. Madam Chairman, the Legal Aid Office retains the ability to process applications for legal aid certificates within seven days. However, achieving this objective is dependent on whether applicants have submitted the required information in a timely manner.

The average cost of each legal aid matter increased from \$4,407.49 in 2012/13 to \$8,063.99 in 2013/14. This is a reflection of the increase in multiple defendant matters, particularly in respect of serious offences such as murder and importation of drugs.

The Legal Aid Office continues to process applications for temporary certificates which are commonly known as emergency certificates within 24 hours once all relevant financial information is submitted at the time of application.

Capital Expenditure. Madam Chairman, the capital expenditure for Head 87 relating to the legal aid cost centre has decreased from \$50,000 in 2014/15 to nil (zero) in 2015/16.

Staff. The Legal Aid Office has its full complement of staff. The staff establishment consists of five permanent posts, which consist of: two legal counsel, one office manager, one accounting assistant and one administrative assistant.

Training and Development. The Legal Aid Office looks to the development of its administrative and professional staff. Therefore, much attention has been placed and will continue to be placed on training given

the small size of the office and the need for cross-training. Training opportunities enable staff to improve their skill set which in turn assists them in the effective discharge of their duties as public servants. This office utilises fully the training opportunities provided by the department of human resources and other departments where applicable and has therefore curtailed expenditure in this area.

The diversity of legal work in the Legal Aid Office makes it an attractive option for pupils and law students to become highly competent and well-rounded advocates. The Legal Aid Office had two pupils: Jaleesa Simons over the period June to September 2014; and Crystal Payne for the month of October 2014.

It is anticipated that another pupil, Kevin Simpson, will be joining the office for the period March to May 2015.

Other Initiatives. Accommodation: A recent priority for this office was to secure suitable accommodation which will address staff security, client confidentiality, need for proximity to the courts and additional space requirements. This issue has been raised as a staff concern over the last five years. The office's security needs have become more pressing over the past year since three incidents have had to be reported to the police, the last of which resulted in a client being placed before the courts and found guilty of threatening behaviour towards staff in September 2014.

The Legal Aid Office has located office space which meets all its operational requirements and moved into its new location: 120 Victoria Street, Hamilton on 27 February 2015.

Case Management System: The Legal Aid Office is making use of technology to increase its productivity and efficiency and as a cost-saving measure, without need for additional staff. We are currently in the process of implementing a case management, document management, and workflow application to support the increasing demand for legal aid services and to reduce reliance on the current time-consuming manual processes that are presently in effect.

Installation of the relevant software is currently underway, and training for staff on the new system will take place at the end of February and in mid-March 2015.

Next is the Office of the National Anti-Money Laundering Committee (NAMLC), [cost centre] 97040. Madam Chairman, the purpose of NAMLC is to ensure that Bermuda has a strong, effective regime to combat money laundering and the financing of terrorism and proliferation, while collaborating with international entities to help address these issues on a global scale. NAMLC's budget for the fiscal year 2015/16 is \$587,000, an increase of \$13,000 from the 2014/15 allocation. This increase is mainly attributable to salary adjustments with there being no furlough.

During the financial year 2014/15, an important initiative undertaken by the Office of NAMLC was to ensure that Bermuda was formally recognised as having done the necessary work to satisfactorily address the recommendations made by the IMF assessors in the 2007 review of Bermuda's Anti-Money Laundering/Anti-Terrorist Financing regime (the AML/ATF regime), and thus could be deemed as having achieved a high level of compliance with the global standards in force at the time the review was done in 2007.

Therefore, the Office of NAMLC worked with the agencies that play a key role in the fight against money laundering and terrorist financing, to prepare Bermuda's application to the Caribbean Financial Action Task Force (CFATF) seeking removal from regular follow-up, which is the monitoring process imposed by CFATF following such reviews. The application contained detailed information on the enhancements made to Bermuda's legislative and operational framework between 2007 and 2014, as well as relevant statistics to support the submission.

As a result of the significant work done to address the gaps that previously existed in our framework and the comprehensive report provided by the Bermuda team, Bermuda was removed from regular follow-up by CFATF and commended on the strength and level of compliance of its framework with the 2004 international standards. This was a significant achievement, which was important to maintain Bermuda's reputation as a quality international financial centre.

For the remainder of the financial year, the key focus for the Office of NAMLC has been working with the NAMLC agencies and other relevant parties to ensure that Bermuda's framework achieves a high level of compliance with the international standards that were updated in 2012, and is well placed for success in its next review which is expected in 2016. In particular, the office has worked closely with the NAMLC Legislative Working Group to analyse and address the legislative gaps in the framework. A consultation paper was prepared and circulated to industry on proposed legislative changes. The office has since submitted drafting instructions to Parliamentary Counsel in relation to the proposals, taking into account the feedback received from industry. In addition, the office continued to work with Government House and UK authorities, in relation to international sanctions, to ensure that Bermuda is in compliance with the international obligations in this regard. In addition, during this period the office carried out a detailed review of the UN Convention against Corruption (UNCAC) vis-à-vis the legislative framework in Bermuda, to determine what action is required to be taken in order to have this Convention extended to Bermuda, as this is now a requirement in the updated international standards.

As part of Bermuda's preparations for the next review of its AML/ATF regime, a permanent leader for the Office of NAMLC has now joined the team. Ms. Paula Tyndale has significant experience and expertise in the AML/ATF area and, as National Coordinator, is expected to play a key role in the coordination of Bermuda's AML/ATF activities. We must thank Ms. Cindy Clarke who did an excellent job as Acting National Coordinator for six months during the 2014/15 financial year.

Madam Chairman, Bermuda has now embarked on its work to prepare for the next review of our AML/ATF regime which is expected to be carried out by the IMF in late 2016. This review will include an in-depth assessment of the effectiveness of our regime, to include an evaluation of the extent to which Bermuda's legal and institutional framework is successfully combating money laundering and terrorist financing within its borders, and cooperating with international counterparts in the global fight. The Office of NAMLC will play an integral role in coordinating and providing relevant assistance for Bermuda's efforts to develop its framework in the required manner. This will ensure that we will be successful in this upcoming review, given its importance to maintaining Bermuda's position as a well-regarded international financial centre. Key initiatives that the Office of NAMLC team will be working on in financial year 2015/16 to prepare Bermuda for the IMF's 2016 review, are as follows:

1. Finalising and implementing a Strategic Plan for Bermuda's AML/ATF regime based on the 2013 National Risk Assessment;
2. Progressing and completing the final legislative amendments required to align the legislative framework with the requirements of the 2012 updated international standards on AML/ATF;
3. Coordinating and organising an update to the 2013 National Risk Assessment, for all NAMLC agencies and others involved in the AML/ATF regime to get a more current picture of progress made since 2013;
4. Coordinating training for personnel in NAMLC Agencies to assist in their preparations for the IMF review in 2016;
5. Working with competent authorities to finalise the bringing into the scope of the AML/ATF regime operators in certain sectors such as real estate dealers, corporate service providers, as well as jewellers and dealers in high value goods; and
6. Coordinating across government to update and modernise our anti-corruption and bribery legislation.

In this regard, not only will the office work closely with the relevant government ministries and agencies, but it will also continue to liaise with the private sector to assist them in understanding and effec-

tively implementing the requirements imposed on them.

The Justice Protection Programme, [cost centre] 97070, has been allocated a budget of \$300,000 for fiscal year 2015/16, representing a decrease of \$3,000. This programme is operated pursuant to the Justice Protection Act 2010 and provides protection for prosecution witnesses who meet the legislative requirements for entry into the programme. The success of this legislative initiative is apparent from the increase in successful prosecutions; particularly those that are gang-related and involve violent offenders. It is in relation to these categories of offences that witness intimidation is most apparent.

Madam Chairman, the budget allocation for Grants for fiscal 2015/16 is found at page C-16 of the Estimates of Revenue and Expenditure. For fiscal 2015/16, grants will be provided to the Financial Intelligence Agency and for the Government's annual membership fee for the Caribbean Financial Action Task Force.

In continuance of the Government's efforts to combat money laundering and terrorist financing, the FIA was established under the Financial Intelligence Agency Act 2007. The FIA is the independent agency authorised to receive, gather, store, analyse and disseminate information relating to suspected proceeds of crime and potential financing of terrorism. This information is received in the form of a suspicious activity report (SAR). The FIA is empowered to disseminate such information to the Bermuda Police Service and Foreign Intelligence Authorities.

The FIA has been allocated \$1.5 million for fiscal 2015/16, an amount which has increased by \$300,000 from 2014/15. In order for the agency to meet its financial obligations during the upcoming fiscal year, additional funding was needed. The statutory mandate of the FIA must meet international regulatory standards for the financial sector with the necessary resources in place. The FIA, as required by law, reports its quarterly expenditure and provides an annual audited report to the Minister of Legal Affairs.

Also included in grants is the Government's Annual Membership in the CFATF which is allocated from the Office of National Anti-Money Laundering Committee. As in past years, the contribution will be \$35,000.

Capital Expenditure Estimates. Madam Chairman, the budget allocation for Capital Expenditure is found at page C-9 of the Estimates of Revenue and Expenditure. The Ministry has been allocated a total of \$394,000 for fiscal 2015/16. Just over 84 per cent of this allocation, or \$329,000, is intended to be used towards Video Conferencing, JEMS [Judicial Enforcement Management System] Framework, and Court Smart Reporting. These capital improvements should lead to a decrease in future current expenditure as they are used by Government to more efficiently process matters through our justice system.

The remaining \$70,000 will be used towards the purchase of fully depreciated assets with no residual value for departments under the Ministry.

Initiatives in the Forthcoming Year. Criminal Justice Reform. Madam Chairman, going into future legislative sessions, a key priority of the Ministry will be legal reform. Our first plank of reform will concern the criminal justice system in Bermuda. Honourable Members will recall a commitment made in the Government's recent Throne Speech to reviewing Criminal Procedure for the purpose of modernising the administration of justice to make it more efficient and effective.

Such reform took an important first step recently with the introduction of the Criminal Procedure Rules in 2013. Those rules mandated a criminal justice system which abides by an overriding objective to deal with cases justly. This includes: acquitting the innocent and convicting the guilty; dealing with the prosecution and defence fairly; recognising the rights of the defendant; respecting the interests of witnesses, victims and jurors; and dealing with the case efficiently and expeditiously—and those last two I would like to emphasise—efficiently and expeditiously.

Madam Chairman, the Ministry's aim in the coming months is to give the Bench the tools needed to enforce their overriding objective to do justice. Much of our criminal legislation is based on Victorian-era precedents and is no longer fit for purpose in the 21st century. Criminal trials have become unjustifiably delayed, which in turn affects fairness. We have seen complex trials last many weeks which could have been concluded in far less time. This state of affairs places considerable pressure on the public purse, and we will be looking to reforms which have been tried and tested overseas and adjusting them to the Bermudian context.

When these reforms come into force, they will require a major shift in the culture of all who practice in the Criminal Justice System, bar and bench alike. In particular, once given these new tools, judges and magistrates presiding over criminal trials should take full advantage of them to actively manage trials in a manner which is fair to all. When fully in force, these reforms should lead to cost savings: directly, as it relates to processing of cases through our criminal justice system; and indirectly, reducing the demand for legal services covered by legal aid.

Diversion from Prosecution:

Madam Chairman, the Chief Justice discussed before the legal profession at the 2014 start of the legal year Bermuda's relatively high levels of incarceration. Honourable Members will note the success of our Electronic Monitoring Device (EDM) programme, also popularly known as "ankle bracelets." These are available to those on bail and on probation. This has resulted in a decrease in the number of spaces that are being occupied in our correctional system, which in turn, feeds further savings into the

budgets of both the Ministry of Legal Affairs and the Ministry of National Security.

In very much the same vein, these two ministries will look to incorporating a philosophical focus on “diversion from prosecution” to our criminal justice system. Honourable Members should recall two relevant Throne Speech commitments: We will work with the Director of Public Prosecutions and the Bermuda Police service to amend the formal Caution Policy to permit greater discretion on the part of police officers when dealing with first-time offenders who might otherwise have been charged with simple possession of cannabis or other drugs. The Government will also examine the ramifications of fixed penalty notices for certain minor offences. Fixed penalties allow police to issue on-the-spot fines to persons committing an offence, giving them the opportunity to pay the fine out of court. Fixed penalties can ease the burden on the criminal justice system through the elimination of unnecessary court appearances.

Other diversionary options under consideration include the possibility of conditional cautions and deferred prosecution agreements, both of which are recent innovations coming out of the UK.

Madam Chairman, I am satisfied that the Ministry of Legal Affairs Budget allocations for 2015/16 will enable us to successfully fulfil our mandate with careful monitoring and the exercise of financial prudence.

That completes Head 87.

HEAD 3—JUDICIAL DEPARTMENT

Hon. Trevor G. Moniz: Madam Chairman, the Judiciary is established by the Constitution as a separate and independent branch of government. Its task is to adjudicate charges of criminal conduct, resolve disputes, uphold the rights and freedoms of the individual, and preserve the rule of law.

The mission of the Judiciary is to carry out its task fairly, justly and expeditiously, and to abide by the requirement of the judicial oath “to do right by all manner of people, without fear or favour, affection or ill-will.”

The mission of the Administrative Section of the Judiciary is to provide the services and support necessary to enable the Judiciary to achieve its mission.

The Judicial system of Bermuda consists of the Court of Appeal, the Supreme Court, the Commercial Court, and Magistrates Court.

Ancillary activities involve the Probate and Administration of Estates, granting of liquor and betting licences, bailiff services, and criminal injuries compensation.

The Honourable Chief Justice is the head of the department which can employ, when fully staffed, up to 70 officers, none of whom requires a work permit. The budget for this department in the upcoming

year is approximately \$8,198,000. Revenues are projected at \$7,134,000.

This has been another challenging yet rewarding year for the Judiciary Department. With thanks to the judges, Crown Counsel of the Department of Public Prosecutions, and the defence attorneys, there continues to be no backlog with criminal cases in the Supreme Court. The listing of cases has been maintained at three months, where possible, and on some occasions during the year within one month of the arraignment session. The optimum level is dependent on the number of indictments filed, the number of multi-defendant trials, and the length of individual trials. We will, however, seek to maintain this level with the assistance of all who participate in this process.

We have dealt with a few multi-defendant trials without incident, but are increasingly faced with a growing number and in size. Our current facilities to hold jury trials are unsuitable and inadequate, and hopefully a plan can be developed in the medium term for a purpose-built facility.

We want to commend our staff, who have remained flexible and committed to the delivery of services throughout the year.

Technology. We continue to use video link to our arraignments sessions, which are held on the 1st Monday of each month. This means that defendants do not have to be bought down from Westgate to attend but are present through a link to a dedicated room in Westgate where they can be seen and heard by the judge, their attorneys, and the public. This results in considerable costs savings, not only for Corrections but also for the additional security needed to provide for live appearances. Currently, this does not apply to persons being arraigned for the first time which requires legislative change.

Such links are common place in Commonwealth jurisdictions, and with new technology continually improving we hope that we will be able to benefit from other practical uses of such resources.

This is subject of course to adequate funding being made available. Legislative change will be required in some instances to expand and make better use of available technology so we can remain competitive and on par with similar jurisdictions.

We continue to use our website to inform the Public, Attorneys and interested parties of the weekly list of cases which we amend daily as necessary. We also list the schedule for the sessions of the Court of Appeal and the Magistrates Court. It also provides information on our activities together with links to other related sites. This enables the public, inclusive of local and overseas attorneys, and the media to read current judgments when handed down and practice directions. It provides guidance to the public on jury service, judicial codes of conduct, small claims procedures, a youth guide to the Bermuda court system, our Supreme Court newsletter, and annual report

and links to other useful websites, including Bermuda Laws and Law Reports, Legal Aid, and the Bar Association. Our website address can be navigated via the portal or www.judiciary.gov.bm. We continue to expand our website to meet changing needs.

Interactive licensing forms can currently be found online for liquor, betting and pedlars licences, as well as record request forms and child and family support application forms.

We also continue to encourage our staff where appropriate to take up or continue courses which may lead to them qualifying in the future as lawyers or such other recognised positions in this community.

We currently have two members of the Supreme Court undertaking their associates degree in criminal justice and one member also from the Supreme Court studying for their Level 3 ILEX (that is the Institute of Legal Executives) certificate.

Madam Chairman, the Commercial Court has now completed its seventh year of operation and has been well received by practitioners, both here and overseas. Since moving into new premises in the Government Administration Building on Parliament Street we have added evidence presentation screens to facilitate the trial process. We consider that this will increase the profile of our Commercial Court both within Bermuda and overseas with an attendant overall benefit to the judicial process and increased and visible support for our International business.

Magistrates Court in the Dame Lois [Browne-Evans] Building on Court Street opened for business in April 2011. The Courts and Administrative offices are now spread over the northern section of the second, third and fourth floors. This facility, as a whole, provides a safe and secure environment for the public, judicial officers, lawyers and defendants. There is now a seamless transition of prisoners from Corrections vehicles through the ground floor sally port to the elevators and straight to the holding cells located to the rear of the courtrooms. Defendants are now held in these cells, which include lavatory facilities, until they are brought before a magistrate and then quickly returned to the Correction vehicles upon completion. We no longer run the risk of defendants coming into direct contact with members of the public or media thereby reducing the potential for conflict.

We continue to monitor the level of security threat and cooperate fully with Police and Corrections in respect of individual trials where appropriate. Should the increase of multi-defendant and factional cases continue, we will have to consider more permanent measures of protection for our Supreme Court.

Due to the increasing number of violent high risk individuals being brought before our courts for gun and weapon offences, coupled with the presence of friends and family members, along with those of their victims, this presents a potentially unsafe environment for staff, judges, magistrates and the public

at large. We continue to review the needs for extra security devices including cameras and additional metal detectors and, in view of recent crime, we have taken extra measures where necessary and installed temporary metal detectors provided by private security on a case-by-case basis. We continue to monitor our needs to protect our courts and the people and public who use them.

In the Supreme Court, where we do not have permanent security personnel in place, we continue to work with the police and private security to ensure that adequate measures are implemented.

Cost Centres. The department's estimates are largely attributable to the crime wave that we experienced leading to increased applications for criminal injury claims together with an additional need for added security to protect our courts and all using them. In addition, our CourtSmart and IT must be maintained to support the needs of the justice system.

Criminal Injuries Compensation, [cost centre] 13000. This provides for payments to victims of criminal acts as decided by the board; \$300,000 in awards were paid out, which was the extent of our budget allocation for the year.

Supreme Court, [cost centre] 13010. This provides for the salaries and operational expenses for the Supreme Court Registry. There are seven posts including part-time cleaning staff. Over the past year, 442 new civil matters have been filed, including 70 commercial cases. This year's figure includes 27 applications to be called to the Bar.

Members of the Bar now number 409. We have monitored the number of documents presented to the Registry and they amounted to 13,304 documents, plus 805 faxes. This figure does not represent the number of files sought or handled.

The original estimate for 2014/15 was \$758,000, for 2015/16 it is \$782,000 which is an increase of \$24,000, or 3 per cent.

Courtrooms and Chambers, [cost centre] 13015. This provides for the salaries and operational expenses for the courtrooms and chambers of the Supreme Court. There are 18 posts including the Chief Justice, Puisne Judges, and the Registrar's post. In this cost centre criminal trials are managed and for the past year there were 41 indictments filed, including 47 defendants. There were 194 divorces for the year, one more than last year. There were 876 weekly Thursday Chamber applications for interlocutory hearings. Appeals from Magistrates Court decreased from 53 last year to 45 this year.

The original estimate for 2014/15 was \$2.293 million. The estimate for 2015/16 is \$2.25 million, which is a decrease of \$43,000, or 2 per cent.

Court of Appeal, [cost centre] 13020. This cost centre provides the salaries of the personnel in the Court of Appeal inclusive of the President, four Justices of Appeal, one Administrative Officer, one Administrative Assistant, and one Court associate.

Reductions in this cost centre may have to be offset from savings in other sections in this department in order to maintain the level of service. The Court of Appeal Justices only meet three times a year and has a busy workload. The number of appeal cases filed in the past year was 42.

The original estimate for 2014/15 was \$662,000. For 2015/16, the estimate is \$732,000 which is an increase of \$70,000, or 11 per cent.

Court Technology Office, [cost centre] 13025. This provides for the salaries of the IT Manager, IT Assistant, and Microfilm clerk. This cost centre includes funding for required transcription services as well as overtime and any external technology assistance. Reductions in this cost centre may have to be offset from savings in other sections in this department in order to maintain the level of service. Equipment must be kept up to date and will have to be replaced. We must ensure that the CourtSmart system works seamlessly.

The original estimate for 2014/15 was \$577,000. Estimates for 2015/16 are \$544,000, which is a decrease of \$33,000, or 6 per cent.

The Magistrates Court, [cost centre] 13040. This cost centre provides funding for the Senior Magistrate, three Magistrates, one temporary Magistrate, and acting appointments where necessary. All five courts continue to experience heavy caseloads, and as such the court calendars remain full to the extent where court dates are being issued up to three months in advance. Plea courts are often standing room only. And I would just like to indicate there that I find that to be unacceptable as the Magistrates Court is a court of summary jurisdiction, and the timelines for Magistrates Court seem to be growing longer than those for the Supreme Court.

The original estimate here for 2014/15 was \$925,000. Estimates for 2015/16 are \$860,000, which is a decrease of \$65,000, or 7 per cent.

Civil Records, [cost centre] 13050. The Civil Section, administered by four clerks, provides case management and court services for the resolution of civil claims under \$25,000 in Magistrates Court, landlord and tenant matters under the Landlord and Tenant Act 1974, and the Rent Increases (Domestic Premises) Control Act 1978. Legislative amendments are required to increase fees for the preparation of these files. This year 2,938 new civil cases were filed, just over 1,000 less than last year which was 3,943. This is indicative of the effects of recession and unemployment. Debt agencies continue to seek to recover outstanding debts in recessionary times.

The Civil Court Magistrate and the Debt Collection agencies are trying to work with debtors who find themselves before the courts, many for the first time, to answer for non-payment of bills due to unemployment or serious illness.

The original estimate for 2014/15 was \$221,000. For 2015/16, \$233,000 an increase of \$12,000, which is 5 per cent.

Family and Child Support, [cost centre] 13060. The Family Support Office serves the public and the Magistrates Court by providing customer services, record management, and financial control. This office also provides services to other Government agencies such as the Department of Child and Family Services and Court Services. The Family Court has seen an additional 156 new cases, this year, which is 15 more cases than last year. We continue to see an increase in Care Orders, domestic violence matters, and unscheduled warrant matters which result in the same litigants having to appear in court.

In addition, this office is clearly in need of an online solution that will be capable of providing up-to-date case and payment information. We are actively working to implement JEMS and alleviate some of the issues, as well as provide an online solution.

The total amount collected this year for Child Support Payments is \$5,023,883. This is a decrease of 4 per cent over the previous year and once again can be tied to recession and unemployment. This figure is skewed by multiple delinquencies for the same individuals. The Family Support Office is reviewing current enforcement methods and considering new methods used in other jurisdictions to effectively address unpaid child support and prevent delinquency.

The original estimate in 2014/15 was \$445,000. For 2015/16, it is \$463,000 an increase of \$18,000, or 4 per cent.

Administration, [cost centre] 13070. Administration provides overall control of the personnel, facilities, and financial resources of Magistrates Court. There are six staff including; the Manager, Office Manager, Secretary, Head Cashier, one Cashier, as well as a Temporary Additional Cashier.

We continue to accommodate the needs of the public by opening the Cashier's Office during lunch hours. However, Friday appears to be the only day of the week where this service is heavily utilised and consideration will be given to revising the schedule to be more cost-effective while meeting the public need.

The total amount collected by Magistrates' Court for all categories including child support is \$8,492,739.99. This represents a 5 per cent decrease in the collection of revenue over the previous year. Included in this figure is the pedlar's licence fees which amount to \$10,440. This can be attributed to unemployed Bermudians seeking alternative ways to generate income.

The original estimate for 2014/15 was \$1,180,000. Estimate for 2015/16 is \$1,161,000, a decrease of \$19,000, or 2 per cent.

Criminal Records, [cost centre] 13080. The Criminal Records Office of the Magistrates Court provides case management functions for criminal, traffic

and parking records. The demerit system was added for traffic penalties in November 2008 and has had a significant impact on workload. The warrant system is also controlled and maintained by this office. The police have been working hard to reduce outstanding warrants and currently there are 9,178 active warrants, an increase of 852 from the previous year. This represents \$1,612,759.57 in outstanding fines. The Bailiff's Office and Bermuda Police Service are currently working together to reduce this number.

The original estimate for 2014/15 was \$320,000. For 2015/16 it is \$390,000, an increase of \$70,000, or 22 per cent.

Bailiff's Office, [cost centre] 13090. This office provides for the service and execution of court papers inclusive of Civil, Family, Supreme Court and Foreign Service. There is one secretary and five bailiffs who travel throughout the Island serving court processes. During the past year bailiffs were assigned 4,010 documents for service.

The original 2014/15 estimate was \$460,000. In 2015/16 it is \$483,000, an increase of \$23,000, or 5 per cent.

Madam Chairman, Revenue reported in this section is for the calendar year 2014.

Traffic and Parking Fines: The major components of revenue are traffic and criminal fines. The total amount recorded for traffic fines was \$1,828,645, \$249,450 for parking fines, and \$139,888 for criminal fines. This amount tends to fluctuate in line with the volume of offences prosecuted, the number of successful convictions and the levels of fines imposed. There are significant collection difficulties associated with recovering court fines, such as locating offenders, often time repeat offenders, which leads to outstanding warrants.

Court Fees: The revenue received to date for civil fees for the 2014/15 period are \$256,790. Court fees are being reviewed and will be updated to take into account the amount of monies currently collected for debts application. It is anticipated that appropriate increases will be instituted through the necessary legislation.

Liquor Licences: [There was] \$332,942 in revenue collected for the 2014/15 year, prior to any year-end adjustments. This reduction in revenue stream will continue to see a decrease as recession continues.

Stamp Duty on Deceased's Estates: [There was] \$2,171,734.97 collected for fiscal 2014/15 prior to any year-end adjustments. This income is impacted by a drop in real estate values. The revenue estimate for 2015/16 is \$2,500,000.

Total Revenue for 2014/15: The Revenue estimates for 2014/15 are found on page B-67 of Estimates of Revenue and Expenditure.

In consideration of the current economic climate, total revenue is budgeted to increase by approximately 5 per cent for the upcoming fiscal year.

The original estimate for 2014/15 was \$6.801 million. For 2015/16 it is \$7.134 million, an increase of \$333,000, or 5 per cent.

Capital Expenditure estimates for 2015/16 are found on page C-10 of the Estimates of Revenue and Expenditure.

The Judicial Department has been allocated \$200,000 for the purchase of a new Court Reporting System and \$30,000 to finalise the JEMS (Judicial Enforcement Management System) implementation.

That completes that head.

HEAD 4—ATTORNEY GENERAL'S CHAMBERS

Hon. Trevor G. Moniz: The Current Account Estimates for the Attorney General's Chambers, Head 4, begin on page B-72 of the Estimates of Revenue and Expenditure Book.

A total of \$4,343,000 has been allocated for Chambers. This represents an increase of \$361,000, or 9 per cent.

The Attorney General's Chambers purpose is:

1. To provide quality legal services to the Government of Bermuda.
2. To advise all Government ministries, departments, and entities on the law applicable to their operational requirements.
3. To draft legislation as required to implement the Government's policy, to maintain Bermuda's legislative database, and to support law reform.
4. To draft contracts, international instruments for mutual tax information exchange, conveyances and other documents required for public purposes, and to provide advice on Private Bills.
5. To conduct litigation in the civil courts of Bermuda on behalf of the Government of Bermuda.

Madam Chairman, the Attorney General's Chambers is functionally divided into the following six programmes.

Administration, [cost centre] 14010. The original estimate for 2014/15 was \$333,000. For 2015/16 the estimate is \$338,000, an increase of \$5,000, or 2 per cent.

The Administration provides administrative support to the Attorney General and other counsel. This cost centre is also responsible for the purchasing of office supplies that are common to all sections of the department. It is staffed by an Office Manager, a Receptionist, Records Management Clerk, and an Administrative Assistant (Accounts).

Advisory, [cost centre] 14020. The original estimate for 2014/15 was \$1.645 million. The estimate for 2015/16 is \$1.8 million, an increase of \$155,000, or 9 per cent.

The Advisory Section is responsible for providing quality advice to all Government departments and conducting litigation matters brought by or against the Government. Additionally, it is responsible for recovering debts owed to the Government. This cost centre provides salaries for one Solicitor General, two Deputy Solicitors General, one Senior Crown Counsel, six Crown Counsel, and three Administrative Assistants. For the upcoming fiscal year, a vacant Senior Crown Counsel post and a vacant Secretary post have not been funded due to budget cuts. The increase in this cost centre is primarily due to salary adjustments without the furlough; funding for a vacant Crown Counsel post and the transfer of funding from the Debt Collection cost centre for the Paralegal to the Solicitor General post.

Legislative Drafting, [cost centre] 14030. The original estimate for 2014/15 was \$1.44 million. For 2015/16, it is \$1.675 million, an increase of \$235,000, or 16 per cent.

The Legislative Drafting Section advises regarding proposals for legislation, drafts primary and subordinate legislation for all Government departments, and provides advice and support to Ministers in the House of Assembly and Senate as their respective legislation progresses. This section also provides advice on legal and constitutional issues to Ministers and the Governor. The salaries provided for in this cost centre will include: the Chief Parliamentary Counsel, Deputy Chief Parliamentary Counsel, five Parliamentary Counsel, two Assistant Parliamentary Counsel, a Legislative Database Manager, a Legislative Editor, a Legislative Administrator, and a Legislative Database Administrator. The increase in this cost centre is mainly due to salary adjustments without furlough, salary increments for some posts, and for funds transferred from the Ministry with the intention of creating and filling a Temporary Additional Parliamentary Counsel post.

Revised Laws of Bermuda, [cost centre] 14040. The original estimate for 2014/15 was \$126,000; 2015/16 is the same. There is no change.

This cost centre supports the consolidation, periodic revision and publication of the laws of Bermuda. It is responsible for providing Members of both Houses of the Legislature, businesses, lawyers, and the general public with access to the revised statutes and regulations of Bermuda. The cost centre supports the ongoing consolidation of primary and subordinate legislation.

Debt Collection, [cost centre] 14050. The original estimate for 2014/15 was \$358,000. For 2015/16 it is \$304,000, a decrease of \$54,000, or 15 per cent.

The Debt Enforcement Unit (DEU) within the Attorney General's Chambers was established by the Government to assist the Department of Social Insurance and the Office of the Tax commissioner in the recovery of unpaid Social Insurance contributions,

payroll tax, land tax, and other taxes owing to the Government. The cost centre provides salaries for one Crown Counsel, one Junior Crown Counsel, and an Administrator. The decrease in this cost centre is due mainly to the transfer of the paralegal to the Solicitor General post to the Advisory cost centre.

Law Library, [cost centre] 14060. The original estimate for 2014/15 was \$80,000. For 2015/16 it is \$100,000, an increase of \$20,000, or 25 per cent.

This programme provides for the cost of maintaining the Law Library in the Attorney General's Chambers which includes the purchase of books, periodicals, and the provision of access to leading online legal information sources such as LexisNexis and Westlaw. The increase in this cost centre is to provide additional funding for the existing subscription to LexisNexis which is still underfunded.

Output Measures. Madam Chairman, during the 2014 calendar year, 37 Acts were enacted and 101 Statutory Instruments made. In addition to the Annual Budget Legislation, and a number of amending Acts to give effect to the Government's Legislative Agenda, legislation for the Ministry of Finance was prepared in collaboration with the Bermuda Monetary Authority to ensure continued effective regulation of the financial services sector.

Also of note were the following:

- Charities Act;
- Fire Safety Act;
- Cannabinoid Pharmaceutical Products Act;
- Casino Gaming Act.

The Bermuda Laws website which contains all of Bermuda's laws and subordinate legislation is updated in real time from within Chambers, and we are continuing to make improvements to the site.

Staff. Madam Chairman, There are currently seven vacant posts within the Attorney General's Chambers: one Deputy Solicitor General, one Senior Crown Counsel, three Crown Counsel, one Junior Crown Counsel, and one Secretary. Of these vacant posts, the funds for the Deputy Solicitor General and one Crown Counsel posts are currently being used to fund two Legal Consultants who perform the duties related to these posts. The aforementioned vacant Senior Crown Counsel and Secretary posts are not budgeted for due to budget cuts.

To fulfil the mandate of the Attorney General's Chambers, recruitment will soon commence for a Crown Counsel who will be assigned responsibility for, amongst other things, legal advice and representation to the various ministries and departments with respect to legal queries and actions pertaining to the Public Access to Information Act 2010 (PATI). We anticipate that one of the two remaining vacant Crown Counsel posts will be filled at the conclusion of the contract of the consultant currently utilising the funds for this post. We also anticipate that the funds for the remaining Deputy Solicitor General post, now being used for the

other legal consultant, will be used to fill the post of Senior Crown Counsel at the conclusion of the consultant's contract. The funding for the remaining Crown Counsel post will be utilised to recruit a person to perform the duties of a Policy Analyst. With regard to the post of Junior Crown Counsel, we are currently in the process of amending the job description for this post, and anticipate filling the same upon the completion of this process.

Staffing changes during the year in the Civil Advisory section consisted of two appointments: a Paralegal to the Solicitor General and a Senior Crown Counsel. As a result of the above-mentioned appointments, the current staffing levels of the Civil Advisory section are: the Solicitor General, one Deputy Solicitor General, one Senior Crown Counsel, four Crown Counsel, two Administrative Assistants, and a Paralegal to the Solicitor General.

There has been one staff change in the Debt Enforcement Unit, which was the resignation of a Junior Crown Counsel.

There are not any vacancies within the Drafting Section of the Attorney General's Chambers. Staffing changes in the Drafting Section this year were the recruitment of one Assistant Parliamentary Counsel and a Legislative Editor. There are currently seven Parliamentary Counsel (including the Chief and Deputy Chief) and two Assistant Parliamentary Counsel in the Drafting Section of Chambers. In addition to these dedicated lawyers who are responsible for drafting all Government Bills and Statutory Instruments, we are fortunate to have an excellent administrative team comprising of four persons, each of whom plays a vital part in the timely production, publication, and consolidation of legislation. In 2014 the post of Legislative Processor was re-graded and renamed Legislative Database Administrator to reflect the focus of that position on the publication of the Annual Laws to the website www.bermudalaws.bm.

Training and Development. The Attorney General's Chambers looks to the development of its professional and administrative staff. Members of the Civil Advisory and Administrative Section of Chambers attended training, management and personal development courses offered by the Department of Human Resources.

The Solicitor General and Deputy Solicitor General have also assisted Crown Counsel and Junior Crown Counsel in Advisory and Litigation matters.

In October 2014, the Deputy Solicitor General attended the Global Forum on Transparency and Exchange of Information for Tax Purposes in Berlin, Germany for the purpose of representing the Government and signing, as the delegate of the Bermuda Government, the International Agreement for the Automatic Exchange of Information (AEOI).

In January 2015, several members of the Civil Advisory section attended a two-day workshop in Bermuda on the UK Bribery Act 2010, organised

through the Governor by the Foreign and Commonwealth Office and presented by representatives of the UK Ministry of Justice.

The training of the two Bermudian Assistant Parliamentary Counsel remains a priority with a view to them gaining sufficient knowledge and expertise to be promoted to the Parliamentary Counsel posts in due course. In accordance with the Drafting Section's training programme, formalised by the Deputy Chief Parliamentary Counsel in 2014, all Parliamentary Counsel participate in the mentoring system which pairs each Assistant with an experienced Drafter to provide on-the-job training and support, and to review their work. We are continuing regular in-house "lunch and learn" sessions so that each of the Drafters lead a discussion on a topic of general interest.

In April 2014, the Deputy Chief Parliamentary Counsel prepared and implemented two training manuals that are being used in the training of Bermudian Assistant Parliamentary Counsel and Pupils. Members of the Drafting Section are presently finalising a comprehensive drafting manual which will also be used for training and serve as a useful aide-memoire for more experienced drafters.

In September 2014, the Deputy Chief Parliamentary Counsel was one of two Bermuda attendees at the 17th Annual Meeting of the Peer Review Group of the Global Forum on Transparency and Exchange of Information for Tax Purposes in Paris, France. During the PRG meeting, the Deputy Chief Parliamentary Counsel co-presented a peer review assessment report in connection with a country assessment in which she had participated.

In January 2015, several members of the Drafting Section also attended the two-day workshop in Bermuda on the UK Bribery Act 2010.

Members of the Drafting Section also attended training, management, and personal development courses offered by the Department of Human Resources.

Another important training function is helping officers in client departments who are charged with the task of drafting instructions to the Parliamentary Counsel. The Chief Parliamentary Counsel and Deputy Chief, assisted by other members of the Drafting Section, have given several seminars on behalf of the Department of Human Resources to Senior Civil Servants entitled "The Legislative Process: from Policy to Law" aimed at clarifying the respective roles of the drafter and the instructing department with a view to making the whole process more efficient. The seminars also cover related topics including:

- identifying policy issues that do not need to be legislated;
- preparing ministerial briefs for the House of Assembly and Senate; and
- making regulations subject to the affirmative and negative resolution procedure.

We have updated the accompanying manuals for use at the seminars and for distribution to civil servants working with legislation.

Initiatives in the Forthcoming Year. Madam Chairman, our principal focus will continue to be improving the quality and timeliness of legal advice from Chambers so that its various programmes continue to support the Attorney General as principal legal advisor to the Government of Bermuda.

The recruitment process for two Crown Counsel, a Senior Crown Counsel and a Junior Crown Counsel should commence shortly.

We will continue to:

- review contracts for the various ministries and departments to aid the same in making better decisions in contract negotiations;
- review the assignment of specific counsel to provide advisory and litigation representation to ministries and departments; and
- seek to improve our case management system to reduce our demand for paper resources.

Legislative Information Management System (LIMS): We continue to produce legislation quickly and accurately using LIMS which is customised to our Bermuda drafting style. This has kept the number of errors and inconsistencies found in legislation during House and Senate debates to a minimum thereby expediting the legislative process. We are supported in our maintenance of LIMS through our Canadian vendor who provides timely professional assistance whenever necessary and regularly updates our software with the latest versions and technical corrections.

We will continue to improve our database and aim to post new laws within a week of enactment on the Bermuda Laws online website. Consolidation, which is the incorporation of amendments into existing laws, is more time-consuming since the amendments are checked by the drafter as well as the Legislative Database Manager, but the goal is to complete the process within one month of the enactment of the amending legislation.

The public are kept informed of laws which have been assented to but which are not yet in force (highlighted in green font on the database to avoid confusion), laws which have been repealed, and provided with a quick reference point for Ministerial responsibilities. We have also completed a number of improvements to the search facilities and received positive feedback from our regular users. We will continue to enhance the website during the coming year.

Subject to resolving all outstanding technical and security issues with the assistance of the Information Technology Office, it is anticipated that the Attorney General will introduce legislation declaring the electronic version of legislation on the Bermuda Laws website to be the official law for Bermuda.

Thank you, Mr. Chairman. That is the end of that head.

[Mr. Rolfe Commissiong, Chairman]

HEAD 74—DEPARTMENT OF COURT SERVICES

Hon. Trevor G. Moniz: Mr. Chairman, the current account estimates for Head 74, the Department of Court Services, begin on B-75 of the Estimates of Revenue and Expenditure Book. A total of \$4,255,000 has been allocated to Head 74 within the Ministry of Legal Affairs. This allocation is approximately 4 per cent more than the allocation for the past fiscal year, mainly attributable to the elimination of furlough days.

The Department of Court Services, a Department in the Ministry of Legal Affairs, plays a necessary role in the community. Foremost, the department holds offenders and substance abusers to greater levels of accountability to minimise risks through comprehensive assessments, then monitoring and enforcing Court and Parole Board Orders. This is done using structured case management methods and programme standards. All of this enhances the protection of the community by addressing diverse social issues of clients and their families.

The manpower figures for the Department of Court Services are on page B-76 of the Estimates Book, showing a slight increase. This increase for the department results from the transfer of an administrative assistant from the former Ministry of Tourism.

In order to meet its responsibilities, the department operates seven cost centres (with the merger of two) within three distinct programmes:

- [Line item] 7401—The Case Management Unit has a budget allocation of \$1,286,000;
- [Line item] 7402—Administration has an expenditure estimate of \$1,126,000; and
- [Line item] 7403—The Assessment and Treatment Unit, with an allotment of \$1,843,000.

The department is sometimes regarded as a quiet partner in the criminal justice system and embraces the ongoing support of key stakeholders, partners, family members, and the entire community to eradicate problems relating to offenders and substance abusers. The intricacies of issues within our community and client population, especially in our current social and environmental climate, require creative and all-inclusive responses.

This allows for a delicate balance between traditional judicial and enforcement approaches coupled with rehabilitative measures that enhance the protection of the community.

Mr. Chairman, in giving a breakdown of the department's expenditures for the upcoming fiscal year, I stress that client profiles, in addition to flat fis-

cal resources, will require judicious enforcement regimes, partnerships and creativity.

Administration, [line item] 7402. The original estimate for 2014/15 was \$1.095 million. The estimate for 2015/16 is \$1.126 million, an increase of \$31,000, or 3 per cent.

Court Services Administration, [cost centre] 84070. In concentrating on this section of the department, the bulk of the fiscal allocation is for salaries for senior management, technical and administrative support personnel, totalling \$693,000. The remaining expenditure of \$433,000 covers building security software and electronics, office cleaning, counselling, and operational supplies. In this seemingly thankless and demanding vocation, officers are on call 24 hours a day; therefore, multitasking and having “broad shoulders” is a must, as they deal with complex behavioural, attitudinal and difficult problems, as well as difficult individuals.

The department has standards of operation which will be rigorously enforced in the up-coming fiscal year to demonstrate more efficiency. These will sharpen practices and hold offenders and officers to greater account to enhance community safety and mitigate risks overall.

There is an overall decrease in operational expenditures in this programme as the Aftercare allotment (approximately \$29,000) was integrated with [line item] 7403.

Capital expenditure of \$38,475 is to replace an aged, unsafe and unsalvageable van required to transport clients and equipment such as lawn mowers.

Case Management Unit, [line item] 7401. The original estimate for 2014/15 was \$1.235 million. The 2015/16 estimate is \$1.286 million, an increase of \$51,000, or 4 per cent.

The Case Management Unit is comprised of the Drug Treatment Court Programme, Probation and Parole teams. The Unit’s staffing complement is 13 personnel, who are overseen by the manager.

A goal of the Case Management Unit is to facilitate the rehabilitation and community integration of offenders through comprehensive case management services, monitoring and networking aimed at reducing offending. At present, the unit supervises more than 325 offenders in the community.

Over the next financial year, the Case Management Unit (CMU) will be complete, but will not be limited to, the following primary objectives:

- Codify meetings with stakeholders to ensure that services provided meet the standards and address issues identified.
- Continue skills development and morale building, as well as conduct monthly in-service training.
- Enhanced data collection.

With an overarching principle of maintaining public safety, relationships with community partners

have resulted in greater collaboration and coordination, and increased monitoring procedures. We must balance the need to collaborate with safeguarding the integrity of departmental programmes and services, in addition to maximising officer safety. The Night Light Programme, the Inter-Agency Gang Task Force, as well as collaboration with other organisations provide advantageous outcomes.

During the fiscal year 2014/15, the following accomplishments resulted:

- Contributions to interagency organisations and groups;
- Leadership training for senior personnel;
- Data collection and dissemination for Bermuda Drug Information Network (BerDIN);
- Modification of operational manuals, with a standardised template to be operationalised this fiscal year.

Probation Services, [cost centre] 84010. Mr. Chairman, the original estimate for 2014/15 was \$469,000. The estimate for 2015/16 is \$491,000, an increase of \$22,000, or 5 per cent.

The Probation Team, consisting of five personnel, provides the major role in the enforcement of the requirements of court orders, and delivers services in the office as well as in the community, to minimise offence risks. As at December 31, 2014 there were 225 persons on probation.

The allocated budget of \$491,000 is broken down as follows:

- To cover employee salaries, \$471,000.
- The remaining \$20,000 is for assessments and screenings to assess cognitive, intellectual and social functioning, specialised outsourced therapeutic services, and general operational supplies and training.

The team aims to increase urinalysis screenings of all clients and make referrals to appropriate treatment programmes in the approaching fiscal year.

Parole Services, [cost centre] 84020: The original estimate for 2014/15 was \$360,000. The 2015/16 estimate is \$371,000, an increase of \$11,000, or 3 per cent.

The Parole Team delivers the supervision of persons granted early conditional release from the correctional facilities by the Parole Board. Primarily the team’s fiscal resources are aimed at offender rehabilitation, monitoring, and enforcement of Release Orders. There were 85 parolees in December 2014.

The allocated budget of \$371,000 is broken down as follows: [The] \$369,000 covers salaries for four employees. The \$2,000 covers basic operational supplies.

Management Consultancy Services conducted an operational review on the functions of parole, and recommended that its functions remain with

the Department of Court Services due to demonstrated synergies and structures.

However, more integrated services and enhanced interfaces with the Department of Corrections will be driven so that the delivery of Parole Services in the upcoming fiscal year will include, but not be limited to:

- More stringent oversight practices in enforcing conditions of the orders to improve client outcomes and the protection of the community, including increased work site visits.
- Enhanced communication regimes with critical partners.

Drug Treatment Court Programme, [cost centre] 84080: The original 2014/15 estimate was \$406,000. The 2015/16 estimate is \$424,000, an increase of \$18,000, or 4 per cent.

The Drug Treatment Court Programme is the leading model for a team approach to offender supervision. The team continues to work effectively to develop the Drug Treatment Court Programme and promote client growth and habilitation/rehabilitation. This programme has retained a re-offence rate below 6 per cent for more than 11 years.

The budget allocation for the programme is \$424,000 and salaries constitute the majority of this allotment (\$376,000). Other funds totalling approximately \$48,000 have been allocated to cover assessment materials for monitoring offender substance use, as well as specialised interventions and therapeutic services for this client group. There was an overall depreciation in the operational allotment of \$1,200 from last year.

Activities are primarily targeted towards rehabilitation for these offenders whose substance abuse and previous trauma issues contribute significantly to their offending. The re-institution of the mandatory Phase 5 of the programme has been effective in enhancing controls and preventing relapse.

Successful delivery of the Drug Treatment Court Programme in the upcoming fiscal year will include:

- Maintaining a 5 per cent re-offending rate.
- Re-institution of the Steering Committee for greater oversight and effective delivery of outcomes, as well as programme evaluation.

Assessment and Treatment Unit, [line item] 7403: Mr. Chairman, the original estimate for 2014/15 was \$1.743 million. The 2015/16 estimate is \$1.843 million with an increase of \$100,000, or 6 per cent.

The Assessment and Treatment Unit of the Department of Court Services provides comprehensive assessments and reports that identify risks that clients pose to the community. The unit, comprising of 18 personnel, identifies the criminogenic and non-criminogenic needs of the offenders within the department and recommends treatment options to assist

in servicing these needs to reduce recidivism rates, and to protect the safety of the community.

The unit consists of four separate teams under three cost centres.

Aftercare and Community Integration Service, [cost centre] 84030: The original estimate for 2014/15 was \$289,000, the estimate for 2015/16 is \$316,000, an increase of \$27,000, or 9 per cent.

The name change and overall monetary uplift in this cost centre results from the merger with another cost centre to effect the full implementation of the Mental Health Treatment Court Programme for individuals with mental health diagnoses. Formerly referred to as Community Services, the Team comprises one Coordinator, and two Probation Officers/Case Managers.

The salary estimate is \$281,000 for the budget year 2015/16. The total budget also has an allowance for specialised mental health and vocational assessments to enhance employability levels, fuel for the vehicle, maintenance of programme equipment, as well as telephone equipment and rentals to offer greater protection to officers in the field. There was an overall decrease of \$2,000 in operational supplies for assessment materials.

Key activities for the year include:

- Implementation of legislative provisions for sustainability and enhancement of the programme;
- Continual mental health screenings and referrals on all clients, as well as community service placements.

Additionally, key staff members assigned have demonstrated accountability and creativity in utilising available resources, especially in this fiscal climate, to drive the specialised Mental Health Treatment Court Programme. As at February 2015, there were 19 clients in various phases of the pilot programme (including observation), surpassing the target number of 10 participants.

Community Based Programmes Team, [cost centre] 84040. The original estimate for 2014/15 was \$450,000. The estimate for 2015/16 is \$473,000, an increase of \$23,000, or 5 per cent.

The Community Based Programmes Team consists of a Coordinator/Psychologist, with three specialist Senior Probation Officers. This team provides therapeutic interventions mainly via specialised programmes and group work to reduce the risk of recidivism. Over the past year, the Team met an objective to re-configure groups with pre- and post-testing, and also completed assessment reports within two weeks of assessment. There were 109 referrals for 2014. They utilise data collection results in support of future planning.

Objectives are accomplished with a financial expenditure of \$473,000. Clinical expenses, opera-

tional and training outlays amount to \$39,000. The majority of the funds cover salaries totalling \$434,000.

The team is making provisions for programme expansion and/or modification to meet the needs of clients, as well as fully implement the revised Operations Manual to enhance standards and consistency.

Assessment Team, [cost centre] 84060. Mr. Chairman, the original estimate for 2014/15 was \$1,004, 000. The estimate for 2015/16 is \$1,054,000, an increase of \$50,000, or 5 per cent.

The Assessment and Treatment Team composes timely and comprehensive reports (Social Inquiry Reports and Pre-Release Reports) which assist the Court and the Parole Board to make informed decisions in the disposition of cases. In 2014, they completed 315 reports. Specialised risk and addiction assessments provide a framework for fruitful re-integration into the community, whilst recommendations identify interventions to minimise recidivism and address offending behaviours.

BARC [Bermuda Assessment and Referral Centre] assessments denote the essential level of treatment required for substance abusers, and refer individuals to designated treatment agencies. Referral sources are: the courts, helping agencies, Parole Board, family members and significant others, employers and self-referrals. The number of referrals continues to ascend with 394 reports completed in 2014. However, the waiting period before individuals enter treatment continues to present some challenges for both the clients and case managers at BARC.

Two distinct teams form the Assessment Team, immediately aforementioned. Salaries for the 11 personnel aggregate to \$1,010,000. The residual \$44,000 allows for assessment materials, operational repairs and supplies, cell phones, local training, and journals, and represents a decrease of \$6,466 in operational expenses. The current budget allocation represents an increase from the 2014/15 estimates, however, that results from salary adjustments only as discussed previously.

The budget year 2015/16 initiatives are:

- To utilise the online version of the LS/CMI risk assessment tool by July 31, 2015 to streamline processes and outcomes.
- To enforce compliance to standards through file audits, and enhanced supervision regimes.

Mr. Chairman, the Department of Court Services remains committed to apply all resources, methodologies, and skills to maintain low re-offending rates during community-based supervision through steadfast dedication, creativity, collaboration, and unwavering motivation. Despite decreased fiscal resources, multiple pressing administrative deadlines, competing partner interests, and a strenuous environment, personnel are afforded some ancillary services, debrief-

ing forums, and other interventions to counter the surge of challenges and prevent fatigue.

The department will continue to team up with system and community partners, family members and significant others to maximise outcomes in efforts of making Bermuda safer through their mandate. The usage of all mechanisms available, such as Electronic Monitoring Devices, will assist in monitoring and challenging client behaviours, actions and associations.

During this fiscal year, the department will:

- implement all revised administration and procedural standards with scheduled compliance checks and identified templates;
- review stakeholder and client satisfaction surveys to assist in operational developments.
- enhance compliance and tracking of training standards;
- re-instate a Review Court Programme for probationers;
- maintain re-offence rates below 15 per cent;
- undertake departmental training for all personnel to enforce more stringent compliance to operational standards, enhance skills, and adhere to all financial obligations and guidelines;
- monitor standards and conformity for officer supervision.

Mr. Chairman, this ends my presentation on Head 74, the Department of Court Services, outlining operational use of expenditures. I take a brief moment to thank all personnel in this department who tirelessly give services to the community in this taxing and demanding profession.

HEAD 75—DEPARTMENT OF PUBLIC PROSECUTIONS

Hon. Trevor G. Moniz: The next and last head is Head 75, the Department of Public Prosecutions. Mr. Chairman, the mission of the Department of Public Prosecutions is to uphold and honour the duties of the criminal justice system of Bermuda. To that end, we will be guided by principles of fairness and equity, maintaining the honourable tradition of the legal profession. We will be ever mindful of the obligations to serve the public interest and criminal justice agencies with care, consistency and integrity. As guardians of the law, we will prosecute in a manner that is fearless, impartial, transparent and diligent.

The following are the objectives for the Department of Public Prosecutions:

- To promote the effective, fair, impartial, and efficient prosecution of criminal offences;
- To promote high standards and principles in the administration of criminal justice including procedures to guard against or address miscarriages of justice in support of the rule of law;

- To promote and enhance those standards and principles which are generally recognised internationally as necessary for the proper and independent prosecution of offences;
- To promote professional interests of prosecutors and to enhance the recognition of their crucial role in achieving criminal justice;
- To promote good relations between individual prosecutors and policing agencies; to facilitate the exchange and dissemination among them of information, expertise and experience; and, to that end, to encourage the use of information technology;
- To enhance the presentation of the prosecution of cases before the courts;
- To maintain a team of highly competent administrative professionals to carefully handle the day-to-day responsibilities of the department with great detail, and confidentiality which is a critical and essential element in helping prosecutors fulfil their mandate.

Mr. Chairman, 2014/15 has been another demanding year for the Department of Public Prosecutions. The department's staff continued to experience an unusual increase in workload due to the increase of serious, complex trials including those which are gang related as well as gun crimes. Increasingly we are experiencing trials with many defendants and thus requiring many defence counsel. Further, serious trials involve increasingly complex forensic evidence and sometimes now require the use of protected witnesses which can lengthen trials. The department's Crown Counsel continues to experience back to back prosecutions of cases. Despite these substantial challenges they have had considerable success in the prosecution of most of these serious, complex crimes.

Current Account Expenditure: The original estimate for 2014/15 was \$2.93 million. For 2015/16 it is \$3.097 million, an increase of \$167,000, or 6 per cent.

Mr. Chairman, \$2,943,000 has been allocated to the Department of Public Prosecutions. This represents an increase of \$156,000, or 6 per cent.

The majority of the increase is due to salaries. With the increase in crime, the Department of Public Prosecutions is in dire need of senior and seasoned prosecutors. Accordingly, one of the Crown Counsel (Junior Grade) posts is being converted to a Senior Crown post.

The Department of Public Prosecutions continues to uphold its mandate to train Bermudian prosecutors/successors for all positions. Therefore, the provision of adequate training will continue to be emphasised to ensure the proper development and skill enhancement.

Witness Care Unit. The original estimate for 2014/15 was \$143,000. For 2015/16 it is \$154,000, an increase of \$11,000, or 8 per cent.

Mr. Chairman, \$154,000 has been allocated to Witness Care Unit. The Witness Care Unit is responsible for providing information and support to all victims and witnesses. It is their single point of contact.

The Witness Care Unit's responsibilities are to:

- Keep witnesses informed and positively engaged throughout the process;
- Encourage and provide support and updated information to victims and witnesses regarding the progress of criminal trials;
- Provide someone to talk to in confidence about their status as a witness;
- Conduct pre-trial visits of all courts in Bermuda ensuring the victim/witness is familiar with the courtroom procedures prior to the trial;
- Provide the witness with information about the outcome of the case including any appeals;
- Advise the witness of court dates;
- Provide a safe and comfortable place to meet and wait prior to giving evidence;
- When appropriate, refer the witness/victim to other professional external agencies;
- Following the outcome of a guilty plea or conviction, the Witness Care Unit assists victims and witnesses with completing a victim impact statement. This statement gives the opportunity to express feelings, concerns, and trauma as a result of crime.

The Witness Care Unit consists of two Witness Care Officers and it is ultimately managed by the Deputy Director (Administration) of the Department of Public Prosecutions.

Mr. Chairman, I am going to skip forward there in my presentation in the interest of time.

During the past year the Witness Care Unit assisted 1,100 civilian witnesses, bringing the total number of victims/witnesses that the Witness Care Unit provided assistance and care to over 4,000 since its inception.

The unit consistently receives positive feedback from members of the public who were either victims and/or witnesses involved in a criminal trial.

Performance Measures: Mr. Chairman, during the fiscal year 2014/15, the Department of Public Prosecutions [DPP] handled approximately 1,000 criminal cases in the Magistrates Court. There were 7,000 traffic cases completed during the financial year. In the Supreme Court there were a total number of 15 trials completed and 50 cases disposed of, and there were 35 indictments filed in 2014/15. In the Bermuda Court of Appeal, 13 appeals were carried over to the following year and 15 appeals will be disposed of by the end of 2014/15.

Staffing. Mr. Chairman, under the direction of the Director of Public Prosecutions there is a compli-

ment of 14 attorneys who are all engaged in the prosecution of offences and appear when appropriate in the Magistrates Court, Drug Court, Supreme Court, the Bermuda Court of Appeal and the Privy Council. The prosecutors also provide legal advice to ministries and departments on matters relating to offences. Additional staff includes: one Manager of Finance and Administration, one Litigation Manager, four Administrative Assistants, and one Receptionist. In addition, the department employs two Witness Care Officers.

Training: Mr. Chairman, training has always been and continues to be viewed as a high priority for both counsel and administrators within the Department of Public Prosecutions. This focus on training is to ensure that Bermuda continues to have robust and skilled staff who are able to meet the changing face of crime and the increasing legal complexity that arises.

Last year, the Department of Public Prosecutions forecasted training to take place in March 2014. As such, the department had a 1.5 day in-house training workshop for all prosecutors and administrative staff; the focus was on team building and advocacy skills training.

Additional forecasted training took place in March 2014 when the Department of Public Prosecutions conducted training pertaining to the Judicial Enforcement Management System (JEMS) which is used to track and maintain criminal court records in both the Magistrates Court and the Supreme Court.

The department has continued, and will continue, to develop training opportunities within Bermuda and overseas, which are relevant, effective and which represent value for money given the fiscal realities that we find ourselves in today.

Landmark Cases of 2014/15

Hon. Trevor G. Moniz: Mr. Chairman, the following cases were of great public interest in that they involved high profile defendants and/or were complex both legally and factually.

The Queen v Woulda Gardner & Rickai Dickinson: This matter involved the reprisal murder of George Lynch which occurred as a direct result of witnesses giving evidence in a Supreme Court trial wherein gang members were on trial. The case involved the use of social media evidence, forensic evidence and the evidence of former associates of the aforementioned gang. The trial highlighted the reality and severity of witness intimidation in Bermuda. A conviction was secured. The prosecutors were Carrington Mahoney and Nicole Smith.

The Queen v Prince Edness: This matter was in relation to the cold case murder of Jason Lightbourne in 2006. The defendant was eventually acquitted, but this matter has the distinction of being the first Supreme Court trial to occur in the Dame Lois Browne-Evans Building. Unusually during the trial, the defendant admitted being a leader of the Parkside

gang. A few days after his acquittal he was shot dead. The prosecutors were Rory Field, Carrington Mahoney and Takiyah Burgess.

The Queen v. Steve Symonds: This matter involved the attack on an officer of the court, on the grounds of the Supreme Court, as a result of her performing her duties to the Family Court. The defendant pled guilty to charges of Deprivation of Liberty and Assault Occasioning Bodily Harm. The prosecutors were Carrington Mahoney and Kenlyn Swan.

The Queen v. Devon Hewey & Cervio Cox: This matter involves the attempted murder shooting incident outside of the then-Shine's Club. The defendants were acquitted of all charges but this matter was the first in which cell-site evidence was admitted into evidence in a trial in the courts of Bermuda. The prosecutors were Carrington Mahoney and Larissa Burgess.

R v Julian Washington: This was a case of the premeditated murder of Stefan Burgess and attempted murder of his friend Devano Brimmer. The defendant opened fire as the victims were celebrating Stefan Burgess' birthday at his apartment in Glebe Road. In the absence of a witness positively identifying the defendant, the case turned upon complex forensic evidence including gunshot residue analysis and DNA. The defendant was convicted and ordered to serve a term of life imprisonment, with a minimum term to serve of 25 years before becoming eligible for parole. The prosecutors were Garrett Byrne and Victoria Greening.

R v John Wardman: This was a driving case where the victim had to be air evacuated to the US due to a life threatening blood clot on the brain. The trial involved complex evidence to prove who the driver was. A count on the indictment, namely failing to provide the necessities of life, was the first time that the offence had been used in Bermuda. It expands the concept of the duty of a person to act where they have a responsibility to another and it being criminal not to take action in certain circumstances. The defendant was convicted of all four counts. The prosecutors were Rory Field and Victoria Greening.

Court of Appeal: *Craig Hatherley and Lorenzo Lottimore:* This was a case where the defendants had been convicted by a jury of conspiring to import BMD \$760,000 worth of heroin into Bermuda. The arrangement had been to hide the drugs on board flights from Philadelphia airport to Bermuda. The case involved the use of a cooperating witness who agreed to work with the FBI by covertly recording telephone calls from the defendants, and the evidence of an undercover agent who secretly filmed Hatherley handing over the heroin to him in New York. The defendants were ordered to serve lengthy terms of imprisonment. The Court of Appeal rejected all grounds and dismissed the appeal. The prosecutor was Garrett Byrne.

Court of Appeal: *Grant & Blakeney:* This was a case where the defendants had been convicted by a

jury of the attempted murder of two people by gunshot at the Southside Cinema. This appeal raised the issue of admissibility of gang evidence, the admissibility of low levels of gunshot residue and its components, and the admissibility of low level DNA evidence. It is now the leading local authority on those forensic issues, as the Court of Appeal upheld the conviction, and gave guidance on the admissibility of forensic evidence. The prosecutors were Cindy Clarke and Larissa Burgess.

Court of Appeal: Janis Zegelis: This was a case where the defendant had been convicted by a jury of the importation of cocaine worth \$48,617,250, ammunition and a firearm. This was the largest importation of drugs into Bermuda. This appeal included the issue of the defence of duress. The Court of Appeal upheld the conviction, and this case is now the leading local authority on the defence of duress. The prosecutors were Director Rory Field, Cindy Clarke and Takiyah Burgess.

Court of Appeal: Jomar Caines: This was a case where the defendant had been convicted of (amongst other things) the sexual exploitation, and deprivation of liberty of a 10-year-old boy. This appeal clarified the circumstances upon which a sentencing judge should make a delayed eligibility for parole order. The Court of Appeal confirmed the sentence of 12 years imprisonment, and also confirmed that the defendant had to serve half of that sentence before being eligible for parole. This case is now the leading local authority on delayed eligibility for parole orders. The prosecutor was Cindy Clarke.

Future Events

Hon. Trevor G. Moniz: Mr. Chairman, in March 2015, the Department of Public Prosecutions is planning a two day in-house training which will include focusing on issues arising out of sexual offences and the prosecutorial aspects of pre-trial applications.

A major future project for the Department of Public Prosecutions will be creating a successful structure to deal with the Public Access to Information Act requirements. This will be done to increase transparency while ensuring operations are not affected.

Mr. Chairman, a project is being developed to provide outreach and community partnership to assist with reducing juvenile crime and deflecting young people from gangs. Prosecutors assist in providing their time and expertise. It follows a project developed in Los Angeles to teach children that the choices they make today can affect their lives forever. The Los Angeles curriculum focuses on the legal and social consequences of juvenile crimes, such as truancy, illicit drug use and shoplifting. The project teaches students techniques for resolving conflict and resisting peer pressure. Other lessons promote tolerance and respect for diversity. The programme concludes with students performing a scripted mock trial, putting into

practice what they have learned about the criminal justice system. The intent would be to develop a programme tailor made for the issues among juveniles in Bermuda.

Mr. Chairman, that finishes my presentation on the Heads under the Ministry of Legal Affairs.

The Chairman: Thank you, Honourable and Learned Member, Minister of Legal Affairs and Attorney General, Mr. Trevor Moniz.

Are there any other Members that would care to speak to these respective heads?

Hon. Michael J. Scott: Thank you. Yes, Mr. Chairman, I would like to speak.

The Chairman: The Chair recognises the Honourable and Learned Member from constituency 36, Mr. Michael Scott.

Hon. Michael J. Scott: Thank you, Mr. Chairman.

Mr. Chairman, I take pleasure in speaking now to the Ministry of Legal Affairs as presented by the Honourable and Learned Member and Attorney General, Mr. Moniz. I thank him for his very comprehensive assessment and for his comprehensive brief on the state of judicial affairs, justice, the management of the citizens of our country who come into contact with our criminal justice system. I thank him for sharing his entire brief with me so that I could follow along comprehensively.

Taking matters up at Head 75, the Prosecutions Department, where the Honourable and Learned Attorney General listed the highlights, the landmark decisions in our country of the criminal cases that have been dealt with by prosecutors in our country, can I say this. Of course, as the country's and the Government's chief legal advisor, the Learned Attorney General and his Ministry of Legal Affairs have an awesome responsibility to set the tone in a nation state such as ours; to set the tone for justice across every ministry in that the Learned Attorney General has the responsibility to advise on constitutionality; to set the tone to prevent ministers and ministries acting unjustly in policymaking or in legislation making. This falls entirely and squarely on the shoulders of the Attorney General.

Now, more so than in any other time in our history, Bermuda is facing a number of fissures in our society on the social, economic and justice fronts, and indeed even on the psychic fronts. A lot of this is driven, of course, by the economic conditions which are unprecedented. But economic downturns tend to drive crime, economic stressors produce just that—stressors in our homes, amongst our society, amongst our population. And it makes people act in an entirely different way than if they were fully employed, fully engaged, meeting their mortgage obligations, able to attend hospitals and come out of hospitals and meet

their medical debts, meet their ordinary debts as they fall due. And so the economic conditions are playing a role in the context in which a Minister of Justice dispenses justice, dispenses advice, provides and sets the tone across the entire Government.

We have noted, and even I as a practitioner during this period have noted, a spike in sexual offences. And the last thing that the Learned and Honourable Minister and Attorney General indicated was that the DPP intends to hold a two-day investigation or seminar into the sexual offences in our country. I do not know whether the economic conditions are driving this particular spike, but we can only determine this if there is a sensible alignment of the work of the DPP prosecuting these kinds of offences aligned with the work of Court Services, Child and Family Services, where many of the victims are often the clients, if not almost exclusively, of Child and Family Services. And Court Services is there from the perspective of the probation reports that are written, these opportunities for examining the causes for the crimes that are being looked at by the Department of Court Services.

So what I find concerning is that under Court Services . . . and I hope I have your permission to range a little into matters, into departments—Child and Family Services, for example, which is not under the Attorney General, but interfaces with it on a regular basis. Both the output measures in Child and Family Services assessment of child abuse, sexual abuse in our country and the assessments in the Court Services output measures are all in percentages. I have not found this at all helpful because numbers would send a better message to us in the House as we assess what, for example, is driving the spike in sexual offences.

It would also inform new policymaking if we had an idea of what was the success with which Child and Family Services officers had both intervened in cases that they have in their brief, what has been the outcome and success, and findings—critically the findings [concerning] these young children who are the victims either of sexual abuse, physical abuse, or emotional abuse. Policy will be informed as to how to posit reaction . . . not reaction, but solutions to these developments in our society; developments, which, as I began at the top of my remarks, have been driven by the economic conditions and we expect to see them worsen.

So [there is a] spike in sexual offences, and my request, my plea, is for having a better understanding of the intervention regimes in the lives of these young people, these young children, to understand clearly what is going on in their lives that is causing these problems so that restorative justice takes place in a meaningful way. And a vital important element of restorative justice is the prevention of the cycle, stopping intergenerational trauma either by physical violence or emotional violence, reducing intergenerational trauma. And that is a very growing

concern that has been developing over the last number of years, that there has been “normalisation” of these elements of violence in our community.

That is just on the home front of violence in the home setting, but it is now beginning to manifest itself, as these landmark cases show. The landmark cases that the Honourable and Learned Attorney General read are a monument to nothing else but violence—a monument to violence in our community. Violence executed by the use of guns, primarily. A new development in our country that has been becoming normalised as it becomes intergenerational from the young parents passing it on to a new generation who all believe that enforcing beefs and enforcing disputes with guns is permissible.

So the Attorney General and the Ministry of Justice, as in any country, have a heavy responsibility and burden to set the tone in its country to ensure that ministers escape falling prey to, or falling victim to, policy or legislation which continues to hurt the body politic and the society.

I mentioned unemployment as one of the fissures [that has] developed in our society . . . the fault lines. When the new Government came into existence in 2012—on the wave of promises to address the economic conditions—2,000 jobs were promised. There was an important tone set. But I say that a fault line of importance that has developed has been the disappointment about the delivery on that promise, particularly in the context of joblessness. [This] had become a new fault line in our community.

Now we see three years on that there are unemployment dislocations amongst our women, women who have never before in their working careers been unemployed. Mergers in our international business sector where many of these administrative officers, women, are working, find that they are now having to apply for financial assistance for the first time in their lives. They are trying to manage in often what are single parent homes and they are either a grandparent . . . these are mature women and they are looking after intergenerational daughters and sons who are also either underemployed or unemployed.

So financial assistance is an opportunity, a territory for the Minister of Justice to have an important focus, an important tone setting, an advisory role so that we do not get caps on our financial assistance in these times. We rather require more muscle in the financial assistance area. But it is an opportunity for an active Attorney General, Minister of Legal Affairs, to counsel and set the tone.

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITOR

The Chairman: Member, I would just like to take the opportunity to acknowledge the presence of the for-

mer Senator and Attorney General, Mr. Philip Perinchief in the House.

[Committee of Supply on Estimates of Revenue and Expenditure for the Year 2015/16 continuing]

The Chairman: Member, are you going to tie this back into the respective heads?

Hon. Michael J. Scott: Yes.

The Chairman: Thank you.

Hon. Michael J. Scott: Yes.

Another fault line tied into this important Ministry—the Carne/Correia decision of the Learned Chief Justice in May 2014—was panoplied as a landmark decision. But in the context of the economic conditions which had resulted, and have resulted, and continue to impact . . . percentages of unemployment, you hear them variously as an unemployment rate of between 7 [per cent] and 9 per cent. So in this context when the Carne decision—an Immigration decision, a decision within our courts, the Judiciary—was made, it, in my firm view and submission, set a wrong tone. It set the wrong tone.

I make no comment on the propriety of the decision by the Chief Justice. I think all agree that the law was applied correctly, and the Learned Attorney General came to this House and declared that that was the case, after he examined the case and we discussed it, after QCs had looked at the case and they assessed it, the Learned Attorney General sought to appeal it . . . considered it. And I think Mr. Perinchief, the former Attorney General is in the Chamber, was involved in the case and was looking at these issues of . . . was it appealable.

That does not change my assessment that the Carne/Correia decision began the setting of a tone in our country which was adding a fault line to a number of fault lines in our community.

The PLP held town hall meetings directly across the country to try and inform the community about its implications. But it did . . . we continue to be faced with the implications and impact of this decision under the Judiciary (Head 5, I think it is). In addition, the Minister of Labour and Immigration is continuing to engage in liberalised Immigration policymaking that is, again, causing fault lines to develop in this community.

Bringing the matter into the context of this debate, it is the Learned Attorney General's opportunity and responsibility and duty to counsel and advise and guide the ship of state into justice issues that are going to calm the society, encourage greater solutions and responses to getting our people back to work, getting our young boys who are in what must be now [called] long-term unemployment. I mentioned many of our women in our community are for the first time

enduring the beginning of unemployment. Many of our men, breadwinners, you know, with the construction downturn, they too are unable to do what they should be doing for their families. And so we have these fissures in our community.

In citing the work of the courts the Honourable and Learned Attorney General registered his concern, and I share that, that there is standing room only in the Plea Court. You know, this brief is a testament to what I experienced when I was the Attorney General. I mean it is business as usual. The fine job that that Permanent Secretary and the team at the Attorney General's Chambers do in managing this particular department and ministry is acknowledged, but I think if ever there was a time, this is it in these straitened conditions for a new approach so that we have a justice and its administration that is responsive to the women I have mentioned, the young boys who are in long-term unemployment, the young girls who are in long-term unemployment.

I do not think many of these candidates that I have mentioned, these members of our society that I have mentioned, are going to applaud criminal law reform to ensure that there is more efficient administration of criminal justice in our country. They would applaud a policy shift that was sensitive to these economic and social dislocations that saw ministries across the entire broad spectrum of the government that is being advised by the Chief Legal Officer being more responsive, whether it is in Legal Aid, whether it is in Immigration, whether it is in Debtors Court, whether it is in Civil Court laying out either policy introducing legislation, whether it is targeting banks to encourage fairer bank lending, these would be relevant policy for the Minister of Justice of the day, the Minister of Legal Affairs of the day.

We see examples of it in any other territory or nation state. When Attorney General Holder had to deal with the question of Ferguson, it is a perfect example of how the top legal advice to the Government frequently has driven to his doorstep the requirement and responsibility and sacred mandate to bring peace to his community, for when there is no justice there is no peace.

Longstanding lines in the criminal courts, in the Magistrates Court, are duplicated by longstanding lines in the Debtors Court. And we have had an opportunity in this House with advocacy by the Opposition PLP to seek to bring the kind of judicial legislative, reactive legislative, changes to reduce the impact of incarceration for debt, and this is a work in progress and we are continuing to deal with it.

I did mention the . . . I began with my sixth fault line, the spike in sexual offences. And I think I have dealt with that adequately. What is needed (if it bears repeating) is as much data as possible being shared as a consequence of active meaningful intervention by Child and Family Services officers teasing out the reasons and causes for sexual crimes, sexual

touching, intrusion on the privacy of women, intrusion on the privacy of girls in a position of trust, sexually touching victims—children—and then there is the child abuse, physical abuse—

Mrs. Suzann Roberts-Holshouser: Mr. Chairman, point of order. The speaker—

The Chairman: Just a minute, Member, just a minute. The Chair will now recognise the Member from constituency 4.

POINT OF ORDER

Mrs. Suzann Roberts-Holshouser: Thank you. Thank you.

It is just that the Speaker of the House has organised a subcommittee of the House to actually sit and discuss and to review the process going forward, so I do not know whether this touching base on something that the Speaker has already established.

The Chairman: In other words this may pre-empt that discussion you are saying?

Mrs. Suzann Roberts-Holshouser: Correct.

Hon. Michael J. Scott: I am grateful—

The Chairman: I guess we would advise—

Hon. Michael J. Scott: Yes—

The Chairman: —to tread carefully there.

Hon. Michael J. Scott: Sure. I am grateful to the Deputy Speaker for that reminder.

The Chairman: Thank you for your intervention, Member.

You may proceed, Shadow Minister.

Hon. Michael J. Scott: I mentioned the Immigration case. There was during our recent legal affairs history, too, another notorious case, another fault line, if I may describe it as that, under the DPP's office wherein the context when we as a nation are seeking to do the very best that we can to ensure that there is access to the economic benefits of our country, the economic opportunities of our country, and to remove barriers to entry wherever they occur, that the decision to overlook the Director of Public Prosecutions, Ms. Cindy Clarke, the Deputy Director, sent the wrong message. So this is another fault line that an active Attorney General has to grapple with.

To be fair, the Government expressed its disappointment along with the Opposition for these developments of this appointment and the renewal of an

incumbent DPP who is now on . . . approaching nearly his seventh year, I think.

These are the opportunities for the administration of justice to continue to grapple with these important societal challenges and imperatives and set the proper tone. Because the right tone will be set, the literal joy of a Bermudian DPP, for the hours and days that we celebrate such matters before the hard work of the DPP must commence, sends a better signal throughout the entire community. It gives us a break from the tedium, and often the drudgery, of an economic set of conditions that are putting a punishing set of dislocating stressors on the citizenry of this country. So that was a fault line that needed to be addressed that was not addressed well in our community.

Finally, there is the whole question, in these contexts of the dislocations, of the violence it is generating in our community, of financial assistance being capped as opposed to being increased. That is another fault line.

Mr. Chairman, if I could just turn to Court Services for a moment, I heard the Learned Attorney General indicate that there was a decrease in operational expenditures for the programme of approximately \$29,000, owing to an integration of . . . with [line item] 7403. The brief of the Attorney General indicated that this whole question of the Administration in Court Services has a challenging set of clients to deal with, and we all recognise that. The Attorney [General] describes them as thankless, demanding 24-hour a day multi-tasking dealing with complex behavioural, attitudinal and difficult problems with difficult individuals. Here is a field of dreams. One of the important mandates of any department of justice is to introduce restorative justice.

One of the key features of any restorative justice regime is to reduce recidivism, to reduce re-offending. And we cannot do this without being both scholarly and scientific about the data about our kids that is available. Daily it comes through the Magistrates Court. It starts there, the first contact with justice with the charge. If there is a conviction and a need for a probation report, this is where it begins. I know . . . and when I sat in the seat it occurred to me that [this is] an opportunity to assess. I hope we keep it, I do not know.

There must be reams of boxes (but thank God for data now stored electronically) . . . there has got to be literally reams of data that can be assessed by interested young students of the subjects. I have met many of the probation officers, many of the administrative officers within Court Services, within Probation Services. Those young ladies and men craft files and data. And it results in a final report to a magistrate who then deals with it, or to a Supreme Court judge. But there is another opportunity with all of that data to just ask, to pose the question: What are the causes for this? We should be tough on crime, but we have

got to be tough and sensible about the causes of crime. And this is where the field of dreams is with all of these data.

I was not able to understand from the output measures in Court Services . . . and I will provide examples, with your permission, Mr. Chairman. So, just under, for example . . . Can I, with your permission, look at it from the point of view of Family Services, which is page B-247 of the book? Number of . . .

The Chairman: You may proceed, Member.

Hon. Michael J. Scott: Thank you. I am grateful, now that you have it on the book, too.

[Pause]

Hon. Michael J. Scott: Number of children who are protected from ongoing child abuse. This is page B-246. The actual outcome was 100 per cent in 2013/14; it was 100 per cent in 2014/15—100 per cent 2014/15. So that does not tell me very much. It is good to know. I am not surprised to know that in a matter as serious as child abuse, there is an involvement of a protection regime that has been put in place.

What were the numbers, though, so that it would send to the learned Attorney General what are the real features of child abuse that are happening, who are now clients in a Child and Family Services setting? And I cannot take it any further than that without knowing what the numbers are. But if the numbers are high, then my observation is that gathering the data about that particular child abuse case and understanding what is going on inside the four walls of that home is the beginning of restorative justice mechanisms really effectively deployed so that we could stop it. The object is to reduce victims exposed to child abuse, whether emotional, physical psychological or whatever.

I sense, because of the conditions and watching inter-generational violence taking place and gun violence taking place, that these numbers may be going up. I would be happy to be informed that they are at a not-alarming rate. But once we know it and we disclose it to the public, and stakeholders get involved in a wise and effective attack on the problem, then we all serve our community well. We all do our jobs and serve our community well.

One of the things I want to observe, though, is that I looked at other budget books, and I deliberately went back as far as when these statistics were presented by the PLP administration. And I did see that we did use numbers. And I think it was as recent as last year's Budget Book we started to see this use of percentages. So all I am saying is that I would ask that the use of percentages, as long as someone is gathering the statistics . . . And I know that the statistics exist. But it affords me insufficient information to

see a percentage such as this one, because that 100 per cent was not the best example.

Let us look at some cases. Well, on page B-247 it is 100 per cent for everything. To increase the number of children transitioning from home successfully by 50 per cent, and then the ratings are all 100 per cent in 2013/14. In 2014/15, it is 100 per cent. Number of children whose risk is reduced, this is under Family Services. Now, we do have numbers there, and it is 109 for 2013/14, and 100 is forecast for 2014/15. And the revised forecast is 134. We do have the use of hard numbers under Family Services for foster case and cross-ministry, but I will not drift into that because, let us go back to Court Services and look at these measures.

Under the probation team we have the percentage of cases receiving a final risk assessment during the final month of supervision. Original forecast for 2014/15 is 60 per cent. Revised forecast is 40 per cent. But throughout the entire output and performance measures under Court Services all output measures are expressed in percentages. But I think I have made the case. I made the point about how numbers would better inform both policymaking and . . . Because we can do some policy formulation even here as legislators. As we look at the trends and look at the numbers, we can posit to the Minister and Attorney General ways to improve or the means to improve the picture.

[Pause]

Hon. Michael J. Scott: And the learned Attorney General has the right measure of this matter to which I have been speaking when he confirms to this Honourable House that, under the Parole Services platform, he seeks to ensure that there will be more stringent oversight practices in enforcing conditions of the orders to include client outcomes and the protection of the community, enhanced communication regimes with critical partners, which is precisely what we have been talking about, deeper alignments, driven from the Attorney General's Office across these mission-critical ministries of Corrections, Child and Family Services and Court Services, Department of National Security dealing with the whole question of the . . . dealing with crime and punishment in our midst.

The team provides therapeutic interventions mainly via specialised programmes and group work to reduce the risk of recidivism. While it gives mouth and voice to the natural and expected aims and mandates of the Department of Legal Affairs to reduce recidivism, in 2015 we see spikes. In 2015, we do not see any material movement south as opposed to what we see is a movement of these crimes going north.

And whilst the Department of Public Prosecutions has had great success with those 1,000 magistrate's court cases and the 15 Supreme Court trials, of putting violent offenders off the streets, the aim is to

break the cycle. This should not be going on year after year in Budget Debates on the Ministry of Justice. And this is all that I advocate for. The tone-setting has to be attended to, and the tone must be the pursuit of justice. Economic justice, social justice must be the new emphasis.

[Pause]

Hon. Michael J. Scott: So, Mr. Chairman, I was, of course, and have always been, pleased because it represents almost a template. I have always been pleased about the good work of the drug court. There, Mr. Chairman, the Learned Magistrate, Mr. Wolf, has produced a model and has outcomes that deal with these societal dislocations in this area, specifically, driven largely by drug usage amongst our young men and women. I continue to celebrate the good success that the drug court has, as managed by the team at the drug court and led by the learned Magistrate, Mr. Juan Wolf.

There are many good lessons to be learned from the information that he culls from those many hours he spends interviewing drug clients from the point where they are . . . first, they have appearance, to the point where they have had remarkable success at beating this problem with drugs. Their successes, their methodologies, the steps that they have been taking can all be deployed both for other departments, whether it is beyond drug use, but just violence or home violence. All of these, the successes of the drug court, can be replicated, duplicated and used across the rest of the terrain of violence in our country. And so, the drug court is a huge success story for us.

Just on some of the statistics that pose questions for us, Mr. Chairman, I notice that on the proceeds of crime, freezing of funds, there were zero freezing of funds orders made. There were 11 applications for the continued detention of seized cash. The number of Misuse of Drugs Act search warrants issued was 39. (I am just going to find that page so that I can look at the comparisons.)

[Pause]

Hon. Michael J. Scott: The number of Revenue Act search warrants, zero. And the number of Production Orders Revenue Act [1989] Customs warrants, zero.

I know that the previous years' figures were significant. And I will try and find them as I turn this up. But I want to pose the question, What is this an indication of? If there are no freezing of funds orders taking place when previously we had . . . (And I apologise. I must see if I can find that for us.)

[Pause]

Hon. Michael J. Scott: I think I now have that. That is page B-70 of the book, Mr. Chairman. The total num-

ber of revenue search warrants was six in 2013, actual. There were zero as of November 2014. The number of [Police and] Criminal Evidence Act warrants, 20 last 2013; zero as of November 2014. The number of Production Orders Revenue Act Customs, there was one last year, there were zero this year. I mean, if we are not issuing warrants, is it an indication that these offences are taking place and they are going by the board? Or is there some other real technical reason for these defaults down to zero, when there were measurable amounts in 2013? I believe that if we go back to 2012 and 2011, we will see a robust set of statistics on these figures.

We cannot, and I hope that we are not letting the whole issue of crime and the importation of seizeable funds, something that the Minister of Finance would be interested in because it contributes to . . . Confiscated assets is an important area for revenue-growing and paying the bills in the country.

The outputs under the Court Adjudication unit, [cost centre] 13040, as I say, are again a testament to business as usual in our country. I mean, there are thousands of cases before the magistrates, the 7,000 traffic cases. I know they are vital to making the Judicial Department produce revenues of \$7 million, and it has a cost of \$8 million. It is a success story on one front, but the same people are going through these courts. You know? Young black males whom we have been talking about being prosecuted for drugs in a disproportionate way [compared to their] white male counterparts. Young black males in the civil courts for non-payment of their child maintenance. Young black males, by and large, the defendants in crimes of violence.

It is all well and good to produce in this delightful brief of the Learned Attorney General yet another year of similar statistics. Even if you turn to Corrections, where the daily population there is at 262 inmates, and total population of inmates in the 300 area—[it is] all well and good to reveal to this Honourable House statistics so similar to last year and the year before that. When will the day and policy arrive where we have had a meaningful policy shift that seeks to just eliminate this rotating door, this revolving door policy?

This would send a new tone. This would set a new tone. This would send a tremendous message that provides a counterweight to liberalised immigration policy that is so rejected and unwelcomed with an unemployment rate that is unprecedented in our history. This would send such an important opportunity message to our nation's body of our nation. And it would be good. It would set the right tone, Mr. Chairman.

Incarceration figures are given. They have not been broken down into what are civil debt; we just get the figures. So that is something that we would like to see.

[Pause]

Hon. Michael J. Scott: Just finally, now on the judiciary, I would like to make a few observations and remarks. So, the Attorney General has declared a future focus and plan of his energy and work. No doubt at the request of the head of the judiciary, criminal law reform has been requested so that it is more efficient. Even as we consider—even as the learned Attorney General actually prosecutes the policy of criminal law reform, and it is vitally important that the Attorney General guide his ministers, advises his ministers along lines that the policy and decision-making that they make do not result in judicially reviewable outcomes.

Because the impact in terms of cost on the Government for lawsuits, legal costs awarded against the Government, lawsuits and damages awarded against the Government or government departments would make . . . You could pay for the entire criminal law reform. You could direct the savings into some of these areas that I have been calling for in the area of looking into these social, societal dislocations in our midst. You can just use the money saved to achieve this new tone of which I have been speaking.

I mean, it literally is multi-millions of dollars. Lawyers will go after governments in cases where there is negligence, whether it is in the health area at the Hospitals Board, judicially reviewing Ministers' decisions in the environment department. We see it all the time. Now, I know that we cannot create a clean and free-of-litigation government. But it is an important area of monitoring and management. It is good risk management to have as an important focus guidance from the Attorney General throughout all ministries. And I know it is not easy. But having ministers have far too much autonomy about decisions they take or not giving enough legal guidance to ministers and ministries about decisions they take can result in lawsuits.

I know that we have put in place . . . I know that this Government continues the policy of locating internal counsel in some departments. Certainly, that was done also from the fiscal perspective of accountants in departments to help manage the public purse. But I pass on that as I speak to this whole question now of . . . I pass on that question and that issue of good risk management, of civil suits and legal suits is a way to save money, and the savings can be used for the restorative justice aims and objectives of any civilised and just society.

One of the important features of any justice system is the housing for the courts, an excellent example of which we now have is the Dame Lois Browne-Evans Building. So the summary courts have reached the right standard. But I know that the Honourable Chief Justice continues to wish to have both the Supreme Court, both the staff and the courts in which we administer civil, appellate and commercial

justice be adequate for purpose. And therefore, I was gratified to see that the Learned Attorney General is committed to it, even if the funds are not yet—have not been allocated to both properly upgrade the Supreme Court system with a Supreme Court complex.

I think it is fair to say that those awful days when the legal aid fund was being punished by the levels of an impact on applications to it, seem to have reduced somewhat, you know, reduced in a measurable way. And I think that has got to do with the fact that the good work of the administration of justice through the prosecution of crime, the detection of crime by the police and the settlement of cases through trials has been working very well. And so, the allocation of two-point-something million dollars for legal aid may well be . . . Well, it reflects this. There was a point when we thought that \$4 million would not be enough. But now it appears that the legal aid allocation is managing at the \$2 million figure. I am not quite sure whether crime has so significantly reduced that defendants are not impacting the legal aid fund, but it is a point to note in passing. And if it is in fact that crime is coming down, it is precisely what I have been speaking about in my speech.

But the commercial court is an example of the housing that is adequate there at the administration building. And I am glad that that occurred for all of the obvious reasons. International business, who wish to litigate their matters in the setting of the commercial court do so in comfort, with excellent commercial court judges in the personages of the Chief Justice and the Honourable Mr. Justice Stephen Hellman, and they do good work, Mr. Chairman, at administering our commercial court.

Of course, the fact that there is now over \$1.5 million of outstanding fines is, as I am sure we will all agree, just an indication of where we are in the economy. Unpaid fines are in this state because people do not have the money to pay them. And I meet them in the courts all the time, or increasingly. Until the economy improves, I think these figures are going to do nothing else but remain at these levels until people are stable again in their capacity to earn.

I was interested to note that liquor licensing spiked in its numbers. I remember in the Pitt analysis in 1977, both drug use and alcohol use were all used to take the edge off of difficult conditions in people's lives. This was observed by the Chairman of the Pitt Report, and we may be seeing this again during these similar conditions. It is the reason why we look at decriminalisation of drugs in our country or depenalisation of drugs in our country, because it is a growth area, and we have to try and not create a nation of convicted young people, boys and girls, for small quantities of drugs.

But more importantly, we have to rationalise the development and appearance of disparities of treatment between the races of persons constantly being in possession of cannabis. So, there has to be

an urgent response to this whole question in our community. Whether it is done by legalisation or depenalisation, whether it is done by giving . . .

Mrs. Suzann Roberts-Holshouser: Ahem. Ahem.

Hon. Michael J. Scott: Have I done it again, Madam Deputy Speaker?

Mrs. Suzann Roberts-Holshouser: Thank you. Yes, indeed. And I did try to get your attention.

[Inaudible interjection]

The Chairman: The Member has taken his seat.

The Chair now recognises the Member from constituency 4. You have the floor.

Mrs. Suzann Roberts-Holshouser: Thank you very much, Mr. Chairman.

I just would like to mention that we do have on our Order Papers, as put down by the Shadow Attorney General himself, the Decriminalisation of Cannabis Act, and as a result we should not reflect on something that has not actually been discussed yet. Thank you.

Hon. Michael J. Scott: I am very grateful to my . . .

The Chairman: Thank you, Member.

The Chair now recognises again the Shadow Minister, the Honourable Michael Scott, the Honourable and Learned Member.

Hon. Michael J. Scott: I am going to wind up now. I think I am reaching the conclusion, as I have gotten to the front of the brief.

The support for training of pupils in their preparation for call to the bar programme has been, if I am reading this with accuracy, cannot be supported. These kinds of initiatives take place in the private sector, in private practice, where we have pupillages that are ongoing. The Bermuda Bar Association has an ongoing concern to ensure that our young practitioners in their first year of being called to the bar . . . there is a concern that they ought not to be foisted upon an unsuspecting public if they are not ready, foisted onto the public in the sense of opening their own practices and practicing without levels of mentorship that would protect the public.

I did it. I think life has changed, has become more complex. There is an inclination to sue more quickly by the litigant today. We all have to have PL [public liability] insurance coverage. The world and the territory, the terrain has changed. But I mean, it raises important implications, though, for an ordinary young man or woman who has spent both energy at qualifying as a barrister or solicitor, spent money in doing so and needs to repay that money, being denied the op-

portunity to make their way by hanging out their shingle. I mean, it is a question of human rights—not human rights, but their constitutional right to freely earn.

But opportunities for ensuring that there is enrichment going on in the lives of pupils helps to address that problem. I mean, and the private sector, I was saying, all seek even with limited resources of many private practices, particularly in the criminal bar. We all try and have a pupil, find some way to have a pupil be with us so that we can promote the mentoring process, the training process. So, getting the priorities right, this might be an area not to cut, and some other area would be the right one. But the emphasis should be on the tone of the good administration of justice, which would, for me, mean that we would keep these kinds of programmes in place and eliminate something else.

So, I want to both thank and commend my honourable and learned colleague, the Attorney General, for this year's analysis of the important work that the Attorney General's Chambers, Court Services, the Judiciary, the Director of Public Prosecutions Office, Court and Family Services—the important work that all of the leadership across these departments [are doing] in making Bermuda a peaceful place, making Bermuda a just place, making Bermuda a place where opportunities to live and thrive in the economy, to improve the economy and not have barriers placed in the way of persons wishing to live and thrive in this economy must take place. And it is a mandate that is, as I indicated, sacred. It is a mandate that is a mandate of justice. And it is a mandate that ensures that the right tone is set in the context of the pre-existing fissures and fault lines that we have, live and deal with on a daily basis. Justice, if it is denied, means that peacefulness is denied.

So I want to thank the Honourable Member for the presentation. Those are my remarks.

The Chairman: Thank you, Shadow Attorney General.

Is there any other Member who cares to speak to the respective heads under discussion?

No?

Then the Chair will recognise the Honourable and Learned Minister of (I just want to get this right), the Honourable Trevor G. Moniz, the Honourable and Learned Member, the Attorney General and Minister of Legal Affairs. You have the floor, Minister.

Hon. Trevor G. Moniz: Thank you. Thank you, thank you, Mr. Chairman.

I want to thank the Shadow for his words. Those are some important issues that he touched upon. There are no immediate answers that I have for those matters. Any other matters, you know, which he addressed, I will try and get information for him offline on those subjects.

So I would therefore move Heads 87, 3, 4, 74 and 75 be approved.

The Chairman: Members, the Honourable and Learned Minister has moved that Heads 87, 3, 4, 74 and 75 be approved.

Are there any objections?

There being no objections, the heads are so moved.

[Gavel]

[Motion carried: The Ministry of Legal Affairs, Heads 87, 3, 4, 74 and 75 were approved and stand part of the Estimates of Revenue and Expenditure 2015/16.]

The Chairman: The Chair now will recognise the Honourable Finance Minister.

Hon. E. T. (Bob) Richards: Mr. Chairman, I move that we rise and report progress and meet again on Monday, the (what is Monday) 15th. Monday the 15th. . . yes, the 16th, yes.

The Chairman: The 16th, yes.

The Chair acknowledges that the Finance Minister has called for us to rise and report. And we will meet again on the 16th of March. Thank you.

[Motion carried: The Committee of Supply rose, reported progress and sought leave to sit again.]

House resumed at 6:42 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Speaker: All right. Thank you, Honourable Members. We have completed today Heads 93, 27, 29, 87, 03, 04, 74 and 75. It has been moved we will resume in the Committee of Supply on Monday, the 16th of March.

We now move to Order No. 2, which is carried over. Order No. 3 is carried over. Order No. 4 is carried over.

We move now to Order No. 5, which is consideration of the Electronic Communications (Regulatory Authority Fees) Regulations 2015, in the name of the Minister of Economic Development, the Honourable Minister, Dr. Grant Gibbons. You have the floor.

REGULATION

ELECTRONIC COMMUNICATIONS (REGULATORY AUTHORITY FEES) REGULATIONS 2015

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker.

Mr. Speaker, I move that consideration be given to draft regulations entitled the Electronic Communications (Regulatory Authority Fees) Regulations 2015, proposed to be made by the Minister of Economic Development under sections 6 and 11 of the Electronic Communications Act 2011, and as read with section 44 of the Regulatory Authority Act 2011.

The Speaker: Thank you, Minister.

Any objections to that?

Minister, please carry on.

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker.

Mr. Speaker, I am pleased to introduce the Regulations entitled the Electronic Communications (Regulatory Authority Fees) Regulations 2015. The purpose of the regulations is to set the fee charged to integrated communications operating licence (otherwise known as ICOL) holders by the Regulatory Authority for the 2015/16 fiscal year. These regulations are proposed under the powers conferred by sections 6 and 11 of the Electronic Communications Act 2011 and as read with section 44 of the Regulatory Authority Act 2011.

Mr. Speaker, in the 2014/15 fiscal year, the total ICOL fee paid by the ICOL holders was 3.8 per cent of relevant turnover. Of this 3.8 per cent, the Regulatory Authority retained 1.75 per cent and transferred the remaining 2.05 per cent to the Government.

Mr. Speaker, for the fiscal year 2015/16, the Minister of Finance has set the Government authorisation fee at 2.25 per cent through the recently debated amendment to Head 24 under the Government Fees Amendment (No. 2) Regulations 2015, which we just did this past Wednesday.

Mr. Speaker, for the fiscal year 2015/16, it is proposed that the Regulatory Authority fee be reduced to 1.5 per cent of relevant turnover, which is a reduction from the current level of 1.75 per cent for 2014/15. This will reduce the total ICOL fee paid by the ICOL holder by 0.05 per cent. In broad terms, Mr. Speaker, this means that the total ICOL fee proposed for the upcoming fiscal year is 3.75 per cent of relevant turnover, of which the Regulatory Authority will retain 1.5 per cent to cover their 2015/16 budget and will transfer the remaining 2.25 per cent to the Government. That compares with 3.8 per cent last year, Mr. Speaker.

Mr. Speaker, I would like to confirm that, as required by section 44 of the Regulatory Authority Act, the authority submitted, together with its proposed annual budget, a recommendation to the Minister responsible for telecommunications for the making of

regulations to reduce the Regulatory Authority fee for the 2015/16 year. I should also note that the same section indicates that until such time as the Minister makes these regulations, the ones we are talking about now, the said fee would automatically be adjusted upwards by the Consumer Price Index from the previous financial year.

Mr. Speaker, the Authority proposed the fee reduction for the following reasons: Firstly, the Authority now has the benefit of actual spending data from the previous year's accounts. And when compared with budget amounts, it was recognised that the Authority's fees could be reduced while still fulfilling its mandate. And secondly, the Authority is keen to operate efficiently and to ensure that its fees do not unduly impact the growth of the ICOL licence holders.

Mr. Speaker, as the Minister responsible for telecommunications, and having considered both the Authority's budget and the proposed fee, I accepted the recommendation to reduce the fee on the basis that the Authority was able to effectively supervise the industry during the preceding year with the reduced percentage of revenue.

Mr. Speaker, I would now like to explain the individual clauses in the regulations.

Clause 1, which is the citation, confirms that these regulations are to be cited as Electronic Communications (Regulatory Authority Fees) Regulations 2015.

Clause 2 is the schedule of fees payable and makes reference to the Schedule to these Regulations, which specifies the general regulatory fee payable to the Regulatory Authority.

Clause 3 revokes the 2014 Regulations.

Clause 4, which is the Schedule for Fees Payable, this item in the Schedule specifies that the fee payable by each integrated communications operating licence holder is to be 1.5 per cent of the licensee's relevant turnover and that this fee is applicable for a 12-month period. These fees are to be paid in quarterly instalments, in arrears, and are to be calculated based upon an estimate of the licensee's revenue for each quarter. They shall then be subject to adjustment as may be required within six months of the end of the relevant financial year.

Mr. Speaker, this concludes my introduction to the House for the Regulations. Thank you, Mr. Speaker.

The Speaker: Thank you, Minister.

Would any other Honourable Member care to speak?

Honourable Member. Do you see someone on their feet?

[Inaudible interjection]

The Speaker: The Chair will recognise the Honourable Member from constituency 6, Hamilton West. MP Wayne Furbert, you have the floor.

Hon. Wayne L. Furbert: Thank you, Mr. Speaker.

Mr. Speaker, I have looked at this and I do not really have any big concerns about what the Government is doing. I am only thing I am missing, Minister, is . . . we did not get a copy of the actual clause explanation. We did not get a copy of that, so I am just wondering. But other than that, I have no real problems with the actual Bill itself.

The Speaker: All right. Thank you. Thank you, Honourable Member.

So would any other Members care to speak?

The Chair will then recognise the Minister again.

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker.

Mr. Speaker, I appreciate the support, or I should say, perhaps, lack of concern, from the Member on the other side. And I am happy to move that the draft Regulations be approved and a message be sent from this Honourable House to His Excellency the Governor. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, thank you, Minister.

Are there any objections to that?

Then a message will be sent, as required.

[Motion carried: The Electronic Communications (Regulatory Authority Fees) Regulations 2015 were considered and approved.]

The Speaker: We move now to Order No. 6, the Electronic Communications Amendment Act 2015. And that also is in the name of the Minister of Economic Development. Minister Dr. Grant Gibbons, you have the floor.

Dr. the Hon. E. Grant Gibbons: Thank you again, Mr. Speaker.

I move that the Bill entitled the Electronic Communications Amendment Act 2015, which has been recommended by the Governor, be now read the second time and committed.

The Speaker: Any objections to that?

Carry on, Minister.

BILL

SECOND READING

ELECTRONIC COMMUNICATIONS AMENDMENT ACT 2015

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker.

I am also pleased to introduce the Electronic Communications Amendment Act 2015. The purpose, Mr. Speaker, of this amendment Act is to introduce amendments to the Electronic Communications Act 2011 in relation to the administration of the .bm country top-level Internet domain name system, and also to introduce domain name registration fees.

Mr. Speaker, as Honourable Members may be aware, Internet domain names are used to describe the regions of the administrative authority within the Internet domain name system. Domain names serve as recognisable descriptors of the numeric addresses of Internet devices such as computers, networks and services, and represent an Internet protocol (or an IP) resource.

Individual Internet host computers use domain names as host identifiers, or host names. Domain names are also used as simple identification labels to indicate ownership or control of a resource and can assist in establishing a unique identity, as www.gov.bm is an example of that.

Mr. Speaker, under the Electronic Communications Act 2011, the Minister responsible for telecommunications is responsible for Internet governance and all matters relating to the policy and coordination of the .bm country code top-level domain. Mr. Speaker, the .bm domain was administered by the Bermuda College until September 2003, when this responsibility was transferred to the Registrar General. The Registrar General maintains a database of .bm domain names, which, once assigned, are no longer available for use by anybody else. There are currently over 9,000 registered domain names in the Registrar General's database.

Mr. Speaker, the Internet Corporation for the Assignment of Names and Numbers (often referred to as ICANN) is responsible for the allocation and management of domain names and, at the request of the Government, has approved the Registrar General as the designated administrator for .bm domain names. Section 49 of the Act gives the Minister of Economic Development the authority to assign the coordination of the management, allocation and assignment of all domain names under the .bm country code to the Regulatory Authority of Bermuda. However, after consulting with the Regulatory Authority and the Registrar General, we propose to leave this responsibility with the Registrar General.

Mr. Speaker, the proposed amendments will remove the reference in the existing Act (actually, section 49) to the Regulatory Authority, so the responsibility for coordinating the management of the country code top-level domain of Bermuda and the allocation and assignment of .bm domain names resides with

the Minister responsible for telecommunications, currently the Minister of Economic Development.

Mr. Speaker, the Registrar General will have an obligation to consult with the Minister on wider Internet governance issues, including the policies associated with the coordination and allocation of .bm domain names. The Registrar General's delegated authority will include the development and management of the terms and conditions governing the registration and use of .bm domain names, including fees and eligibility for registration.

Mr. Speaker, the proposed amendments will also require the payment of a fee for registering .bm domain names. Currently, domain names are registered without charge. This places the Registrar General in the position of having to absorb the full cost of providing this service. Other jurisdictions charge fees for registering domain names. Jurisdictions such as the Cayman Islands, the Bahamas and Antigua and Barbuda charge annual registration fees ranging from \$100.00 to \$498.00. Mr. Speaker, the Bill proposes that the initial registration fee be set at \$60.00 per year and that any domain names that were registered prior to the implementation of the fee be grandfathered, with a registration fee being applicable upon the anniversary of the domain name registration date.

Mr. Speaker, the registration of .bm domain names is currently governed by a policy known as the Bermuda Network Information Centre (or NIC) domain name registration rules, which restrict domain names to, first of all, companies, entities or organisations incorporated under the Companies Act of 1981, and secondly, to organisations registered under the Charities Act of 1978.

Mr. Speaker, the Government proposes to expand the eligibility for registrants to include individuals domiciled in Bermuda and for the use of the .bm domain names to no longer be restricted to commercial use. The expanded registration regime will be subject to have appropriate criteria, policies and procedures in place, and in particular for dealing with situations where the domain holder no longer resides in Bermuda.

Mr. Speaker, I am going to take my seat at this point and let other Honourable Members contribute. Thank you.

The Speaker: All right. Thank you. Thank you, Minister.

The Chair will now recognise the Honourable Member from Hamilton West, constituency 6. MP Wayne Furbert, you have the floor.

Hon. Wayne L. Furbert: Thank you, Mr. Speaker.

Mr. Speaker, it is interesting. I look at this particular amendment and recognise that I have no problem as far as the Minister being, overall, responsible . . . for making clear the Minister is responsible for the domain names. But when we look at who should be

the body in charge, I do not get it why the Registrar General and not the other board should not oversee this particular domain name.

An Hon. Member: The Regulatory Authority? Rather, the Regulatory Authority?

Hon. Wayne L. Furbert: I mean, I have a .bm name. I am not sure whether many people have a .bm name around here. But most people I know are moving away from .bm and moving to, you know, .com or anything else because it is much more broader. First of all, it is cheaper. You do not have to pay anything for it. So I am not sure what significance . . . I know there is some value, there must be some value to the .bm name, but I am not sure it is as great as it used to be now that the .com is so universally being used, particularly like gmail and stuff like that.

So I support it in principle. There are a few questions I would like to ask the Minister, though. I see the Minister is proposing . . . well, not proposing, but the initial registration fees . . . Well, first of all, why is it not stated in the body [as] it was before, and that is the body of the Regulatory Authority instead of given to the Registrar? Do they have the staff to actually handle that? I mean, will they be increasing their staff requirement? Or will people from the Regulatory be moving over to the Registrar General?

I just see it as a . . . It is like putting Bermuda's Small Business Development Corporation under Immigration. I just find it ironic that it would be sitting there instead of sitting in the body which is going to be overseeing any type of telecommunications type of procedures.

The other question, Minister, would be, Was there any particular reason why we never did charge in the past? I mean, right now you suggested we have just over 9,000 .bm [domain names]. Was there any particular reason why we never charged in the past? Other than that, I see no problem with the changes that you are making, overall.

The Speaker: Thank you.

The Chair will now recognise the Honourable Member from constituency 17, Pembroke Central. MP Walton Brown, you have the floor.

Mr. Walton Brown: Thank you, Mr. Speaker, and good evening.

The Speaker: Good evening.

Mr. Walton Brown: Mr. Speaker, this Bill is a step in the right direction. I am not sure if it goes far enough in terms of facilitating the establishment of online companies and services. I know that in the past, Mr. Speaker, when I have attempted to register domain names, .bm domain names, there was an incredible bureaucratic process . . . not bureaucratic process,

but there were just delays that were unnecessary, from a business standpoint.

So, I actually ended up on two occasions registering a .com and a .co domain name and had it done in about two minutes, because here you had to previously demonstrate that you had a company, a legitimate need to use that domain name, and so on. And so it seems to me as an impediment to business development.

So the proposed Bill will loosen it up to some extent, because it will allow for a greater range of entities to be able to register domain names. So that is a positive thing. But previously, the administering powers would always have to ask, *Well, what is the nature of your company? Do you have a limited liability company?* So it was an impediment to business. So, opening up is fine.

What I do not understand is, why can we not just have it so that there is an automatic registration process? The Minister would know that people who are involved in the online world expect instantaneous decisions and instantaneous results. And time delays represent a roadblock. And time delays mean that people will go and look elsewhere. That was my experience. So, why do we still need to have the kind of regulatory oversight for the registration of a .bm domain name? I do not understand why that is the case.

I can go and register a domain name in a number of other countries right now. And there are third-party vendors that actually facilitate and promote other country domain names. Maybe we do not need to do that, but we should at least, at the very minimum, loosen up the regulatory environment when it comes to the registration of domain names.

I think it makes eminent sense to start to charge, because I could never understand why the Government would not charge for domain names. It just never made sense. People would just get a name, use it for a business purpose, generate revenue out of it and never pay anything. And as the Minister pointed out, we have an infrastructure in place that is actually costing the taxpayer money. So, it is a good thing to charge.

But I would like to get an answer to my question, Why is it that we cannot have the domain names set up in such a way that one can automatically register, instead of having to have some approval process? I do not know what the practice is for a number of other countries, but I do know that a lot of countries allow you to just automatically register the website, provided the name is not being used, provided it is not a proprietary name belonging to some entity like McDonald's or something.

It is a step in the right direction. I think more could be done. I will take slight issue with my colleague, Mr. Furbert, on people migrating to .com domain names as opposed to .bm, or anything else. I do not really think it matters. If you have a good marketing strategy, people will know your name. They will

know how to get your address. They will put it in the bookmark, and they will just click on it. So you are not going to say, *Well, I'm not going to go to this website because it's .com or .bm*. It is all about the marketing of it. But if we are to be—

[Inaudible interjection]

Mr. Walton Brown: Some people say it is more user-friendly. I do not know. Dot-co is becoming very popular now and . . . anyway, I am not going to get into that discussion. But the point is, it is important that it be done, the changes are made. It is important that Bermuda show to the world that we are tax savvy and on the cutting edge. It does not quite get us there, but it is a step in that direction. Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

Would any other Honourable Members care to speak?

The Chair will recognise the Honourable Member from constituency 18, Pembroke West Central. MP David Burt, you have the floor.

Mr. E. David Burt: Thank you very much, Mr. Speaker.

Mr. Speaker, just a few questions to the Honourable Minister for bringing this Bill, because although . . . as someone who has made a profession out of building websites, I am very familiar with the registration process for .bm domains. And I would like to follow on with what the Honourable Member said, from constituency 17, Pembroke Central, who just took his seat, to speak about the process and how cumbersome the process is right now. Because you have to go online, and then after you go online, after you send something in, then you have to fax something into the office—fax.

[Laughter]

Mr. E. David Burt: Like you have to find a fax machine to go ahead and fax something on a corporate letterhead, sign it, authorising it to the Registrar General, wait a few days, or however long it might take to get around to it, and then go ahead and take care of it. It is an incredibly cumbersome process. It is one of the more cumbersome processes to get things done in Government.

If we want to reduce the amount of red tape, I would hope that some of this money is going to be at least used to create a better and more efficient system for registration, which should not cost more than \$10,000, Mr. Speaker, because it is not that hard. It is really not that hard to do. The process can certainly be streamlined, and I would hesitate to say that the Government might, you know, make a little bit more revenue if it were a little bit easier to register a domain

name as opposed to the fact that it is just a very, very cumbersome process right now.

I would like to question the Minister, if he can explain, because I know he gave comparative jurisdictions. I am not entirely certain why he chose those, because, for instance in the United States, you can register a name for \$10.00 a year. And, you know, other places, they are relatively inexpensive. So, \$60.00 a year, on a comparative level, sounds kind of expensive.

But the question is, How did that \$60.00 come about? Was there any market research done? Was there any consultation done with the local IT industry through the various things such as the E-Commerce Advisory Board [ECAB], such as the Chamber of Commerce? Was there anything that was put in? Was there any feedback into how this would affect domain registration, whether or not they would see things increase or decrease, or whether they thought this was the appropriate level? So I would just like some thoughts on where the \$60.00 fee came from, and the (I guess) feedback or consultation that went into the devising of that fee. Thank you.

The Speaker: Thank you, Honourable Member.

Would any other Honourable Members care to speak?

Then the Chair will recognise the Honourable Minister. Minister Dr. Gibbons, you have the floor again.

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker.

Let me try and tackle some of the questions. And I appreciate the feedback from the Opposition.

I think, starting with the Honourable Member from constituency 6, and why was the Registrar General chosen. As I said in my brief, Mr. Speaker, the Registrar General has been doing it since the Bermuda College left off a number of years ago. And in some ways it is quite appropriate because the Registrar General . . . their job is registration—births, deaths, marriages, all that kind of thing. So they are set up and they have what I will call a database facility in order to be able to do this. So it makes sense that it should be left there.

I think the other reason, obviously, is because they actually have been doing it. And the reason this change had to be made was because when the Regulatory Authority, the Electronic Communications Act actually came into place, it did specify that it could be delegated to the Regulatory Authority. Up to that point the Registrar General had been doing it. They are still doing it. So, in a sense, we are formally saying that the Minister should be able to delegate it to the Registrar General, because right now the Act kind of pushes it in the direction of the Regulatory Authority.

So we are kind of correcting what I will call, an “historical lacuna” in there (if I can put it that way).

I guess the other question from the Honourable Member from [constituency] 6 was, Why was it not done before? I think the answer is we are sort of catching up now with fixing this particular provision in the Electronic Communications Act, which pushed this administration in the direction of the Regulatory Authority, but we really want . . . After talking to the Regulatory Authority, they would just as soon [let it] stay with the Registrar General as well, and the Registrar General is quite happy to continue to do it. So, I think that is the answer there.

I think the amendments also provide a little bit of flexibility. So, if in the future there is a change of thought by this Government or another government, the Minister will be able to effectively delegate that responsibility to whatever body the Minister wants to, assuming, obviously, it is approved by Cabinet and that sort of thing. So, I think it does provide a little more flexibility.

The Honourable Member from constituency 17 suggested that it was a step in the right direction. I was pleased to hear that. But I think he pointed out the fact that it has been fairly bureaucratic up to now and that the speed to be able to register a domain name is obviously an important thing, particularly in this sector. I agree with him. I think this is a step in the right direction. I think there perhaps are ways to speed this up. And with a little bit more administrative money coming in through the fees, I think there should be more money, potentially, to look at that system.

One of the reasons I think it is not instantaneous, as it is in, say, the United States or with a .com or things of that sort, is because we are trying to be a little bit protective here. Bermuda and government has always tried to be protective of our reputation. So, one of the issues that we are looking at here in terms of the registration of a Bermuda domain name is the fact that the individual has some contact with Bermuda. Before, as Honourable Members have indicated, you used to have to be a company or an entity or a charity. Now it can be a Bermudian. But I think there is still the provision that we want to be able to be somewhat protective, that there is a connection there. And I think we are going to have to set out some procedures and rules there. So I am not sure it is going to be instantaneous, but I take the point, and that is if we want to be competitive in terms of the use of this, we need to, obviously, be able to speed the process up and have it be less bureaucratic.

I must confess I have not registered a Bermuda domain name, so I have not gone through the process myself. But I take the experience of Honourable Members . . . sorry?

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: If I had, I would have . . . And I will have a look at it. I will have a look at it now.

I think, in terms of the connection with Bermuda, there is also a little bit of a sense that we want to make sure that whoever is setting this is up is not running what I will call “offensive operations” either. So there may be a little bit of that in there, as well, although that was not particularly specified.

The Honourable Member from constituency 18 also pointed out the issue of the cumbersome nature. I do not know if a fax is still involved, but I will certainly be happy to look into that. And then looked at the issue of the \$60.00 . . . I think there was, as far as I know, no magic to that. We looked at a few other jurisdictions. The US is obviously cheaper. But we thought there may be some premium in a .bm domain name.

I think there may have been some consultation with some of the bodies. I am informed that the Registrar General did do some market research. I am afraid I do not know to what extent that was done. But there was, at least, some effort to try and understand whether \$60.00 was a reasonable fee in terms of users here and that sort of thing. And I think probably the bottom line, it was a reasonable compromise between some of the more expensive jurisdictions and some of the lesser ones, so somewhere in the middle.

I think, obviously, if there is a lot of pushback on that, we can reconsider the fee in future years. But the fact of the matter is, I think we felt that sufficient research was done to be able to justify a \$60.00 fee.

Mr. Speaker, with that, I appreciate the input from Honourable Members, and I will move that the Bill be committed.

The Speaker: Thank you. Thank you, Minister.

The Minister has moved that the Bill be committed.

Are there any objections to that?

So, the Chair will ask that the Deputy Speaker please take the Chair [of Committee].

House in Committee at 7:15 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

ELECTRONIC COMMUNICATIONS AMENDMENT ACT 2015

The Chairman: Thank you, Members. We are now in Committee of the whole House for further consideration of the Bill entitled [Electronic Communications Amendment Act 2015](#).

I call on the Minister in charge to proceed. Minister, you have the floor.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Madam Chairman, I am going to suggest we move all the clauses, which are clauses 1 through 4, because it is a fairly short piece of legislation.

The Chairman: Are there any objections to that?

There are no objections.
Minister, please proceed.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Clause 1 is the citation and confirms that this Act may be cited as the Electronic Communications Amendment Act 2015.

Clause 2 replaces section 49 of the Electronic Communications Act 2011 to remove the reference to the Regulatory Authority so that responsibility for coordinating the management of the country code top-level domain of Bermuda and the allocation and assignment of .bm domain names resides with the Minister responsible for telecommunications, currently the Minister of Economic Development. And clause 2 [new section 49(2)] also provides for an initial fee and annual fee for the registration of such domain names.

Clause 3 amends the Government Fees Regulations 1976, and this clause allows the amendment to prescribe a fee of \$60.00 for the first registration of a domain name and an annual registration fee of \$60.00 per domain name thereafter.

Clause 4 provides for the commencement on April 1st, 2015, but also provides, for the avoidance of doubt, that the annual fee shall not be applicable to a domain name which is registered before commencement until the anniversary of its registration.

And that concludes my comments on the four clauses. Thank you.

The Chairman: Thank you.

Are there any Members who would like to speak to clauses 1 through 4?

The Chair recognises the Member from constituency 6, Hamilton West, Shadow Minister of Economics, the Honourable Wayne L. Furbert.

Hon. Wayne L. Furbert: Thank you, Madam Chairman.

I really do not have any questions for the Minister. I will leave it up to my colleagues, who may be a little bit more technologically savvy than I am.

The Chairman: Thank you, Member.

Are there any other Members?

The Chair recognises the Member from constituency 18, Shadow Minister of Finance, Deputy Opposition Leader. Mr. E. David G. Burt, you have the floor.

Mr. E. David Burt: Thank you very much, Madam Chairman.

Madam Chairman, on clause 2, the Minister had said, I think in the general debate, the question about the new relationships that have to be held with the person. I was just wondering if he could clarify where exactly that is specified. Is that specified within his policy? Or is that specified in some other area of law? Because I just want to make sure that we are capturing and covering that.

The next thing, the next question I have is that we are talking about the fee for the initial registration of such a domain name. The annual registration shall be prescribed in the Government Fees Regulations. I guess the question is, What happens? Has a policy been established? What happens if the payment is late? How long does it take for the domain to actually then be able to be sold to somebody else? Have all of those things been figured out, because typically there is like a suspension. Are they going to shut it off? What is the way about that? Is there a way to take back the domain? The Government has that? Or have those policies actually been worked out?

Because when you start charging, then of course, there needs to be the question of, what happens if you do not pay? And then if you do not pay, how does that domain name get taken back? How does it get used by somebody else?

I would venture to say that there are a lot of domain names right now which were registered at one point in time or the other which are not under use. But they just continue in perpetuity because there has been no annual payment. So we are going to find the case where, when these domain names expire, there is going to be a thing of payment. Is the Government going to list what domains have become unavailable? Is there going to be . . .

I will get to another point, because when we are talking about the anniversary, right now is the anniversary actually stored in the government database? I would assume so. But if you go to the website which lists the domain names, www.bernudanic.bm, whereas in the US when you look, and it says a date that the registration does expire, in Bermuda there is no actual listed date when the registration expires. People are not familiar with those types of things. So if there is a question as to whether or not that information is actually captured, and if it is actually captured, will that information then be displayed on the website?

And I am only saying this because I know this is the Act. But there is a lot more significant, I guess, policy that is going behind it that I am seeking clarity from the Minister.

The next thing, still on clause 2, is, is this fee intended to be charged to government departments and charities as well? Because, of course, there is the question of the inefficiency of government paying for itself. And a perfect example could be the Bermuda Police Service. The Bermuda Police Service has three different domains—www.bermudapoliceservice.bm, www.police.bm, www.bps.bm. So, that is a whole lot

more money that they will have to pay. Of course, it is \$180.00. But the question is, Are they going to be paying it to themselves? Is the Government going to be paying themselves? Is there any special considerations or thoughts for various charity rates? Or is everything \$60.00 across the board?

I only say that because, as I said, some people have multiple domain names, and there is always the question as to whether or not the Government should be paying itself, because it is kind of like an extra bureaucratic process, which at the end of the day does not add up to much.

The third thing is on clause 3, with consultation, the Minister said that he was not sure what consultation was had. He said there might have been some with the Registrar General. I believe the E-Commerce Advisory Board falls under him. Was there any consultation? I thought that would be the place where a lot of these things might have been discussed, seeing that that has industry representatives from the IT community giving advice and consent. I am certain that the E-Commerce Advisory Board had something to do with it. But I am just trying to find out if there was any wider consultation outside of the Registry General, specifically with the Chamber of Commerce and the IT section, that is actually in the Chamber of Commerce that does a lot of work there.

Thank you.

The Chairman: Thank you, Member.
Minister?

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Let me see if I can tackle these in order. First of all, I think the Honourable Member is quite correct. If a fee is not paid, then it expires. I think my understanding is there is going to be a sufficient grace period. What that is at the present I do not know. But I think as we get into this, it will need to be sorted out. Right now, the Registrar General has been handling that. I am not sure what the procedure is right now if somebody does not re-register a domain name. But I think that clearly will need to be sorted out before this comes into effect.

As you can see, this is going to occur over the space of a year, because right now domain names will be expiring over the space of the year. The initial registration fee will be for new domain names, of \$60.00, and at that anniversary they will pay another \$60.00. If you are already registered, you will not pay a fee until it comes to the end of that particular year period.

I think the simple answer is we will get a recommendation from the Registrar General as to the late payment and how that will be handled. We have not got that yet, but I think that is something that obviously needs to be addressed.

One of the things I did not mention in the broader debate in the House is the Registrar General

has a new system. (I beg your pardon; let me rephrase that.) The Registrar General is about to take on a vendor to essentially . . . maybe the word is not "automate," but at least put in a new system to handle the registration. My understanding is the Registrar General does have a list now of domain names. But I am not essentially at this point familiar with how that is handled.

Let us see. I think the implication was, although it may not have been the suggestion, that if you have multiple .bm domain names, will there be a better price? I think the answer is . . .

That was not what you were suggesting? I think . . . So there will be no better price for multiple names. But as far as we are concerned, the \$60.00 applies to everybody, whether you are a charity, an individual, a company or indeed government. How we work out the internal sort of "one pocket to the other" is obviously something that the accountants will have to sort out.

On the question of . . . And perhaps I was not terribly clear in the House. The Registrar General did some market research. I do not know whether the IT section of the Chamber of Commerce was consulted. But certainly, ECAB was involved in this process through the Department of E-Commerce. So I think that particular constituency was covered.

Let us see. I think that addresses most of the questions the Honourable Member asked. If there are any others, I am sure he will take to his feet and put them.

Thank you.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 4?

The Chair recognises the Member from constituency 29, Southampton East, Shadow Minister of Tourism. The Honourable Zane J. S. De Silva, you have the floor.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

I would like to ask the Minister, he said that the Registrar General is about to take on a vendor to do this work. I would like to know who that vendor is and at what cost will this vendor be paid to do this work. And it just seems to me that . . . You know, I do not know if the Minister has given this particular topic enough attention, Madam Chairman, you know, in particular with the penalties. I believe the Minister said that the grace period will be significant, will be sufficient. What is that grace period? And with the anniversary date, that is important. What are the anniversary . . . You have 9,000 domains. What anniversaries dates, where are we going to start?

Certainly, these things should have been discussed and been able to have been determined when you bring this type of legislation change to the House.

It just seems to me like, you know, the homework has not been done and the right people have not been consulted.

The Chairman: The Chair recognises the Member from constituency 17, Pembroke Central, Shadow Minister of Immigration and External Affairs, Mr. C. Walton Brown.

Mr. Walton Brown: Thank you, Madam Chairman.

The Chairman: Could you help me by letting me know which clause you are speaking to? That would help.

Mr. Walton Brown: Clause 4.

The Chairman: Thank you.

Mr. Walton Brown: Will the Minister let us know whether or not when the regulations are put in place? The registration is for one year only. Many organisations allow you to have multi-year registrations and then you get a discount. That could be of economic benefit to the registrant, but also put some additional cash up front in Government's coffers. So would the Minister at least consider offering multi-year domain name registrations?

The Chairman: Thank you.

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Madam Chairman, I will ask one [question] and reserve further after the Minister responds to my colleagues.

Just one question is that, according to clause 3 with the fee being paid, how exactly does the Minister anticipate the fee will be paid?

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

In response to the Honourable Member from (which one is—

[Inaudible interjections]

Dr. the Hon. E. Grant Gibbons: No, no, no, the first one who spoke).

[Constituency] 29 . . . I think the Honourable Member misunderstood. There is no penalty here. You register a domain name. And if you do not pay the fee, it expires. I think what I was expressing was the fact that in the first year as we work through this, I think there probably will be a grace period. What that grace period is has not been worked out yet.

The Registrar General is actually within the Ministry of Home Affairs and has been doing this up to this point. So to some degree, there is a certain amount of what I will call continuation. But obviously, we will have to work out, or they will have to work out the logistics of the new fee arrangement and how that works. Presumably, they will consult with us.

In terms of the selection of the vendor, I do not believe they have selected a vendor at this point. I guess it would perhaps be more accurate to say they are in the final stages of selecting a vendor to provide an online registration system. I am sure I will be happy to tell that Honourable Member that he will be the first to know when the Registrar General does select that particular vendor.

I take the point about a multi-year fee. I think that makes good sense and certainly will pass that on to the Registrar General, as well.

Let us see. I think that was it, Madam Chairman.

The Chairman: The payment. How will payments be made?

Dr. the Hon. E. Grant Gibbons: Well, through the online one, I think it will be done online through a credit card, I am guessing.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: Sorry?

The Chairman: Just refer to the Chair. Thank you.

So, are there any other Members who would like to speak to clauses 1 through 4?

The Chair recognises the Member from constituency 29. You have the floor.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

Minister, you said that I will be the first to know when a vendor is chosen. Is it going to be put out to an RFP process?

The Chairman: Thank you.
Minister?

Dr. the Hon. E. Grant Gibbons: I presume it already was. But again, I am not responsible for the Registrar General's department. So I am perhaps not as familiar with what RFP was done or not. But I am assuming they did.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 4?

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Thank you very much, Madam Chairman.

Madam Chairman, although the Honourable Minister for Economic Development is not responsible for, I guess, the implementation of this policy, he is the person who is bringing this policy to the House. So one would think that he would have a little bit more knowledge. And if he does not, maybe the Junior Minister for Home Affairs—

The Chairman: Member, your question?

Mr. E. David Burt: Maybe the Junior Minister for Home Affairs might be able to enlighten us. Because here, from the view of which I am looking at, for example, I can go to clause 4. We are talking about this Act shall come into operation on April 1st, 2015. So, between now and April 1st, 2015, which is 21 days, the Government is going to select the vendor, design a product, put it in place and make sure that people can pay online for their registration domain names. It is not possible.

So, what will happen is that people, in an electronic world, will have to take themselves down to the cashier's office and start registering and paying for stuff and then take the receipt upstairs. Like it seems as though if we are putting the cart before the horse. So again, I am trying to figure out, would it not make sense to have the system in place so it is efficient, so we are not adding additional bureaucracy to Government, and we are not adding bureaucracy to a Government department, that we would have the online system ready to go so when this Act shall come into force, then that stuff could happen?

So maybe the Minister may want to consider amending his own Bill and putting it that this Act shall come into force upon the date that he puts inside the *Gazette*. Because right now, this can go live. This can happen. But it will be a complete . . . I am going to use a nice word. I am not going to use the word that you know I was trying to use. But it is going to be a shambles. Because . . . And I am speaking from my experience as an IT project manager.

With this here, we will not be able to make it possible for individuals to pay online. Right now, you cannot pay online. There are very few government services that enable you pay online. And if they are selecting a new vendor to implement a new system, there is no way that that system is going to be available.

So, come April 1st, if I want to register a domain name, I am going to have to go online. I am then going to have to fill out the form. I am going to fax the form in like I have to, and then in addition to fax the form in, then I am going to have to take myself to the cashier's office, pay whatever fee, and most likely take that receipt upstairs to the Registrar General's office. That seems like a very cumbersome process and a lot more pieces of paper than needs to happen.

So I would think that it would make more sense to put the system in place first, and then bring this into effect so it can be very efficient and it is not putting additional constraints on government departments, especially when we have a hiring freeze in place, Madam Chairman. So there will be fewer people and fewer bodies to actually do the additional manual processing.

This is a good idea. But we are adding manual processes to government departments where we should be trying to streamline and make them more efficient. So I would hope that the Minister would consider that. Because he said that a new vendor is being selected. But clearly, that is not going to be in place by April 1st, 2015, in a mere 20 days. So I was wondering if the Minister could possibly comment on that. And I reserve for a final question.

The Chairman: Thank you.

I call on the Minister in charge.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

I think the simple answer is no, I am going to proceed with the April 1st implementation. I think we will simply have to work through the first month or two of perhaps payment by cheque or whatever. I do not have a clear understanding at this point of the timeline for the new system, but we will simply have to work with it as it is.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 4?

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

The Chairman: Help me with the clause, though.

Hon. Zane J. S. De Silva: Clause 4.

Madam Chairman, I would like to ask the Minister . . . I know he said he is going to press on with this deadline. I know the Minister probably does not want to take our advice and, you know, change that date to one that can be gazetted later on, which makes sense. Is the Minister not concerned that with 9,000 domain names that that is not going to be chaotic and cause people a lot of burden, Minister? Do you not believe that, 9,000?

The Chairman: Member, speak to the Chair. Speak to the Chair. Thank you.

Are there any other Members who would like to speak to clauses 1 through 4? Are there any other Members?

Right. The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: As I said, I appreciate the Honourable Members' suggestions. But we are going on the principle that the Registrar General can handle the manual process until the new system comes into place. I am happy to report back to the House with more details on when that online system may be. But at this point, we are not entirely sure. Thank you, Madam Chairman.

The Chairman: Thank you.

Are there any other Members?

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Thank you very much, Madam Chairman. I am speaking to clause 2 in regard to the implementation of the fee, and then on clause 3 in regard to multi-year fee.

On clause 3, in regard to multi-year fee, is it the Minister's interpretation that the Registrar General will have the power to charge, to be able to charge fees on a multi-year basis? So, for instance, if I wanted to register a domain for five years, I could pay five times \$60.00, which is \$300.00. Or would I have to pay it individually on each individual year, because there is no specified amount for the number of registrations? So that is one question, because of course, this is just an additional manual process that is being added. And for people who have domain names for their companies, who they are not expecting, you know, to go out of business, burrowsandlight-bourn.bm, for example, you would want it to be long term. You would probably want to buy it for 10 years, just to make sure that you are not doing this on an annual basis.

Does this cover that? And if it does not cover that, would the Minister like to possibly make an amendment? I mean, quite frankly, I think that this is a very good piece of legislation. But I think that it, at this point in time, seemed rushed and not entirely thought through. So that is one question, or are we going to be stuck with the annual and then coming back later?

The next thing is, would the Minister accept the criticism or the suggestions from this side that putting this item in place without having the automated process in the background could create a very bad situation and could actually cause the Government more damage and actually cause trouble when it comes to our reputation insofar as managing, in this case, our domain registration database? Because if we do not have the system in place to support it, when we go somewhere, when we look to start automating and charging [for] it, we could be in a place where we have lots of different problems.

For instance, there might be old domain names which are registered under e-mail addresses that do not necessarily go through, which are no longer the same e-mail address for the technical con-

tact. Are they going to be sending out e-mails to the technical contact? Are people going to be informed of this new policy via mail? Are they going to be informed via e-mail? How is that communication going to get out? Because . . . And I hope the Minister would understand and accept that I have a lot more experience than he does in this particular regard. This could end up being very troublesome and could end up with a lot of challenges if it is not properly thought through.

This is here. I understand the intent of this to charge. But it does not seem as though if all of the policy angles have been worked through in the background. And we could find ourselves on April 1st in a very bad situation, and a year later with people having expired domain names just out of the blue.

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Yes, thank you.

I think there may be a misunderstanding here. All 9,000 domain names are not going to suddenly kick in on the 1st of April. And I think it is fair to say that the Registrar General has thought this through and believes that they can handle the new system with the current system until they get the automated or online system in place.

The Chairman: Thank you.

Are there any other Members who would—sorry.

Dr. the Hon. E. Grant Gibbons: Sorry.

The Honourable Member did ask the question about multiple years. I believe that that is something we will have to take under consideration. And whether we can handle it under this or not in terms of discounts, we will have to have a look at it. I do not think we can allow the discount under this, which the Honourable Member from constituency 17 was suggesting.

And I think (just getting a note here), multi-year payments may be part of a new system. That needs to be confirmed. Let us see. I am informed that a complete system migration has been developed. So it has been developed.

The Chairman: Thank you.

Are there any Members who would like to speak to clauses 1 through 4?

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Thank you, Madam Chairman.

My final question, which is the question that I asked before, which the Minister did not answer, and hopefully because he has his technical officer here he might be able to get the answer. The question is, Does the Registrar General currently have expiration

dates for domains which are registered before this going into effect? And the reason why I say that is because it is my understanding that they may not have that information. So the question is, Do they actually have the date of registration so that the anniversary can exist for domains that are existing? Not for the new ones, because of course, for the new ones this will be done; they are going to be keeping it for a reason, for a fee. But for existing ones, do they have that date?

The Chairman: Thank you.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: I am informed that we believe the answer to that is yes.

The Chairman: Thank you.
Are there any other—
The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Thank you very much, Madam Chairman.

The Honourable Minister said “he believes,” which is not a complete declaration that the answer is yes. So would the Honourable Minister like to, possibly at some point in time . . . I could ask him to possibly get clarity on that particular topic, because I am not certain that that information is being captured. And if it is not being captured, that is going to cause a very big problem with this . . . a very large problem, because Government is then going to have to consider setting every date to April 1st or a certain date, and then it is going to be . . . I am telling you, Madam Chairman, I am not entirely certain that the Government has thought this all the way through, and its implication. And doing this in 20 days is not going to be a recipe for smooth business.

The Chairman: Thank you.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: I will be happy to confirm that. But as I said (well, actually, as I have said repeatedly now), the Registrar General believes that they can handle the transition. Because, obviously, they have been thinking this through. Thank you.

The Chairman: Thank you.
Are there any other Members who would like to speak to clauses 1 through 4?
The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Okay. Madam Chairman, the question that I have for the Minister is, Would the Minister’s approach to this Bill change if he was under the

understanding that the Registrar General does not currently have the expiration dates for existing domains? Because it is my understanding that they do not have that information. So, would the Minister’s and the Government’s approach change, seeing that there is a Bill speaking about the annual registration, seeing that it is intended to happen on the date afterwards, but if that information is not being captured, if that information does not currently reside in the database, would that change the Minister’s approach?

The Chairman: Thank you.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

We do not deal in hypotheticals. It is his understanding they do not; it is my understanding that they do. We will obviously have to confirm that. But on the basis of the understanding that they do, we are going to proceed with the Bill as is. Thank you.

The Chairman: Thank you.
Are there any other Members who would like to speak to clauses 1 through 4?
The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Madam Chairman, this will be my last contribution to this debate. I would just like the record to reflect that the Government is proceeding upon a plan which they have not fully thought out, that has not fully developed. And I will say today that it will cause problems, for the first reason that the date is not captured and for the second reason that they are going to add additional manual processes in a time when we are attempting to make government more efficient. It does not make any sense to go down this road.

The Chairman: Thank you, Member.

Mr. E. David Burt: The Government could easily push this back six months, push it back to be gazetted to make sure that all the processes are in place to have this happen. Twenty days beforehand they are bringing a piece of legislation where the back-end processing is not even in place and ready to go. It is the wrong move. And although we appreciate the move to go ahead and start charging for domains, we understand and we caution the Government that they are biting off more than they can chew right now. And it is not going to be smooth sailing.

The Chairman: Thank you, Member.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

I think the Honourable Member has repeated that *ad nauseam* at this point. I think we understand what we are doing here. There may be issues that will arise, but I think we can work our way through that, according to the Registrar General. Thank you.

The Chairman: Thank you.

Are there any other Members who would like to speak to this clause?

There are none.
Minister.

Dr. the Hon. E. Grant Gibbons: Thanks, Madam Chairman.

Let us see. I have moved clauses 1 through 4. I would like to move the Preamble.

The Chairman: It has been moved, first of all, that clauses 1 through 4 be approved.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

[Motion carried: Clauses 1 through 4 passed.]

The Chairman: Now the Preamble.

Dr. the Hon. E. Grant Gibbons: I move the Preamble.

The Chairman: It has been moved that the Preamble be approved.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

Dr. the Hon. E. Grant Gibbons: I move that the Bill be reported to the House.

The Chairman: It has been moved that the Bill be reported to the House as printed.

Are there any objections to that motion?
Agreed to.

[Gavel]

Dr. the Hon. E. Grant Gibbons: Thank you.

[Motion carried: The Electronic Communications Amendment Act 2015 was considered by a Committee of the whole House and passed without amendment.]

House resumed at 7:45 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

ELECTRONIC COMMUNICATIONS AMENDMENT ACT 2015

The Speaker: Thank you, Members. The Electronic Communications Amendment Act 2015, second reading [and consideration in Committee], has been approved.

We now move to . . . Well, the rest of the Orders, 7 through 18, are all carried over. Is that correct? It seems so.

So we move now to Order No. 19 on the Order Paper. And that is a matter in the name of the Honourable Member from constituency 17, Pembroke Central. Shadow Minister of Immigration and External Affairs.

C. Walton Brown, you have the floor.

MOTION

IMMIGRATION POLICY REFORM— ESTABLISHMENT OF A JOINT SELECT COMMITTEE

Mr. Walton Brown: Thank you, Mr. Speaker.

Mr. Speaker, I move that this Honourable House, in an effort to develop a set of proposals for a substantial reform of immigration policy, agrees to establish a Joint Select Committee to develop such proposals; that this committee have its proposals and conclusions agreed by at least two-thirds of its members; and further, that Part IV of the Parliament Act 1957 apply to the deliberations of the committee.

The Speaker: Are there any objections to that?

No objections to that.

All right. Then the Honourable Member should carry on.

Mr. Walton Brown: Thank you, Mr. Speaker.

Mr. Speaker, we have discussed the issue of immigration and immigration reform a substantial amount of times over the past two years of this Parliament and in the public domain. There have been a number of recent developments that have put the issue of immigration and immigration policy into the forefront. It has punctuated debate, it has permeated social media, and it has been a topic of prolonged, and at times acerbic, discussion in our country, Mr. Speaker.

The overriding legislation regarding immigration falls back to an old piece of legislation, the Bermuda Immigration and Protection Act 1956, an Act that was approved at a time when Bermuda was in a very, very different place. Over the past 55 years, Mr. Speaker, we have seen piecemeal changes to this Act, while Bermuda's economic structure, while its social demographic makeup has changed a great

deal, while a great deal of changes have taken place which have rendered this piece of legislation obsolete.

Mr. Speaker, we had an immigration policy in the 1960s that was mired in controversy because there was a very real attempt, as the record will show, to manipulate immigration policy for political purposes. If I can just give, by way of example . . . Mr. Speaker, you will know that when Bermuda transitioned to become a more democratic country in the 1960s, when the Parliament Committee, Joint Select Committee on Parliamentary Electoral Reform brought in some changes where everyone was given the right to vote, the law was also changed to make some additional members in the community eligible to vote. We changed the law so that all British subjects (as we were known then, Mr. Speaker) who had resided in Bermuda for three years or more would be granted the right to vote.

It was during that period, Mr. Speaker, that you saw a significant number of people come to Bermuda who were British subjects and, therefore, within three years were entitled to vote. The issue became very, very controversial, and it led to one of the members in what was then the Legislative Council, the Upper House, who was a member for the ruling political party, the United Bermuda Party, publically criticise his party's own immigration policy and then leave that party altogether, Mr. George Ratteray. And so, the issue became one that was just very, very controversial.

You would know, Mr. Speaker, that into the 1970s we saw the Parliamentary Election Act reformed (1978) to take away the vote that was given . . . sorry, not to take away, to cease granting the right to vote to those British subjects who did not hold Bermuda status, but who had lived here for three years or more, because it was recognised that it was very controversial.

The following decade, the Government, again responding to the inherent controversy that surrounded the granting of Bermuda status, decided to put a freeze on the further discretionary grants of Bermuda status. You would know, Mr. Speaker, that up until 1989 there was a policy of granting 40 Bermuda status grants per year. And the Government had the discretion to decide who would get those status grants and under what time frame. But it was always immersed in controversies, because there was seen to be political machinations involved in that allocation and those decisions. So that was halted in 1989, Mr. Speaker.

On the sort of political front outside of our shores, we saw an interesting change take place with respect to the United Kingdom Government, our administering power, in the early 1980s, when they were faced with the prospect of millions of Hong Kong Chinese able to claim their British citizenship and move to the United Kingdom post 1997, when Hong Kong was set to be returned to China after the 100-year lease

that was forced on China at the conclusion of the war a century previously. The United Kingdom Government decided to change the actual citizenship criteria. You will know, Mr. Speaker, that up until the early 1980s we were all British citizens. We were all British subjects, British citizens, one and the same. We had basically the same rights as the person born and raised in Manchester or some other place in the UK.

But in 1981, with the British Nationality Act, now in effect, the British Government created three tiers of citizenship. The express purpose of that was to deny the Hong Kong Chinese the right of a vote in the UK. But it impacted the inhabitants of the British Colonies. They were called "Dependent Territories" back then; now they are called Overseas Territories. But the law was changed. Britain made a decision based on its own interests to alter our citizenship status for its practical political benefit. You would know, Mr. Speaker, that was under the tenure of good old Margaret Thatcher. I think . . . Well, we will leave that part alone.

So, we saw a change in immigration policy and citizenship policy by the United Kingdom Government that impacted Bermuda. And so, we lost the citizenship we once had.

Mr. Speaker, in the post-1997 handover back to China of Hong Kong, the British Government decided that they would re-examine their citizenship status, and this would have an impact on Bermuda. And so, in the so-called *Partnership for Progress and Prosperity* White Paper in 1999, under a Labour Party Government they decided that because the inhabitants of these territories were clamouring for British citizenship they would give it back to us. And so, in 2002, with the British Overseas Territories Act, all of the British Overseas Territories citizens who qualified (and just about 95 per cent would qualify) were once again made British citizens.

Bermudians who did not have the historical context were very excited that Britain finally gave us British citizenship. And so, you could go and live and work in the UK. Without the historical reference, you would think it was a great gift that the British gave us. All they did, Mr. Speaker, was give back something they took away in 1981 for their own practical political benefits.

With the passage of that Act, we all became British citizens once again, and had the right of the vote in the UK, and so forth. Alongside that international development, Mr. Speaker, Bermuda was on a course in which we continued to engage in piecemeal reform regarding our own citizenship rights and immigration policies. In 1994, Mr. Speaker, the Government made a change to the Immigration and Protection Act, by including in section 20B, which was designed to be a catch-all category for those small numbers of people who had a strong Bermuda connection, who might otherwise have to leave the Island because they had no legitimate legal status to remain here.

And so, an amendment was introduced which would allow for these small numbers of people to apply for and qualify for Bermuda status.

But the reality was that from 1989 the only people who would be eligible to secure Bermuda status would be those who were born of Bermudian parents, or at least one Bermudian parent, those who were fortunate enough (some might say . . . well, let's just leave it at fortunate enough) to have come from overseas and be married to a Bermudian for 10 years, and therefore qualify for status. And that was it. There was no other category available.

You had people who came to the Island before 1989. But in July 1989 they knew that the Government had a position there would be no further discretionary grants of Bermuda status (that number of 40 that were granted every year). Everyone who came after July 1989 knew what the Government's position was, that there would be no further discretionary grants of Bermuda status. So there was no ambiguity. There was no subterfuge, nothing inappropriate and underhanded taking place.

But, Mr. Speaker, there were people who were here up until July 1989 who, in some cases, had been here for 10, 15, 20, 25 years who did not have status. They had no security whatsoever. They could have been told the next day that their work permits were not going to be renewed and they would have to leave. And so, the Government in early 2000 decided that it would begin the process of assessing the nature and extent of immigration reform that should come about.

The PLP Government went up and down the Island, consulted with all segments of the community, all interested parties, all interest groups to get input about the nature and extent of immigration reform that should unfold, that should be relevant, that would be appropriate for Bermuda in the new millennium. It was out of those discussions, Mr. Speaker, that the Government devised the policy and the concept of PRC, the permanent residence certificate holder.

That was to give those who came by or before July of 1989 a reasonable expectation that at some point they could apply for and qualify for Bermuda status. But because there was no further discretionary grant of Bermuda status, the Government said, as a humanitarian gesture, recognising the rights and privileges and so forth, that the Bermuda Government will create the category of PRC. The PRC category was to apply—everyone who was here prior to July 1989 would qualify to get PRC. [This would provide] security of tenure in Bermuda, the ability to work without a work permit, and some other related rights or privileges that would be attached to it.

Mr. Speaker, that was a piecemeal measure. It did not represent a comprehensive immigration reform. It was an attempt to address a concern, a legitimate concern that had been expressed by a number of people over a number of decades. So, it was an

interim measure. The position of the Government then was there would be no further consideration of the granting of Bermuda status on a discretionary basis until such time as Bermuda had come to a determination about its constitutional position. In other [words], Mr. Speaker, not until Bermuda had taken a definitive position about whether it wanted to be a sovereign state or not, an independent country. And we know that is an issue that is contentious. But that was the time frame.

That was the position. No further consideration until such time as a decision had been made regarding our constitutional status.

Subsequent to the PRC category being established, Mr. Speaker, some events took place that created a new level and train for debate around immigration policy, because in 2012 the Governor of this county decided that those individuals who had been here since July 1989 qualified as “belongers” and, therefore, were entitled to be deemed to be connected to Bermuda.

Once the Governor had come to that determination then the threshold for them to qualify under section 20B of the Immigration and Protection Act [1956] was met, and they were, in the Governor's eyes, connected to Bermuda. They were, therefore, entitled to apply for and receive Bermuda status. That naturalisation and Bermuda status went hand in hand. I mean, why else would you apply to be naturalised as a British Overseas Territory Citizen in Bermuda, if you were not going to apply for status at the same time? So they obviously go hand in hand.

Mr. Speaker, that determination then went, as you would know, to the courts. It went through the Employment Arbitration Tribunal and there was a decision rendered there. The new Government, the OBA Government, challenged that in the courts and the courts arrived at a decision that, effectively, section 20B and the issue of naturalisation, when assessed together, would allow and qualify those individuals who had been here by July 1989 to qualify for Bermuda status and to receive it. So you had a court decision, Mr. Speaker, that led to the reality that we face today, that approximately 1,400 people are duly qualified in law to apply for and receive Bermuda status.

Mr. Speaker, that number represents a number significantly higher than if we had adhered to the old policy that was cancelled in 1989, whereby 40 discretionary grants of Bermuda status were made a year. If you multiply 40 by 25, what do you get, Finance Minister? A lot less than 1,400.

So what you had, Mr. Speaker, was a determination by the courts of an important new aspect of immigration policy. I do not know of any Government that wishes to have a policy as significant as an immigration policy to be determined by the courts. We fully respect the [decision](#) of Chief Justice Kawaley, but that is not how one governs.

I have heard a number of people say, *Well, the law is the law, you've got to respect the law*. It is ludicrous for a legislator to say the law is the law and you have to respect it, because we make the laws! So we should make laws that we believe are in the best long-term interest of the people of this country. And when I say "the people of the country," Mr. Speaker, I mean the citizens who should always come first in their own country and others who are here as well. But there is clearly a reality that we are here to govern for the people of this country—the people that put us here, the voters, and for the people more generally.

I reject the argument that simply because a judge has made a determination we therefore must follow it. If you would just allow the law to guide every single action then what would be our purpose in being here, because all the laws would never get changed. So we have to fashion laws based on a vision, based on your objectives, based on your priorities, based on what you think is best for the country and for the people who live here.

The Government, allowing for the Chief Justice's ruling to stand unchallenged, is almost like a scapegoat. Some have questioned the motives. I am not here to question the motives; I am here to get a joint select committee in place so we can properly come up with a coherent set of policies that we have consensus around.

Mr. Speaker, the issue of Bermuda status with the current round of PRCs to be eligible to apply is one issue. But that is just one issue. There is a litany of other issues that need to be addressed when it comes to immigration policy and immigration reform:

- Should we have a policy regarding the future granting of Bermuda status on a discretionary basis?
- What should be the connection between Bermuda status, citizenship (because you know there is no such thing as a "Bermudian citizen," only sovereign states get that benefit, and we are not a sovereign state)?
- Do you want to see a connection between Bermuda status and the question of independence?

There is one argument out there that says there is something quite wrong with having people come from another country who hold citizenship in a sovereign state being able to decide whether or not we should be a free country, because we certainly are not free—as some recent decisions by the Governor and the UK have shown. We are not a free country. So the issue of citizenship is connected as stated to the question of independence. Some people do not want to discuss that issue, Mr. Speaker. But the reality is that they are part of a continuum. And we have to look at that at the same time. And it has to be a decision by the people. No one is going to force any deci-

sion down anyone's throat. It has to be a decision by the people.

But what should be the policy? What should be the policy regarding future grants of PRC? We have a problematic piece of legislation right now with the [Incentive for] Job Makers Act [2011]. As I said earlier today, Mr. Speaker, the Act is racist, it is sexist, and it has a class bias. On any objective level, Mr. Speaker, it is contrary to the Constitution. The Constitution sets out that you should not have anything in place that has the effect of treating people differently based on race. For some reason, we do not include gender, but it is biased. It is a biased piece of legislation.

The only people who are currently able to get PRC status are senior executives in international business. What is the demographic makeup of senior executives in international business? I do not need to spell it out, Mr. Speaker, everyone knows. That is the only pathway to PRC now.

So, if we want a caring Government, if we want a Government that provides real opportunities for people, why not reconsider the process by which we grant PRCs? Every country in the world has a [set] number of people who they grant permanent residence to, and a set number for how many citizenships they are going to give out. Where is ours? We had [a set number of] 40 Bermuda status grants before; we have nothing now. It is just whatever happens.

I heard the Junior Minister say today that the Government is now contemplating legislation that will grant Bermuda status to children of PRCs who were born here. Piecemeal reform once again, Mr. Speaker. What kind of Bermuda do you want to create? What kind of a country do we want to have? The less we talk, the less we engage in proper dialogue, the greater the suspicion, the greater the questioning of motive. So we need to address these questions. A joint select committee is the appropriate vehicle for doing this.

You know, Mr. Speaker, I talk every so often with the Minister responsible for Immigration (who sits in another place). And he is affable enough, but then he goes and makes the decisions that he wants to. If you want a comprehensive reform for this country on immigration policy, the best way to do it is collectively. The best way to do it is in a way in which you work to create consensus. We can always have the political divide. You have the power; we do not have the power. You can enforce whatever you want. But doing that creates unnecessary tension, unnecessary conflict at a time when, I think, we want to have a much greater level of cohesion in this country, Mr. Speaker.

So we need to decide things like how many PRCs, if any; how many Bermuda status grants, if any; what is the connection to the question about our constitutional position? Well, I cannot speak too much about the UK, because there is a motion that we are going to look at later looking at the UK's role in some

of our affairs, Mr. Speaker. But we need to have this approach.

Mr. Speaker, I know that the normal framework for a joint select committee is that the joint select committees are structured to reflect the balance of power in Parliament. I understand that. That is entirely appropriate in most instances because the Government of the day should have the authority to govern. I have no issue with that on a day-to-day basis on many, many issues, Mr. Speaker. But what I do hear from the governing side on an ongoing basis is the need to work together, the need to develop consensus.

Mr. Speaker, I can assure you that policies that are formulated without broad consensus on the question of immigration are going to divide this country. It will divide this country. We had a protest already on the issue of PRCs. I had a quote . . . you know what? I have some notes from my speech on another matter earlier today, Mr. Speaker. I only had 20 minutes to speak so I did not get to read that quote. But let me give the essence of that quote, which is as follows. It was posted March 5th on Facebook. It was posted by a fairly well-known individual, and I can mention her name because she posted it in the public domain, Carla Zuill.

She said (and I give the essence of her comments) that, *More and more I feel as if my country really doesn't want me here.* That was the essence of what she said. She just posted it out of the blue.

Mr. Speaker, there is a sentiment in this country that . . . *Is this still a place that I want to be? Do I feel welcomed in my own country?* And it harkens back, Mr. Speaker, to the days of the 1960s. Back in the 1960s the Government gave the vote to British subjects who had been here for three years or more—and 8,000 people came in the 1960s. Go check out the census, Mr. Speaker. Look at it there. But what is interesting is that during this influx of British subjects, the Bermuda Government was saying that Bermuda was overcrowded. They were saying that we might need to find ways to send Bermudians overseas. And the Government talked about initiating discussions with the United States to take excess Bermudians. But how could Bermuda be overcrowded at a time when you are bringing in 8,000 or more nationals from other countries?

If you recognise that history has a way of repeating itself, but oftentimes the second time it is as a farce, it is a distortion. So, there are those who feel that today. I hear of people saying, *Oh, you know, go over to the UK. Get on the dole.* What kind of life choice is that, Mr. Speaker, that you feel so alienated and so marginalised in your own country that you decide it can be better for you to go and live off the state in the UK?

First of all, the United Kingdom has to have a crazy system to allow people to go on state benefits having never lived there. It is like someone coming to

Bermuda and applying for financial assistance. It is just ridiculous! So the UK just has a warped system to allow people to go there and get on benefits.

[Inaudible interjection]

Mr. Walton Brown: I heard a comment about socialism. That is not socialism. That is a welfare state gone awry, Mr. Speaker!

Let me just say that there is also the notion that, *Well, you know, you should go because we can now go and work anywhere in the European Union.* Mr. Speaker, Bermudians have always travelled all around the world and worked in different places. There is nothing special about the EU privileges. How many hundreds of Bermudians work in the United States and Canada? We do not have any special arrangements with the United States or Canada. But do you know what is important? If you have a skillset, if you have a marketable degree and so forth, you can go work in many countries. We have Bermudians working in North America, South America, Africa and Asia, and Europe. There is no visa [required] to work in Africa or South America. If you are unskilled you are not going to find the kind of work that you may really want to do. You can flip burgers at any city in Europe.

The point, Mr. Speaker, is that there is, seemingly, a pool of some people who feel so marginalised in their own country that they are going to leave and try to find greener pastures elsewhere. It will be the rare person who lacks skills, social skills and marketable skills, who will find those greener pastures. Those who have the skillsets will find it, but they will find it whether they have access to the European Union or not.

So, we need this committee, Mr. Speaker. One of the reasons why we are calling for the deliberations of the committee to be undertaken within the framework of section 4 of the Parliament Act, is to allow us to collect, to bring in sound information from the civil service and others who have information. We need to be able to collect information. We want to be able to invite people to come and present information. We need to be able to get access to data because it is important to have sound data to formulate policy.

Mr. Speaker, I am going to take my seat very shortly, but what I would like to do is re-emphasise the importance of consensus building on this issue. We can debate and have different views on many other issues. If we do not get it right on this, we will divide this country. There is a growing level of discontent—some will say antipathy—being developed. But we need to get it right, Mr. Speaker. If we want our country to be strong, if we want to make Bermudians feel valued and respected in their own country, if you want to recognise that there are those who have lived here for long periods of time and have no rights at all, that

that needs to be addressed, then we need to develop a consensus approach.

Anything less than consensus, Mr. Speaker, is going to be inappropriate and not in the best interests of this country. I would encourage the Government to support this joint select committee. I would encourage them to commit to a consensus driven approach and do it not for party, but to do it for country.

Thank you, Mr. Speaker.

The Speaker: Thank you, Honourable Member.

Does any other Honourable Member care to speak? The Chair will recognise the Learned Attorney General from constituency 9, Smith's West. Trevor G. Moniz, you have the floor.

Hon. Trevor G. Moniz: Thank you, Mr. Speaker.

As you know, I have an amendment to put to the motion. I don't know whether you would like me to speak first and then put the amendment or—

The Speaker: No, you will put the amendment and then speak—

Hon. Trevor G. Moniz: I have copies so—

The Speaker: —speak after the amendment, right. So, if the amendment can be . . .

AMENDMENT TO MOTION

Hon. Trevor G. Moniz: The amendment is: I move that the motion be amended by deleting “, in an effort” through to the end of the motion, and substituting the following: “Take note of Immigration Policy and the need to consider continuing reform of such policy.”

Thus, the motion will read: “That this Honourable House take note of Immigration Policy and the need to consider continuing reform of such policy.”

The Speaker: All right, thank you.

Honourable Member, . . . yes, Honourable Member, please take your seat for a second.

Mr. Walton Brown: Mr. Speaker, that amendment directly contradicts the essence of the motion.

The Speaker: No, it doesn't contradict it; it is . . . it changes the motion.

Mr. Walton Brown: Mr. Speaker, under *Robert's [Rules of Order]* and under parliamentary rules that motion is inadmissible because it fundamentally changes the essence of the motion.

The Speaker: Thank you.

Mr. Walton Brown: It is standard parliamentary practice, Mr. Speaker.

The Speaker: Thank you.

Honourable Member, I have . . . yes, please take your seat.

I have looked at the [amendment] and the [amendment]. . . well, the [amendment] does not give a definitive action as yours does. What the [amendment] does is ask Members to review the same material but only in a take-note fashion. This is something that is admissible.

Mr. Walton Brown: Mr. Speaker, I want to go on record as disagreeing with that interpretation.

The Speaker: Okay, Honourable Member, thank you. You can go on record. You stood and made your point, and I have indicated that I am . . . that the [amendment] is acceptable.

Mr. Walton Brown: So what debate are we going to have then?

The Speaker: Honourable Member—

Mr. Walton Brown: If we are not going to set up a joint select committee

The Speaker: Honourable Member—

Mr. Walton Brown: —why are we having the debate?

The Speaker: Honourable Member, this is, you know, the way that it goes—

Mr. Walton Brown: It is a flawed decision, Mr. Speaker.

The Speaker: It is not flawed, Honourable Member.

Mr. Walton Brown: It is a flawed decision.

The Speaker: All right, thank you. Thank you, Honourable Member.

Yes. The Chair recognises the Honourable Member from constituency 26.

Hon. Marc A. R. Bean: Thank you, Mr. Speaker.

My Shadow Minister responsible for Immigration, when he first came to me to propose this motion, the intent was specifically to build a consensus within this House—

The Speaker: Agreed.

Hon. Marc A. R. Bean: —via a joint select committee, which means action. So we can deal with what is our national interest in the most bipartisan manner as possible.

So now, the amendment is actually seeking to be contrary to that spirit of intent of consensus for action. A take note motion is merely just that, as you will know, Mr. Speaker.

The Speaker: Exactly.

Hon. Marc A. R. Bean: It is just talk.

The Speaker: Right.

Hon. Marc A. R. Bean: And at this point, because immigration is one of the key issues facing our country today, we felt the necessity to have a joint select committee in the most collaborative fashion seeking a two-thirds majority so it does not split into partisanship, and one side votes one way and the other side votes another way. We have expressed that we are willing to cooperate with the Government so that we can get an immigration policy that is functional and reflective of the 21st century.

The Speaker: All right, thank you, Honourable Member.

I appreciate that.

Hon. Marc A. R. Bean: So this take note motion is contrary to the spirit, Mr. Speaker.

The Speaker: It may be, Honourable Member. You may be right in that regard. But it is . . . and I do appreciate the comments you have made. And I do appreciate the reason why you are carrying out the motion and what you said. I have no problem at all with why you want to do it and the like. And if Members will reflect on the history of this House—

An Hon. Member: The history of bad decisions.

An Hon. Member: Ooh!

[Crosstalk]

The Speaker: Honourable Members, let me just say that the amendment has been made. I heard what Honourable Members on the Opposition have said, but the motion is an acceptable motion, it is an acceptable motion. Acceptable amendment, excuse me. An acceptable amendment.

I will take one more Member to speak. Yes.

Mr. E. David Burt: Mr. Speaker, I understand you are saying one more Member, but if it is an amendment, then Members can speak on the amendment. Correct?

The Speaker: Yes. The Member can . . . no, no. You vote first. Oh no, you do not speak immediately on the amendment, Honourable Member.

Mr. E. David Burt: Mr. Speaker, point of order.

Just a point of order, Mr. Speaker. For any question—

The Speaker: The Member who has the floor is, indeed, the Member who is making the motion, making the amendment. That is who has the floor now.

Mr. E. David Burt: Mr. Speaker—

The Speaker: Yes, and I have allowed Members to . . . because you are standing asking, in fact, a point of order. But the Member who has the floor, who is to speak now, is the Member who is . . . in fact, we will vote on whether the amendment is to be approved or not.

Mr. E. David Burt: Yes, Mr. Speaker, but as a point of order, we have to have a debate on the amendment before you can go to the vote on the amendment. Correct, Mr. Speaker?

[Inaudible interjections]

The Speaker: No, you do not, Honourable Member. No you do not.

Mr. E. David Burt: Mr. Speaker, would you be kind enough to point me to the Standing Order which says we are not allowed to debate a motion which has been put to the floor—

The Speaker: Yes. The—

Mr. E. David Burt: —an amendment?

The Speaker: I just need a minute, Honourable Member.

[pause]

The Speaker: First of all, I think, Honourable Members, whenever a motion is in play, a motion is being considered, which is what we are doing, then an amendment may be proposed without notice if it is relevant to the question or the matter under consideration. And certainly it is. It is, in my regard, in that regard.

[Pause]

Ms. Kim N. Wilson: Point of information, Mr. Speaker.

The Speaker: Just a minute, Honourable Member.

Ms. Kim N. Wilson: I may be able to assist if I provide you with—

The Speaker: Just a minute—

Ms. Kim N. Wilson: —the Erskine May provision.

The Speaker: Just one moment, please. And hold that. Hold that.

[Pause]

The Speaker: All right, thank you.

Honourable Member you . . . the Chair will recognise the Honourable Member from constituency 34.

Ms. Kim N. Wilson: Thank you, Mr. Speaker.

Before I proceed, because I would like to speak with you concerning the amendment and the proposition being a negative, but there is a proposition in May's, and I am reading from the most recent edition at page 397, which speaks . . . if I may proceed . . .

The Speaker: Yes.

Ms. Kim N. Wilson: Thank you.

It speaks to: "An amendment . . . in a subsidiary motion moved in the course of debate upon another motion which interposes a new cycle of debate and decision between the proposal and decision of the main motion in question, . . ."

Therefore, according to May's, precedent has been established as a rule that allows for us to continue to debate on the amendment that is currently on the floor. So, with the greatest of respect, Mr. Speaker, to indicate that MP Burt was the last person able to speak—

The Speaker: Well, let me say this. I did not mean MP Burt was the last person to speak on the amendment, Honourable Member.

Honourable Member, what I am saying is that I want, in terms of . . . what I was speaking to was in terms of the order, the objection to the motion.

The Member who makes the amendment now speaks (right?) and then everyone has an opportunity to speak. But the Member who makes the amendment (all right?) speaks.

First of all, we have to agree as to whether the amendment is accepted. We have to agree as to whether the amendment is accepted. So we have to vote on the—

[Crosstalk]

The Speaker: No, we have to . . . on the amendment we must vote on an amendment first. We absolutely do. We absolutely do.

Honourable Member? Yes?

Hon. Marc A. R. Bean: Thank you, Mr. Speaker.

I think that is clear in terms of the debating of the amendment. But in terms of the rules, and the decision that you are seeking to make refers to Standing Order 24, amendments, Standing Order 24(7) on page 30. It says, "An amendment must not substantially be a direct negative of the original proposition or of any amendment thereto."

The Speaker: Right. I understand that, yes. Thank you.

Hon. Marc A. R. Bean: A direct negative.

The Speaker: I do not . . . it is just—

Hon. Marc A. R. Bean: It changed it from an action motion to a talking motion—

The Speaker: To a talking motion; it's not a direct negative. No. No it is not.

[Inaudible interjections]

The Speaker: Honourable Members, I am afraid that is the decision.

So the Chair will now recognise the Honourable Learned Attorney General, and we will vote on the amendment. We will first make the amendment and then we vote on the amendment.

Mr. E. David Burt: Point of order—

The Speaker: Honourable Member, the decision has been made, Honourable Member.

Mr. E. David Burt: Point of order, Mr. Speaker.

The Speaker: Honourable Member, Honourable Member, the . . . everyone has made their comments. I have looked at it according to the Standing Orders. I have ruled.

Mr. E. David Burt: Point of order, Mr. Speaker.

The Speaker: I am asking that the Honourable Member will please take his seat.

Mr. E. David Burt: Point of order, Mr. Speaker.

The Speaker: There is no point of order now. We have already had the points of order.

Mr. E. David Burt: Mr. Speaker—

The Speaker: Honourable Member!

Mr. E. David Burt: According to Standing Orders, Mr. Speaker, I can make a point of order.

The Speaker: Honourable Member! I have made my decision that . . . you know, you please take your seat. Please take your seat.

The Member has—

Please take your seat, Honourable Member.

I have heard Members. I have heard the comments from the Leader of the Opposition. I have heard the comments from, which I agree with, and I agree with your intent. But it is not what you want, I understand, as well. But it is within the manner in which we run this House. So, I recognise now the Honourable Attorney General.

Hon. Trevor G. Moniz: Thank you, Mr. Speaker.

So, do you want me to just put the motion?

The Speaker: The motion must be put. You must read the motion and then we will vote on the motion, on the amendment to the motion.

Hon. Trevor G. Moniz: I move that the motion be amended by deleting “, in an effort” through to the end of the motion, and substituting the following, “take note of immigration policy and the need to consider continuing reform of such policy.”

Therefore, the motion would read, “That this Honourable House take note of immigration policy and the need to consider continuing reform of such policy.”

The Speaker: All right, thank you.

All those in favour please, say Aye.

AYES.

Mr. E. David Burt: Point of order, Mr. Speaker.

The Speaker: Those—there is no point of order on the . . . Honourable Member, please take your seat!

Mr. E. David Burt: Mr. Speaker, I have a right to stand for a point of order.

[Inaudible interjections and general uproar]

The Speaker: Honourable Member! Honourable Member, take your seat!

Mr. E. David Burt: Mr. Speaker.

The Speaker: Honourable Member!

There is no further discussion on that. We have had the discussion, I have made my decision.

[Inaudible interjections]

The Speaker: Wait a minute. We must vote on whether the—

[Inaudible interjections]

The Speaker: No, you do not.

You do not, Honourable Members! I am telling you!

[Inaudible interjections]

The Speaker: Honourable Member, the motion is, again—

Hon. Trevor G. Moniz: That this Honourable House take note of immigration policy and the need to consider continuing reform of such policy.

Do you want . . .

The Speaker: Right.

What I would like to know is if all those in favour of the amendment, say Aye.

AYES.

The Speaker: Those against, say Nay.

Some Hon. Members: Nay.

The Speaker: Nay?

All right, and therefore we will have names.

Hon. Marc A. R. Bean: Mr. Speaker, point of clarification?

The Speaker: No, Honourable Member . . . yes, what is it?

Hon. Marc A. R. Bean: I would just like to know. You made a ruling.

The Speaker: Yes.

Hon. Marc A. R. Bean: You made a ruling based on the Standing Orders.

The Speaker: Absolutely.

Hon. Marc A. R. Bean: For the record, we would like to know what [Standing Order] did you refer to.

The Speaker: I already referred to the rule—

Hon. Marc A. R. Bean: You haven't—

The Speaker: —the [Standing Order] is 24(7) . . . 24(1), 24(3), there are several of them, Honourable Member.

[Inaudible interjections]

The Speaker: That's it. That's it. I am taking no more . . . I have made my decision.

Mr. E. David Burt: Mr. Speaker.

The Speaker: Honourable Member! You are going to be asked to leave the House if you do not take your seat!

Mr. E. David Burt: Mr. Speaker.

The Speaker: Honourable Member, take your seat!

Mr. E. David Burt: Mr. Speaker, I rise on a question of privilege.

The Speaker: Honourable Member, take your seat!

Mr. E. David Burt: Mr. Speaker, I rise on a question of privilege.

The Speaker: Honourable Member!

[General uproar]

The Speaker: You know, we really need to . . . we really need . . .

[Inaudible interjections]

The Speaker: Honourable Member, . . .
Mr. Fox, Honourable Member Burt—

Hon. Marc A. R. Bean: Mr. Speaker! Mr. Speaker!

The Speaker: Honourable Member Burt. Mr. Fox, Honourable Member Burt.
Mr. Fox, Honourable Member Burt.

Hon. Marc A. R. Bean: Mr. Speaker, we are parliamentarians. We are just trying to get clarity on the law.

The Speaker: Honourable Member! Parliamentary—

Hon. Marc A. R. Bean: My Deputy has not done anything wrong for him to be removed from the House.

The Speaker: Parliamentarian Burt.

Hon. Marc A. R. Bean: Well, if that's the case we're all going. The House is in disrepute, Mr. Speaker!
You are allowing the Government to manipulate this House!

The Speaker: Honourable Members, please!

Hon. Marc A. R. Bean: So we're going home!

[Inaudible interjections and general uproar]

Hon. Marc A. R. Bean: A den of vipers!

The Speaker: Honourable Member, we heard that!

[Inaudible interjections]

An Hon. Member: What's that? Repeat that please.

[Inaudible interjections]

[Opposition Members depart from the Chamber]

The Speaker: Honourable Members, therefore, the amendment stands.

So, Honourable Member, if you care to speak, Honourable Member from . . . yes.

Hon. Trevor G. Moniz: Do you want me to repeat the motion I moved?

The Speaker: You have done that. We have agreed to the motion, so it is about debating the motion.

MOTION

[as amended]

TAKE NOTE OF THE IMMIGRATION POLICY AND THE NEED TO CONSIDER CONTINUING REFORM OF SUCH POLICY

[Debate continuing on motion as amended]

Hon. Trevor G. Moniz: Thank you.

Mr. Speaker, the reason we make this motion, this amendment, is because we feel that the motion moved by the Honourable Member (I don't have the constituency number in front of me, the Honourable Member Walton Brown), we feel is attempting to usurp the rights of the Honourable Member from constituency 13. It effectively usurps the right of Cabinet and the Government that the making of ministerial policy is not something which can be vested in the House of Assembly or otherwise.

We recognise his concern with immigration policy and the desire to reform such policy, but we believe that he and the House must recognise that the people of Bermuda have chosen a new Government since December of 2012, and that new Government must be given the opportunity to follow the mandate that it was given to sort out the economy of Bermuda which we found in a parlous state when we were elected.

What we are trying to do is something quite different from what the Honourable Member spoke of. We are trying to open up this community and make it a welcoming place for people to come and set up businesses and to create employment. If we do not do

that we will all fail. And who will suffer the most if we all fail? It will be the average, ordinary Bermudian who will suffer the most.

So what he does not recognise is the need to build the economy. How do you build the economy? You build the economy by making this country welcoming to people who come in, and also by recognising that you are fair to the people who were born here and live here. And that is not an easy thing to do. It is something that we are struggling to do, to find the right balance that the people of this country can live with. But so far, despite some controversy, we feel that we have succeeded in doing that. We feel that we are succeeding in turning the economy around.

Have we achieved unbridled success so far? Not yet. But we feel we are on that road. And this is part of it. We feel that the people of Bermuda have elected us to give us the chance and the opportunity to do that. And we would like to point out that this Government has taken an even-handed approach, because while it has passed pieces of legislation, like the [Incentives] for Job Makers Act, it has also increased the penalties for those who flaunt the law, for those who break the law. We have increased the penalties and we have made it easier for people to make complaints so that we can find those and punish those who seek to get around the law and to break the law.

So we are trying to find the right balance so that this community can recover so that Bermudians have the greatest opportunity and so that Bermudians can prosper. And that is what we feel we are doing.

Therefore, Mr. Speaker, I would like the motion to be put.

An Hon. Member: Hear, hear!

[Desk thumping]

The Speaker: Thank you, Honourable Member.

Does any other Member care to speak to the motion?

There are no other Members speaking to the motion, so, we will put the [motion as amended].

All those in favour of the [motion as amended] please, say Aye.

AYES.

The Speaker: Those against.

There are none, so the motion is carried.

[Motion as amended carried: That the Honourable House take note of immigration policy and the need to consider continuing reform of such policy.]

The Speaker: I will now recognise the Minister of Economic Development, Dr. the Hon. Grant Gibbons. You have the floor.

SUSPENSION OF STANDING ORDER 21

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker.

I move that Standing Order 21 be suspended to enable me to move that the Bill entitled the Electronic Communications Amendment Act 2015, be now read for the third time by its title only.

The Speaker: Thank you.

It has been moved that the Bill be read—any objections to that?

There are none.

[Motion carried: Standing Order 21 suspended.]

BILL

THIRD READING

ELECTRONIC COMMUNICATIONS AMENDMENT ACT 2015

Dr. the Hon. E. Grant Gibbons: The Electronic Communications Amendment Act 2015. I move that the Bill do now pass.

The Speaker: Thank you.

Are there any objections to that?

The Bill is now passed.

[Motion carried: The Electronic Communications Amendment Act 2015 was read a third time and passed.]

The Speaker: I think that is all . . . I also recognise the Premier.

ADJOURNMENT

Hon. Michael H. Dunkley: Good evening, Mr. Speaker.

I move a motion that we adjourn until Monday, March 16.

The Speaker: Thank you, Premier.

The House is now adjourned until Monday, March 16th.

[Gavel]

[At 8:43 pm, the House stood adjourned until 10:00 am, Monday, 16 March 2015.]

BERMUDA HOUSE OF ASSEMBLY**OFFICIAL HANSARD REPORT****16 MARCH 2015****10:23 AM***Sitting Number 16 of the 2014/15 Session*

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

PRAYERS

[Prayers read by Hon. K. H. Randolph Horton, Speaker]

CONFIRMATION OF MINUTES**6 MARCH 2015**

The Speaker: Honourable Members, we have the Minutes of March 6th, 9th, 11th and 13th. March 6 is confirmed. (Is that the only one to be confirmed?)

All right. The Minutes of March 6th are to be confirmed. Members should have those Minutes.

So, unless there are any objections . . . are there any objections to that?

There are no objections; so, the Minutes of March 6th are approved.

[Minutes of 6 March confirmed]

The Speaker: The Minutes of the 9th, 11th and 13th are carried over.

MESSAGES FROM THE GOVERNOR

The Speaker: There are no messages from the Governor.

**ANNOUNCEMENTS BY THE SPEAKER
OR MEMBER PRESIDING****STATEMENT TO HOUSE OF ASSEMBLY RE:
EVENTS OF FRIDAY, 13 MARCH 2015**

The Speaker: I do have an announcement.

To the Honourable Michael Dunkley, Premier and Minister of National Security;

To the Honourable Marc Bean, Opposition Leader;

To Honourable Members of the House of Assembly:

In light of events on Friday evening here in the House of Assembly and subsequently outside of the House, I wish to make the following statement. I crave the undivided attention of Honourable Members.

There has been much talk, there have been many comments within the past few days about the

rules of our House, their interpretation and, ultimately, their application and enforcement by the Chair. As Honourable Members will know, and as members of the general public may not know, our rules are known as Standing Orders.

I begin by drawing attention to Standing Order 10, specifically Standing Order 10[1], which reads as follows: "The Speaker (and in Committee, the Chair) shall preserve order and decorum, and shall decide all questions of order. In deciding points of order, the Speaker may state the Standing Order or other authority applicable to the case. Such decisions shall not be subject to appeal except by way of a substantive motion, of which notice has been properly given, moved for the exclusive purpose."

Further, sub-section (2) of Standing Order 10 reads as follows: "Except as provided in subparagraph 10(1) above, no motion may be moved which reflects on any such decision of the Speaker."

I say this for the benefit of Honourable Members who have complaints about decisions by the Chair, including myself as Speaker, and/or about how those decisions are made. The relevant procedure is clearly set out in Standing Orders. I offer this information to enlighten Members of this Honourable House and members of the general public, who may be in doubt about applicable procedures.

You will know that on Friday last, one Honourable Member, aggrieved as he was by a decision or decisions of mine, took his complaint initially to the press, which reported his remarks extensively. I presume that the Honourable Member's remarks were reported accurately. The Honourable Member then wrote a letter of complaint to me and shared the letter with the press for publication.

This action was more than disappointing, for it completely cut across, if not undermined, the procedures by which this House is to be governed and by which it is meant to govern itself. Further, I view this action as a violation of a Member's duty to the House, its rules and procedures for addressing matters of the House even where a Member feels that he is right and that he is justifiably aggrieved. It is wrong and it is unhelpful.

Some of the reported remarks were, at the very least, disrespectful and, whether intended or not, bordered on being contemptuous of the Speaker, the House and how we govern ourselves. I understand that the Honourable Member and others of his colleagues were aggrieved and angry that night as a re-

sult of my decisions. The Honourable Member, on reflection, looked to our Standing Orders and decided that he would take up his complaint as a matter of privilege.

May I say here that I accept and respectfully Honourable Members' rights, and indeed responsibility, to take up their complaints when they have them. However, I am obliged to reiterate that such complaints must be pursued in accordance with the rules that govern this House. I have already mentioned the ultimate sanction on the Speaker open to Members under Standing Order 10.

With the greatest respect, I do not believe that Honourable Members can avail themselves of the rights of privilege afforded under Standing Order 13 in respect of any grievance or complaint which they may have with the Speaker and any of his decisions. That is, in my respectful view, a non-starter in light of the procedure set out in Standing Order 10, especially sub-paragraph (3), in addition to the other sub-paragraphs which I have already quoted. Standing Order 10(3) states, in part: "The Speaker shall not take part in any debate before the House."

There are other means whereby Honourable Members may appropriately air or pursue their grievances and complaints against the Speaker or his decisions. I shall shortly be proposing one such means in this case. And certainly, if you look on the Order Paper, you will see that this matter is so referred. As I said, I shall shortly be proposing one such means in this case. But before I do so, I wish to say the following to Members of this Honourable House and to members of the general public:

Upon careful reflection, I believe that I could and should have taken a different course of action on Friday evening. It certainly was not my intention to prevent or shut down debate on the original motion or the amended motion. I had heard some argument on whether the amended motion should be allowed, and I ruled. I thought it could be put, and I stand by that decision. In my haste to move the debate along, I allowed it to be brought to a vote. Upon reflection, and with the benefit of hindsight, I now accept that I should not have allowed the amended motion to be brought to a vote at such an early stage.

It is now my duty, and indeed my wish, to resolve this matter for the sake of maintaining good order in the House. In the circumstances, I am proposing the following process whereby the current grievance or complaint against the Speaker's decision might be addressed: I shall refer this entire matter to the House's Standing Orders Committee, which is empowered under our rules to consider and report on matters which appear to affect the powers and privileges of the House. The Standing Orders Committee will be free to recommend what sanctions, if any, should be imposed. It may be that some further guidance will emerge—for Honourable Members and for me, Speaker of the House. I would like to believe that

we can sort these contentious matters out as Honourable Members collaboratively and make recommendations with respect to further actions that should be taken.

But before I close, I wish also to remind Honourable Members of the provisions of sub-paragraphs (4) and (5) in Standing Order 10: Sub-paragraph (4): "When the Speaker (or Chair) rises during a debate, any member then speaking, or wishing to speak, shall immediately resume his or her seat and the house (or Committee) shall remain silent." Sub-paragraph (5): "(a) The Speaker shall be vested with the authority to maintain order by naming individual Members for disregarding the authority of the Chair and, without resort to motion, ordering their withdrawal for the remainder of that sitting. (b) If a Member disregards the order of the Speaker made pursuant to the paragraph (a) above of this sub-section, the Speaker shall order the Sergeant-at-Arms to remove the Member."

I wish to state unequivocally that it is not my goal to exercise that power unless all pleas for cooperation have fallen on deaf ears and I truly believe that I have no option but to invoke sub-paragraph (5) of Standing Order 10. In those circumstances, I will not hesitate to do so. It is an important power and one that I will endeavour to exercise at all times as judiciously and as wisely as I can.

However, Honourable Members, I must recognise that I am also a servant of this Honourable House and that, as a servant, I am ultimately constrained by what you, Honourable Members, do and by your collective will as manifested both by your conduct and by your decisions. That said, I want Honourable Members to know that I appreciate fully the role that I was elected to fulfil and that I intend to continue to uphold both the dignity of the office of Speaker and this Honourable House. I shall continue to fulfil my duty to ensure the orderly conduct of business of the House at all times and in all ways that I think fair and reasonable.

Thank you, Honourable Members.

PAPERS AND OTHER COMMUNICATIONS TO THE HOUSE

The Speaker: There are no papers and communications.

PETITIONS

The Speaker: No petitions.

STATEMENTS BY MINISTERS AND JUNIOR MINISTERS

The Speaker: The Chair will recognise first the Honourable Premier, Premier Dunkley.

Hon. Michael H. Dunkley: Good morning, Mr. Speaker.

The Speaker: Good morning.

PUBLIC SERVICE BURSARY AWARD SCHEME

Hon. Michael H. Dunkley: Good morning, colleagues. Mr. Speaker, this first Statement is in regard to the Public Service Bursary Award Scheme.

Mr. Speaker, the Bermuda Government is a very unique employer, offering career opportunities in a vast array of professions. As a result of its diversity, there are several hard-to-fill posts. A post is generally classified as "hard to fill" when there is a lack of available qualified Bermudians, and in some cases this is compounded by a worldwide shortage of qualified resources. The Government has long addressed this challenge by allocating funding for the express purpose of developing Bermudians to fill these specialist roles.

Mr. Speaker, the Government is therefore committed to continue the Public Service Bursary Award Scheme in the 2015/16 fiscal year. The scheme awards up to 15 scholarships annually to Bermudians pursuing post-secondary academic qualifications in a discipline, which has been identified by government departments, that meets the department's future needs. This ensures that well-trained cadres of people are available to fill positions within the public service. The bursaries are valued at \$10,000 per year.

Mr. Speaker, there are four bursary applications for 2015:

- First, a Research Officer in the Ministry of National Security within the Department of National Drug Control;
- Secondly, an Estate Surveyor in the Ministry of Public Works within the Department of Public Lands and Buildings;
- Third, a Valuer in the Ministry of Public Works within the Department of Land Valuation; and finally,
- Coordinator/Psychologist, Ministry of Legal Affairs, within the Department of Court Services.

Mr. Speaker, the Bursary Awards are available to students who are studying building surveying, epidemiology, estate surveying, facilities management, forensic psychology, health, nursing, property valuations and appraisals, psychology with an emphasis on research, real estate management/valuation, social work, and statistics.

Mr. Speaker, to be considered for a Bursary Award, the applicants must (1) be Bermudian; (2) have completed no less than five years of schooling in Bermuda; (3) be 40 years or under at date of application; (4) have been accepted into an institution of higher learning or currently undertaking courses leading to a professional, specialist or technical quali-

fication required within the public service; and/or (5) be in an undergraduate or master's degree programme; and finally; (6) be planning a career in the public service upon completion of their education.

Mr. Speaker, it is the public service's ongoing intent to have qualified Bermudians trained for appointment to hard-to-fill positions within the service. All of the positions mentioned for available bursaries are currently held by non-Bermudians on contract, and whilst their service is appreciated, this Government remains committed to the education and training of Bermudians.

Individuals interested in applying for the 2015 Public Service Bursary Award Scheme should submit any applications no later than Friday, April 24th, 2015. Applications can be collected and returned to the attention of the Bursary Coordinator, Department of Human Resources, 3rd Floor, Ingham and Wilkinson Building, 129 Front Street, Hamilton; or they can obtain an application online at www.gov.bm.

Thank you Mr. Speaker.

The Speaker: Thank you. Thank you, Premier.

All right. We move now to the second Statement, and it is also by the Honourable Premier.

Premier, you have the floor.

BERMUDA'S EXCLUSIVE ECONOMIC ZONE

Hon. Michael H. Dunkley: Thank you, Mr. Speaker.

The second Statement is on Bermuda's Exclusive Economic Zone.

Mr. Speaker, Honourable Members will be aware that, in November 2014, the Government released the report on "The Future of Bermuda's Exclusive Economic Zone" (or EEZ). This report outlined the major findings and conclusions arising from the public consultation that was carried out by the Sustainable Development Department (SDD) in 2013.

Mr. Speaker, this consultation resulted in significant participation from the public. Proposals included diverse opportunities on how best to use the EEZ. Some expressed material support for establishing a marine reserve. Others suggested that Bermuda has the potential to become the "Davos of Ocean Health," whereby massive international attention could result in increased ocean science research being conducted, along with ocean-focused conferences and additional convention business emerging.

Additionally, the commercial fishing industry endorsed the position that Bermuda's offshore waters represent the future of local fishing, with the capacity for growth and diversification of the economy. Another view presented, Mr. Speaker, was that valuable marketable minerals are waiting to be sourced and extracted from our seabed. Those in favour of this activity think there is great potential for economic gain in the future.

Mr. Speaker, at the conclusion of this comprehensive report, under Section 7, Next Steps, the Government undertook to issue a request for quote (or RFQ) to determine the cost of an independent feasibility study which will assess, forecast and quantify the potential economic activity within Bermuda's EEZ. This step would ensure "a more rigorous evaluation of the identified options and should provide the Government and people of Bermuda with a reliable economic profile to inform future decision making."

Mr. Speaker, I must report that it is currently not possible for this specific step to be progressed as planned. Honourable Members are aware of the budget restraints at this time and our need, certainly, to prioritise what are our urgent needs as opposed to what is desirable. Unfortunately, for the next fiscal year, the budgeting for the cost of this feasibility study for an EEZ could not be justified when compared with providing for the immediate social and economic needs of our citizens.

Mr. Speaker, be assured that we have only deferred, and plan to do the study. We will review the possibility of budgeting for the feasibility study over the next fiscal year]. We are cognisant of the number of opportunities that Bermuda's EEZ can yield for its people, both economically and, of course, environmentally. Honourable Members can be reassured that, until the study is done and a strategic plan is agreed, the Government will continue to ensure that Bermuda's maritime environment will continue to be well protected.

Please allow me, Mr. Speaker, to highlight some of the regulatory measures currently in place. Bermuda has many regulations aimed at protecting marine species and habitats, including all corals, marine turtles, marine mammals, parrot fish, several species of groupers, et cetera. The protection of our marine environment dates back to our earliest history. Early settlers were so concerned about the dwindling number of turtles in 1620, after only 11 years on the Island, that they banned the harvest of young turtles. This is thought to be the first fisheries legislation passed in the New World. Turtle harvest was eventually banned altogether in 1978. Methods of collection have also been limited, including bans or restrictions on dynamite fishing, gill nets, trawls, fish pots, spear guns and longlines. Bermuda also has a number of spatial management measures in place and seasonal closures by species and area.

Mr. Speaker, although these measures were put in place to maintain the health of the inshore environment, there are many regulations in place for activities conducted in the offshore waters as well. Net fishing is prohibited, and no licence has been granted to a foreign commercial fishing vessel since 1994. It is important to note that significant penalties exist for violations by foreign fishing vessels. Other activities, such as recreational fishing by a foreign vessel, local commercial fishing, scientific research and seabed

exploration and mining, require a permit or a licence, Mr. Speaker.

Not only are there local regulations to adhere to, we are also subject to some international regulations within our EEZ. Bermuda is required by international law to cooperate with other countries to manage highly migratory fish species that we catch in our zone, such as tuna and billfish. We do this through the International Commission for the Conservation of Atlantic Tunas (or ICCAT). The management of these species in the Atlantic Ocean depends on the cooperation of all of the countries that fish for these species in this area. Bermuda has not used our quotas, but even if we did, Mr. Speaker, the impacts on the stocks would still be very low, as the quotas are a small fraction of the total Atlantic-wide quota.

The International Union for the Conservation of Nature [IUCN] has also established criteria in six categories of marine protected areas, areas which are designated or regulated and managed to achieve specific conservation objectives. Because of our existing strict proactive management measures, the IUCN category in which we would fall at the present category would be category VI.

Mr. Speaker, you will be aware that, in March of 2014, Bermuda once again demonstrated its leadership role in marine conservation by hosting the signing ceremony for the Hamilton Declaration on Collaboration for the Conservation of the Sargasso Sea. This brought international attention to the global significance of the Sargasso Sea and commendation to Bermuda for initiating and continuing a process in protecting marine areas beyond our national jurisdiction. The Hamilton Declaration defined the Sargasso Sea ecosystem to include international waters or areas beyond our national jurisdiction, with the Bermuda Exclusive Economic Zone (EEZ) remaining under the sovereignty and management authority of Bermuda.

The Government of Bermuda, in consultation with the signatories and collaborating partners, established a Sargasso Sea Commission to develop proposals for consideration by the signatories to maintain the health, productivity and the resilience of the Sargasso Sea and to protect its components, including the habitats of threatened and endangered species.

Mr. Speaker, Bermuda indeed has a long and impressive record of marine and terrestrial conservation and has both partnered with and led small island jurisdictions over decades on a number of important issues. I can assure you and Honourable Members that our Government remains committed to our EEZ, and until we have the budget to proceed further, we will continue with our aggressive stewardship of the marine environment.

Thank you, Mr. Speaker.

ANNOUNCEMENT BY THE SPEAKER

HOUSE VISITORS

The Speaker: All right. Thank you, thank you, Honourable Premier.

Just before we move on, I will recognise in the House we have also former . . . First of all, we have Senator Daniels. We have Senator Ball here in the House. And also, we have former Minister Neletha Butterfield in the House, with her students.

[Desk thumping]

The Speaker: Thank you, Honourable Members.

The next matter actually, Personal Clarification, that should be under Personal Explanations. So, the Minister Crockwell will speak during Personal Explanations.

The Chair now recognises the Honourable and Learned Member, the Minister from constituency 31. Minister Crockwell, you have the floor.

Hon. Shawn G. Crockwell: Yes, thank you. Good morning, Mr. Speaker.

The Speaker: Good morning.

[Statements by Ministers and Junior Ministers continuing]

INTRODUCTION OF ROADSIDE SOBRIETY TESTING—UPDATE

Hon. Shawn G. Crockwell: Mr. Speaker, I rise to provide an update on the Tourism Development and Transport Ministry's progress with the implementation of roadside sobriety testing in Bermuda.

Mr. Speaker, the Transport Control Department, with the assistance of the Bermuda Road Safety Council, the Bermuda Police Service and other agencies, have completed the research on roadside sobriety testing and its viability in Bermuda. The working group reviewed relevant legislation and schemes in several other jurisdictions, and the research also included identifying an approved testing device that is most suitable for use in Bermuda.

Mr. Speaker, the working group proposed that the following three legislative amendments to the Motor Car Act 1951 could be implemented in the short term, which would have the greatest impact on our roads to sustain life; amend the legislation to allow a *test before arrest* for roadside breathalysers, amend to create provisions on preliminary breath-testing, and amend to provide an approved instrument order so the proposed breathalyser may be used by the police to administer preliminary testing. However, through further consultation with the Attorney General's Chambers and consideration of constitutional issues related to *testing before arrest*, roadside sobriety testing will be introduced as an alternative substantive

testing method to the existing testing that currently is administered at the Hamilton Police Station.

Mr. Speaker, the selected handheld testing device is the Dräger Alcotest 7510 Unit, and the unit has to be capable of being used as evidence in court. Therefore, the Transport Control Department is making the necessary arrangement for the manufacturer to provide local demonstrations on the use of the unit and verification on its suitability for the intended purposes. The manufacturer's presentation will be part of the ongoing consultation with the Bermuda Police Service, Health, Magistrates Courts, the Bar Council and the DPP's Chambers on the intended use of the unit as a substantive testing device.

Mr. Speaker, the introduction of the handheld testing unit will not require legislative amendments, and once we have completed the verification of the unit and it is deemed acceptable by the Bermuda Police Service, we will lay an Order approving the said instrument, and if there are no identified issues, we intend to lay this Order in May of this year.

In the meanwhile, I urge all Bermuda residents to drive responsibly and have consideration for the safety of themselves and other road users.

Thank you, Mr. Speaker.

The Speaker: All right. Thank you. Thank you, Minister.

That completes the Statements.

REPORTS OF COMMITTEES

The Speaker: We now move to reports of committees. There are no reports.

QUESTION PERIOD

The Speaker: We are then in Question Period.

[Pause]

The Speaker: We will hold for a minute while the Honourable Member gets my clock.

[Pause]

The Speaker: Thank you.

The Chair will recognise first Honourable Member Burt, who has the first question, the Honourable Member from constituency 18, Pembroke West Central.

Shadow Minister, MP David Burt, you have the floor.

Mr. E. David Burt: Good morning, Mr. Speaker.

The Speaker: Good morning.

Mr. E. David Burt: Mr. Speaker, question 1 on the Order Paper: With the exception of the Memorandum of Understanding . . . It is a question to the Honourable Minister of Finance.

The Speaker: Yes.

QUESTION 1: MOU WITH CCC-WAIVERS ISSUED TO BYPASS MULTIPLE QUOTE REQUIREMENT

Mr. E. David Burt: And it is an oral question.

With the exception of the Memorandum of Understanding with the Canadian Commercial Corporation, will the Honourable Minister please advise this Honourable House of the number of waivers issued by the Accountant General pursuant to section 2.12 of Financial Instructions for the bypassing of the requirement for multiple quotes for the purchase of goods and services since December 18th, 2012?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Mr. Speaker, my Ministry only received these questions on Friday. There was, I guess, a snafu in the communications, and we only received these questions Friday. And question 1 and question 2 require research, because they asked us to go back to December 2012. So the answers to these first two questions are not available at this point in time. They will be made available to the Honourable Member. We will not have to wait until the House comes back in session, but, you know, I will make them available. But we do not have them available at this time.

The Speaker: All right Okay. Thank you.

So then, you will, Honourable [Deputy] Premier, you will get them to the Honourable Opposition Member hopefully before the end of this week?

Hon. E. T. (Bob) Richards: Yes, Mr. Speaker. I have the answers to the third question [on the Order Paper], though. And if that is all right . . .

The Speaker: Yes. I will allow the Honourable Member to ask the question first.
MP Burt?

QUESTION 2: MOU WITH CCC-ADVICE RECEIVED FROM OFFICE OF PROJECT MANAGEMENT AND PROCUREMENT

Mr. E. David Burt: Thank you, Mr. Speaker.

Will the Honourable Minister please share with this Honourable House any advice received by the Ministry of Finance from the Office of Project Management and Procurement regarding the signing of a Memorandum of Understanding with the Canadian Commercial Corporation for the redevelopment of

the L. F. Wade International Airport; and if he will make a statement on any concerns that were raised?

Hon. E. T. (Bob) Richards: Mr. Speaker, yes.

The Speaker: Carry on.

Hon. E. T. (Bob) Richards: Mr. Speaker, it should be noted that the Memorandum of Understanding [MOU] with Canadian Commercial Corporation (or CCC, as it is called) for the redevelopment of the L. F. Wade Airport only outlines a mutual commitment to explore how the Government and CCC can redevelop the airport. This MOU allows CCC and the Government to explore how this development model can meet the needs of the respective participants. The MOU does not create binding contractual or legal obligations between the Government and CCC, but instead it records intentions of the parties to engage in further discussions for the culmination of formal agreements being entered into between the parties.

Before the MOU was signed, the Ministry of Finance conferred with the Office of Project Management and Procurement (aka OPMP) regarding the redevelopment of the airport. Among the things that we conferred, some of the subjects that we talked about, were as follows, particularly the advantages of the model, as the model was different from the general procedures. The advantages of the model to Bermuda at this time were fully explained:

1. an abbreviated procurement time enabling jobs to be created sooner, thereby addressing the urgent need to create jobs;
2. the elimination of the risks to the treasury from overruns, historically a large risk factor, as well as eliminating the risks of delayed delivery dates;
3. the fact that the developer will provide his own financing and that such financing will not increase public debt;
4. the fact that widespread use of local contractors as subcontractors, as well as use of local labour, was one of the preconditions for the Government; and
5. the fact that a value for money review and audit would be performed by an independent international firm before construction commences.

During this process, the draft MOU was provided to OPMP, and the Ministry of Finance fully explained the rationale, as I have laid out just now for using this approach to redevelop the airport. Further, all queries raised by OPMP were answered following this procedure. No objection was raised by OPMP with regard to moving forward with the CCC approach to redeveloping the airport.

The Speaker: Thank you, Honourable Minister.

You have a supplementary?

Mr. Walter H. Roban: Supplementary.

The Speaker: Supplementary, yes.

The Chair recognises the Honourable Member from constituency 15.

SUPPLEMENTARY

Mr. Walter H. Roban: Thank you, Mr. Speaker.

Having heard the Minister's answer, Mr. Speaker, I think I need to put a very important question to the Minister: Based on an answer that he gave to a similar question put by myself on whether the Minister can inform us if the Office of Procurement had consulted recently with the Finance Ministry on the airport development, the Minister said (in answer to my supplementary question) that it was not necessary because of the waiver that was received from the Accountant General for consultations to go on.

This answer seems to be totally contrary to what the Honourable Minister answered on March 4th. And can the Minister—

The Speaker: So what is your question, then? What is your question?

Mr. Walter H. Roban: —clarify?

The Speaker: What is your question to him?

Mr. Walter H. Roban: That is my question.

The Speaker: It is—?

Mr. Walter H. Roban: Would the Minister agree that his current answer is contrary to the answer that he gave on March 4th?

The Speaker: All right. Thanks.

Hon. E. T. (Bob) Richards: No.

The Speaker: All right. Yes.

The Chair will recognise the Honourable Member from constituency 13.

SUPPLEMENTARY

Mr. Glenn A. Blakeney: Mr. Speaker, based on the Minister's response to the former speaker's question, he is certainly at odds with this March 4th answer, because the March 4th answer categorically stated that it was not necessary for any consultation.

I would like to ask, why did the Minister, on March 4th, state one thing and today completely mislead, by his answer, that what he said on March 4th was incorrect?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Of course, Mr. Speaker, that question is based on a false presumption.

The key word is "necessary." It was not *necessary*. But we did it anyway.

The Speaker: All right. Thank you.

Yes. The Chair will recognise the Honourable Member from constituency 6. MP Wayne Furbert, you have a supplementary?

Hon. Wayne L. Furbert: Yes. Thank you, Mr. Speaker.

The Speaker: Yes.

SUPPLEMENTARY

Hon. Wayne L. Furbert: Mr. Speaker, it was not clear. Did [OPMP] express any concerns?—

[Inaudible interjection]

Hon. Wayne L. Furbert: Yes.

That was the question that was laid out by—

[Inaudible interjection]

Hon. Wayne L. Furbert: Yes. Did they express any concerns to yourselves or the Financial Secretary?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Mr. Speaker, I am not aware of any concerns. I just know there was a discussion, an explanation. And after that discussion and explanation OPMP were content with the route that we are following.

The Speaker: Thank you.

The Chair will recognise the Honourable Member from constituency 3, MP Foggo.

SUPPLEMENTARY

Ms. Lovitta F. Foggo: Thank you, Mr. Speaker.

Minister, you stated in your Statement that many queries were answered that were put forward. And my question to you is, What were the queries that were asked? Because we are still not certain what queries were put forward.

The Speaker: Yes.

Hon. E. T. (Bob) Richards: Well, Mr. Speaker, I did not personally carry out this conversation and discuss it with the members of the Procurement Department.

These discussions were carried out by my staff, not me. So I do not know the specifics of that. I just know that, after the discussions, they were content.

The Speaker: Thank you, Minister.

The Chair will recognise the Honourable Member from constituency 13.

SUPPLEMENTARY

Mr. Glenn A. Blakeney: Thank you, Mr. Speaker.

I refer again. The Minister said it was not necessary, but he did it anyway. If it was not necessary, having gotten that direction from the Accountant General, why did he still engage that process when he was adamant it was not necessary? What made him rethink and decide it then was necessary?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Again, a question based on a false presumption.

I did not think it was necessary. But we did it anyway. You have never done something that you did not think was necessary?

Mr. Glenn A. Blakeney: No!

Hon. E. T. (Bob) Richards: Well, I am glad for you. But most people in this world do things that they do not think are necessary, but perhaps are helpful or advisable. But it was not necessary. The key word here is “necessary.” And there is no contradiction in that, Honourable Member—

The Speaker: All right. Just a minute, Honourable—

Hon. E. T. (Bob) Richards: —no contradiction.

Mr. Glenn A. Blakeney: You did not answer my question.

The Speaker: Honourable Member—

Hon. E. T. (Bob) Richards: It is a question of . . . Mr. Speaker, it is a question of, as the British have a saying, *It is a question of belts and braces*. That is all.

The Speaker: All right. Thank you.

Mr. Glenn A. Blakeney: You did not—

The Speaker: Well, he tried. That is right. He has given an answer. Whether you agree with it or not, he has given an answer.

Mr. Walter H. Roban: Second supplementary, Mr. Speaker.

The Speaker: Yes.

SUPPLEMENTARY

Mr. Walter H. Roban: In light of the Minister's answers, Mr. Speaker, I think it is important that I put the question. This seeming effort to wiggle around, bypass and find ways around Financial Instructions for such an important project, does the Minister not agree it gives the appearance of a lack of commitment to governance and true transparency?

The Speaker: Yes. Minister?

Hon. E. T. (Bob) Richards: Mr. Speaker, that question not only has an incorrect presumption, but it is an offensive presumption. And I will not answer it.

The Speaker: All right.

Honourable Member, yes. Honourable Member from constituency 3.

SUPPLEMENTARY

Ms. Lovitta F. Foggo: Mr. Minister, given the concerns that were raised and queries that were made, will you give an undertaking to get the answers to those concerns? I know that you moved forward. You said that they did not seem to be concerned, and you took advice based on the Government officers working under your Ministry. Would you undertake to at least come back with responses to some of the concerns that were forwarded, so we can see basically what alarm bells were raised?

The Speaker: Carry on, Minister.

Hon. E. T. (Bob) Richards: If there were concerns . . . I do not know that there were concerns. I think one would have had an initial concern that this was out of the ordinary in terms of the process. I think on that point nobody disagrees that, you know, this is a different process and so there would have been, if you like, a concern about that.

Whether there were concerns of the . . . Once I and my staff outlined the details that I just mentioned, the rationale for this model, whether there were any concerns subsequent to that, I do not know. If there are any in writing, I will undertake to find that out. If they were oral, I have no idea how to deal with that.

The Speaker: Yes. The Chair will recognise the Honourable Member from constituency 17. MP Walton Brown, you have the floor.

SUPPLEMENTARY

Mr. Walton Brown: Thank you, Mr. Speaker.

Can the Honourable Minister confirm whether or not the advice from OPMP was actually submitted, and whatever advice and concerns they had were actually submitted to Cabinet or presented to Cabinet?

Hon. E. T. (Bob) Richards: No.

The Speaker: Thank you, Honourable Member.

Any other questions? You have a supplementary, MP from constituency 29?

Hon. Zane J. S. De Silva: Yes, Mr. Speaker.

The Speaker: MP De Silva, yes.

SUPPLEMENTARY

Hon. Zane J. S. De Silva: Mr. Speaker, I would like to ask the Minister. He gave an undertaking. He made a statement on March the 4th. And I will quote, with your indulgence, Mr. Speaker, that it, “was not necessary . . . [to consult the Office of Procurement] because we got the necessary permission from the Accountant General not to go that route.”

Now, if that was what the Minister said on March the 4th, why is he denying that he said that now?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: I am starting to wonder if we are on the same planet, Mr. Speaker. I am not denying that.

The Speaker: All right. Thank you.

The Chair will recognise the Honourable Member from constituency 18. MP Burt, you have the floor. Supplementary?

Mr. E. David Burt: Thank you very much, Mr. Speaker.

The Speaker: Yes.

SUPPLEMENTARY

Mr. E. David Burt: Mr. Speaker, if I can, before I get to my question, I need to make a quote just to clarify to the listening public the challenge that we have with this answer. On March 4th, the Honourable Minister was asked the following question: “Mr. Speaker, can the Minister inform us if the Procurement Office was consulted about the recently announced airport [terminal] [redevelopment] project?” They said *if* they were consulted.

The response that came back if they were consulted was, *That was not necessary because we got the necessary permission from the Accountant General.*

Today we find out that they were consulted, and today we find out that they gave concerns or shared advice with the Honourable Minister.

Can the Honourable Minister please tell us why he declined to admit that the Office of Project Management and Procurement was consulted when he gave his answer on March 4th?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Again, Mr. Speaker, it was not necessary to consult OPMP. But we had had conversations inside the Ministry of Finance with the necessary stakeholders. The conversations with OPMP were informal. The approach we had with Accountant General was formal, because Financial Instructions required us to have a formal permission from the Accountant General to go forward with this in this manner.

The discussions with OPMP were informal. And that was what I was talking about.

Now, we had a specific question here about OPMP, and I have given the context of the discussions that we have had with OPMP—nothing sinister, no contradiction. All of the stakeholders connected with this project have had some sort of contact with Ministry of Finance officials to have them to understand the factors involved with this project and also to understand the unimpeachable advantages of it to Bermuda, to the public purse, to the creation of jobs and to the protection against risks that have plagued not only this Government, the PLP Government, the UBP Government, have plagued governments since the beginning of time. This is the first time we have gotten some sort of thing that provides protection against that for the Government.

Instead of getting applause from the other side, I am getting these nonsensical questions! So that is the answer to that question.

The Speaker: Thank you. Honourable Member, a question is a question. Yes. Thank you, sir.

Mr. E. David Burt: Mr. Speaker.

The Speaker: Yes, Honourable Member.

SUPPLEMENTARY

Mr. E. David Burt: It should be clear that the Minister did not answer why he gave contradicting answers.

But what I will say on the second question . . . and I will attempt to ask the question again because earlier the Minister said his civil servants had the meeting. Ministers know that they have to be responsible for what happens in their ministries to Parliament. Therefore, the question that I have for the Honourable Minister is, going back to my original question, Will the Honourable Minister please share with this

Honourable House any advice received by the Ministry of Finance from the Office of Project Management and Procurement regarding the signing of a Memorandum of Understanding with the Canadian Commercial Corporation?

And if the Minister does not have that information with him right now, can I ask that Honourable Minister to undertake to share that information, which was the basis of the question that was asked, Mr. Speaker? He came, and he did not answer the question of which was asked.

The Speaker: Honourable Minister.

Hon. E. T. (Bob) Richards: Mr. Speaker, we have this merry-go-round time and time again, where I give an answer, the Honourable Member does not like the answer, so he repeats the question. Well, I am not going to give a different answer to this question that I gave just five minutes ago.

The Speaker: Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency 5. MP Burgess.

SUPPLEMENTARIES

Hon. Derrick V. Burgess, Sr.: Thank you, Mr. Speaker.

Mr. Speaker, will the Honourable Minister inform this Honourable House the request that was made to the Accountant General, was that request made in writing?

The Speaker: Minister?

Hon. E. T. (Bob) Richards: Yes, I believe so.

The Speaker: Yes. The Honourable Member Blakeney. Sorry. You have already had two supplementaries.

Mr. Glenn A. Blakeney: It was a different question.

The Speaker: No, no. We are on question one, Honourable Member. We have not moved from question one. There have been so many supplementals.

Hon. Derrick V. Burgess, Sr.: Another supplementary, Mr. Speaker.

The Speaker: Yes.

Hon. Derrick V. Burgess, Sr.: Mr. Speaker, in light of the answer, at the Public Accounts Committee hearing the Accountant General said there was no request in writing. So the answer that the Honourable Minister just gave was misleading; it was false.

The Speaker: Minister?

Hon. E. T. (Bob) Richards: I said *I believe* so. I could be mistaken. But I think that is normal process. All right?

I certainly know one thing, Honourable Member. And the thing that I do know, which is the most important to you, is that we received permission from the Accountant General *in writing*. It is not the question that is in writing; it is the answer that is in writing, that is the key.

The Speaker: Thank you, Honourable Minister.

Thank you. Thank you, Honourable Members.

The Chair will now move to the Honourable Member from constituency 5. MP D. V. Burgess, you have questions.

Hon. Derrick V. Burgess, Sr.: Yes. Thank you, Mr. Speaker.

The questions that are on the Order Paper are incorrect. These are answers I have had before.

The Speaker: Oh. Sorry.

Hon. Derrick V. Burgess, Sr.: Yes.

The Speaker: They are—

Hon. Derrick V. Burgess, Sr.: This is a different set of questions.

The Speaker: Okay. Just hold it a minute.

Hon. Derrick V. Burgess, Sr.: Yes.

[Pause]

[Crosstalk]

Hon. Derrick V. Burgess, Sr.: You never answered any of them.

The Speaker: Okay. Honourable Member, if you would have your seat for me a second, and we will just get the questions that should be there.

[Pause]

The Speaker: Honourable Member, could you just come a second?

[Inaudible interjections]

The Speaker: The Chair will recognise the Honourable Member from constituency 5. You have the floor.

QUESTION 1: NORTH CHANNEL DREDGING— STATUS OF

Hon. Derrick V. Burgess, Sr.: Yes, thank you, Mr. Speaker.

Will the Honourable Minister please inform this Honourable House of the status of the North Channel dredging?

The Speaker: Minister?

Hon. L. Craig Cannonier: Thank you, Mr. Speaker.

Let me just first say that we have two questions. I have spoken to the Honourable Member from constituency 5. I can answer the first one. The second one I will have to defer for a couple of days; we are still waiting for answers from the relevant parties.

The question being asked is the status of the North Channel dredging. The North Channel dredging remains on schedule. Environmental impact assessments have been done and have been adhered to. We have sent the team away, our captains, to go and do simulations through the North Channel to ensure that it was possible to get the ships within what was . . . or the potential work that should be done. And those things are all in order.

Also, the tender process for the official dredging will go out by the end of this month.

The Speaker: Thank you, Honourable Member.

Any other questions?

Thank you.

That completes the questions.

We now move to congratulatory and/or obituary—

[Inaudible interjections and crosstalk]

The Speaker: Just a minute. I am looking at the . . . Oh, yes! Thank you, thank you, thank you.

[We will have questions on] the first Statement by the Premier, and I recognise MP Burgess.

QUESTION 1: PUBLIC SERVICE BURSARY AWARD SCHEME

Hon. Derrick V. Burgess, Sr.: Thank you again, Mr. Speaker.

Mr. Speaker, this Statement, if I may just read two lines from it.

The Speaker: Yes.

Hon. Derrick V. Burgess, Sr.: "The Government has long addressed this challenge by allocating funding for the express purpose of developing Bermudians to fill specialist roles."

In light of the recent appointment of qualified Bermudians who applied for the DPP [Department of Public Prosecutions], the Chief Administrator of PATI, is this statement contrary to the practice and policy from Government House?

The Speaker: Premier?

Hon. Michael H. Dunkley: Mr. Speaker, my answer to that question is, that question would be more appropriately addressed to Government House. Those appointments are out of our remit.

The Speaker: All right. Thank you, Honourable Member.

MP Burgess?

SUPPLEMENTARY

Hon. Derrick V. Burgess, Sr.: Yes, Mr. Speaker.

Has this Statement been approved by Government House?

The Speaker: Premier?

Hon. Michael H. Dunkley: Mr. Speaker, this Statement does not have to be approved by Government House.

The Speaker: All right. Thank you.

Thank you very much, Honourable Members.

We move now to [questions on] the second Statement by Premier Dunkley. And the Chair will recognise first the Honourable Member from constituency 15, Pembroke East, MP Roban.

QUESTION 1: BERMUDA'S EXCLUSIVE ECONOMIC ZONE

Mr. Walter H. Roban: Thank you, Mr. Speaker.

Question to the Honourable Member, Honourable Premier, who sits in constituency 10, and it relates to a statement, if you will allow me to just briefly refer to at the bottom of the first page: "the commercial fishing industry endorsed the position that Bermuda's offshore waters represent the future of local fishing, with the capacity for growth and diversification of the economy."

In light of the work already done with the White Paper on fishing and the work done within the department, and also the commitment that the Government has given to the on-side fishing facility, can the Honourable Premier give us some clarity onto what discussions they might have already had or will have with the local fishing community on how they might either take advantage of these opportunities with or without Government financial support?

The Speaker: Minister? Premier?

Hon. Michael H. Dunkley: Thank you, Mr. Speaker, and thank the Honourable Member for that question.

I am more than willing to come back to this House and give an update when the time is appropriate. And why do I say that, Mr. Speaker? Because

right now, they are still in the discussion stage on how that initiative will move forward. They have made a tremendous amount of progress on it, but there is nothing that is definitive to report at this time. So I think it would be premature to comment on it. The Government has been involved with the leaders in that group, who want to try to move forward. But there is still much work to be done. So it is way too premature to say anything.

The Speaker: Yes, MP, supplementary?

Mr. Walter H. Roban: Second question.

The Speaker: Oh, second question. Okay.

QUESTION 2: BERMUDA'S EXCLUSIVE ECONOMIC ZONE

Mr. Walter H. Roban: Will the Minister at least acknowledge that there has already been substantive work done over the years by the department in this area that should make this particular effort move quite easily? Because of the extensive work that has already been done.

The Speaker: Premier?

Hon. Michael H. Dunkley: Thank you, Mr. Speaker.

I am aware that there has been a great deal of attention paid to it. I am not exactly sure that the work done in the past will help this initiative specifically. But it should help generally as we move forward.

The Speaker: All right. Thank you, Premier.

The Chair will recognise the Honourable Member from constituency 13. MP Blakeney, you have the floor.

SUPPLEMENTARIES

Mr. Glenn A. Blakeney: Thank you, Mr. Speaker.

For the Honourable Premier, given the fact that the Premier stated in his Statement that, upon the conclusion of the comprehensive report, a request for a quote to determine the cost of an independent feasibility study was to be issued . . . However, he states later on that it is not currently possible for the Government to undertake progressing the plan, based on whatever is delivered by way of the request for a quote.

Has the RFQ been issued? And if it has been issued, is it time sensitive? In other words, will you be able to hold the quote to the years between 2016 and 2018, when you say you will have another look at whether you will progress the plan to commit to whatever is coming back from the RFQ?

The Speaker: Thank you.

Premier?

Hon. Michael H. Dunkley: Thank you, Honourable Member.

No, the RFQ has not been issued. And that is the reason for this Statement today.

The Speaker: Thank you.
MP Blakeney?

Mr. Glenn A. Blakeney: Given that answer, will it be issued, since you are stating that there is no budget for it? And if it will, will it be after 2016 or around 2016 that you will issue it? Or will you issue it before?

The Speaker: Premier?

Hon. Michael H. Dunkley: Thank you, Mr. Speaker.

The Statement, I think at the bottom of page 2, is quite clear, that it will be considered in fiscal year 2016 and beyond. In the meantime, this Government will do everything we can to protect our marine environment, which has been done very aggressively over the past number of years.

The Speaker: All right. Thank you, Honourable Member.

Second question or supplementary?

Mr. Glenn A. Blakeney: Yes, supplementary.

He said it would be considered in 2016? What is he talking about, the RFQ?

[Inaudible interjection]

Mr. Glenn A. Blakeney: Okay.

The Speaker: All right. Honourable Member, are you okay? Are you okay?

[Pause]

The Speaker: All right. That completes our questions. So we move to congratulatory and/or obituary speeches.

The Chair will recognise . . .

[Inaudible interjections]

The Speaker: I did not write that down. Thank you, thank you, thank you.

We have questions to the Minister, Minister Crockwell. I recognise MP Roban.

QUESTION 1: INTRODUCTION OF ROADSIDE SOBRIETY TESTING —UPDATE

Mr. Walter H. Roban: Thank you, Mr. Speaker.

Question to the Honourable Minister for Transport in relation to the Statement, referring to paragraph 3 in his Statement, where he states, "through further consultation with the Attorney General's Chambers and consideration of constitutional issues related to *"testing before arrest"* can the Honourable Minister give us some detail as to what specifically some of these constitutional issues were? Because this has obviously been something in the works for quite some time. And perhaps he can give some clarity as to what the constitutional issues are that have slowed the process. I do appreciate, of course, he would know the nature of this, but perhaps he can reveal to us those issues in detail, or some detail, that did arise.

Hon. Shawn G. Crockwell: Thank you, Mr. Speaker, and Honourable Member.

Firstly, the intent was to empower the police to be able to have, whilst they are on the road and doing their patrol, to have the capacity to provide a breathalyser instead of having to arrest and then go back to a police station to conduct the breathalyser.

The request was to have a *test before arrest*, which means that you can test an individual without having to first arrest them. So basically saying, you know, *We just want you to take the breathalyser without having any real reasonable cause*. The concern was that, first of all, it would be discretionary. So a person would not be obliged to do a test if they are not first arrested. And so, it was deemed that it would be, you know, probably not that effective if the majority of the people said no.

Secondly, it was argued that they still felt that reasonable cause was required before someone was to be asked to take a breathalyser. So the reality now is going to be those amendments are not going to be required. We now just have to approve the instrument. We have identified an instrument, as you will see, even in the Statement. The police are now going to see a demonstration. If the police are happy with it, then we will bring an Order in May.

But now you would have to arrest, but you can apply the test right there on the site. And that way, you will have a far more clear piece of evidence. And the information will have evidentiary weight for court.

The Speaker: All right. Thank you, Honourable Members.

I think we have completed all the Statements and all the questions.

CONGRATULATORY AND/OR OBITUARY SPEECHES

The Speaker: So I think we can rightfully move on to congratulatory and/or obituary speeches.

The Chair will recognise the Minister of Community Affairs [*sic*].

Hon. Patricia J. Gordon-Pamplin: It is Community, Culture and Sport. But thank you, Mr. Speaker, and good morning.

Mr. Speaker, Saturday night witnessed a wonderful event put on by Teen Services for the Outstanding Teen Awards. And, Mr. Speaker, I have asked that this Honourable House offer congratulations to not just the category winners, but the overall winner, who was the Overall Outstanding Teen, who was Nicholas Pell. Some of the other areas were

- Spiritual Leadership, Janaya Hall and Andrew Brookes;
- for Sports, Kyra Scraders and Daniel Oatley;
- for Leadership, Nalani Dowling and Malachi Hall;
- Most Progress, Denaw Jones and Sareiko Thomas;
- Community Service, Destinee Taylor and Evin Mosely;
- Perseverance, Coccy-Lynne Simmons and Shiloh Robinson;
- Academic Achievement, Reem Bushara and Nicholas Pell;
- Visual Arts, Nalani Dowling and Asha Bicarie;
- Performing Arts, Alexis Smith and Malik Alick;
- Vocational/Technical Arts, Peter Calow and Allison Seymour.

And again, as I said, the Overall Outstanding was Nicholas Pell. And I think congratulations need to be sent to . . . And actually, I have been asked to associate. But I think, first of all, let me send congratulations to Teen Services, under Michelle Wade, for putting on such an outstanding event and recognising and acknowledging our young students. Honourable Members Brown and Foggo, Honourable Minister Gibbons, Honourable Minister Cannonier would also like to be associated, and Minister Atherden and Minister Scott would like . . . You know, I think this is an event that the whole House should want to be associated with, as we [acknowledge] the outstanding performances of our young people.

And while I am on my feet, Mr. Speaker, I would also ask that this Honourable House send a letter of congratulations to Samantha Smith, who was successful in winning the Bermuda Idol competition in a wonderful, powerful performance on Saturday night. She was just an amazing choice, and I believe she very well deserved winning. And we would like to also extend congratulations to Inter-Island Communications, who actually sponsored [*sic*] this particular event and have done so for quite a few years.

[*Inaudible interjection*]

Hon. Patricia J. Gordon-Pamplin: Sorry?

The Speaker: Produced it.

Hon. Patricia J. Gordon-Pamplin: The producers. Sorry, the producers of the event.

While I am on my feet, again, Mr. Speaker, I would ask that this Honourable House send a letter of condolences to the family of former Police Officer Vic Richmond. I knew Vic Richmond for an awful long time. And I knew him to be a tremendously sensitive and compassionate police officer. Mr. Speaker, I have had occasion way back in early years of my life, having a lot of interaction with the police department from a protective perspective, and he was a sergeant at the time. Sergeant Richmond showed a lot of compassion and a lot of sensitivity, to me in particular, in dealing with my particular issues. And I would like to offer condolences to his family.

The Speaker: Thank you. Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency 3. MP Foggo, you have the floor.

Ms. Lovitta F. Foggo: Thank you, Mr. Speaker.

First of all, I would like to reiterate the congratulatory remarks given by the Minister. The Teen Services Awards is a spectacular event and a celebration of excellence in our youth.

Moving from there, Mr. Speaker, I would like to send condolences to the Rayner family, St. George's, [for the loss of] a very much beloved fellow by the name of Mr. Calvin Rayner. Mr. Speaker, Calvin Rayner was a long-time employee of Public Works as—

The Speaker: That is Ashton's brother?

Ms. Lovitta F. Foggo: Yes. And the foreman, carpenter foreman at Public Works.

Mr. Speaker, as you well know, he loved to play football. In fact, he participated quite a few years ago in, I guess, quite a renowned event, a Bermuda soccer tournament which took place in 1968, I believe it was, with visiting teams from overseas, where Bermuda placed first. And he was one of the people in the squad. Mr. Speaker, Calvin, as a young man, went on to play football with Wellington Rovers, St. George's Colts and Social Club and in the commercial league. He played for St. George's All-Stars.

Mr. Speaker, he will be sadly missed. I would like to associate Minister Pat Gordon-Pamplin, Shadow Minister Derrick Burgess and the Minister of Public Works, Mr. Cannonier. And his family, Essie Rayner, his wife, his daughters Tanya and Tracey and his adopted daughter Tionne, with his grandchildren, they will definitely miss [him]. He was very much a family man, a very quiet man, and beloved by the whole of St. George's. Thank you, Mr. Speaker.

The Speaker: You are quite welcome. Thank you.

The Chair will recognise the Honourable Member from constituency 2. MP Nandi Outerbridge, you have the floor.

Ms. Nandi Outerbridge: Good morning, and thank you, Mr. Speaker.

Mr. Speaker, I rise this morning to ask that this Honourable House send congratulations at this point to the 12 athletes who have been chosen by the Bermuda National Athletics Association to represent Bermuda in the 2015 CARIFTA Games. I have been following most of these athletes locally, so I have no doubt that they will represent Bermuda very well at the games. I applaud their hard work, and I am sure that they will enjoy the experience.

I just want to read out the 12 athletes who will be going. [They are:]

- Tiara Derosa;
- Sakari Famous (who is actually my little cousin);
- Mikayla Wilson;
- Kyra Scraders;
- Keisha Miller;
- David Darrell;
- Aaron Jacobs;
- Michaiiah Robinson;
- Elisha Darrell;
- Jah-Nhal Perinchief;
- Ethan Philip; and
- Kionje Somner.

I just want to tell them, *Well done* at this point for making it out there. But I am sure I will be standing up again on their return when they bring some of those medals home. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Honourable Member.

The Chair now will recognise the Honourable Member from constituency 29.

[Inaudible interjection]

The Speaker: Okay. The Chair then will recognise the Honourable Member from constituency 7. MP Sylvan Richards, you have the floor.

Mr. Sylvan D. Richards, Jr.: Thank you, Mr. Speaker.

Mr. Speaker, I would also like to be associated with the condolences that were previously offered by the Member from constituency 23 for Mr. Vic Richmond. Vic Richmond was like family to me. He rented an apartment from my grandmother, who is also departed, for many, many years. And when we would have family get-togethers, Vic would be there. He was a long-serving member, as was previously mentioned,

of the Bermuda Police Service. He had a wealth of knowledge and experience with doing investigations.

And he was also very well known as the President of the Bermuda Boxing Commission. Anyone who went to any of the locally presented boxing events in Bermuda would see Vic Richmond there, either in the capacity of a referee or a judge. He was very, very active in the Bermuda boxing community, as can be attributed by the tributes that have been paid to him since his passing. And I would just like to say that Bermuda boxing has lost one of its greatest ambassadors with the loss of Mr. Vic Richmond. So I would like to offer my condolences to his family on his untimely passing. Thank you, Mr. Speaker.

The Speaker: All right. Thank you. Thank you, Honourable Member.

The Chair will recognise now the Honourable Minister for Public Works. Minister Cannonier.

Hon. L. Craig Cannonier: Thank you, Mr. Speaker.

I would very quickly like to support the sentiments of the Honourable Member from constituency 3 towards Calvin Rayner—I will declare the interest, that he was a cousin of mine—passing away this Saturday in his 64th year. What I can say also to this here is that he is a long-standing employee of Bermuda Government going back to 1973, and worked his way through the ranks, of course, and managed and oversaw many projects in the carpentry area. He was also very keen—a very quiet person, as was already stated, but very keen on bringing along and mentoring some of the younger people coming along in his profession and his art. And so again, we want to just send our sentiments to the Rayner family. This is a great loss, and I know that many people are—I mean, his family come from even the West End and the East End—really shocked at this unfortunate and untimely death.

Also, Mr. Speaker, I would like to just echo the sentiments also of the Honourable Minister Pat Gordon-Pamplin on the Teen Service Awards. They were fantastic, and I would just repeat what was said by many of those who were judges, that Bermuda's future is definitely in good hands. Many of our young people—it is just incredible how many things that they are involved in. And we were trying to wonder, how did they have the time to do all of the things that they are doing? But Bermuda certainly has a great future. Our young people, contrary to some of the things that may be said out there, our young people are doing very well in Bermuda. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from Warwick West. MP Jeff Sousa, you have the floor.

Mr. Jeff Sousa: Good morning, Mr. Speaker.

The Speaker: Good morning.

Mr. Jeff Sousa: Good morning, colleagues, and good morning to those who may be in the listening audience.

Mr. Speaker, I would like to send congratulations on behalf of the House to the Bermuda Karting Club, who held the Dockyard Grand Prix this past weekend. I did attend the event, along with the Premier, Michael Dunkley, and it was an awesome family event that was attended by thousands of Bermudians. I was particularly happy to see some of my constituents, David and Mark Selley, do extremely well. As many know, the Selley boys have racing in their blood from their father, Mark, and certainly their uncle, Craig.

I did make a point to visit the pit area and to see the grandparents and parents working along with the young men and young women. And I was quite keen to see one particular young woman, a child really, Jorja Thomas, who won the Junior Comer Class. And it was pretty neat because actually, I raced go-carts against her father 40-something years ago. These, of course, were wooden go-carts, not like the shifters we see today. But again, great to see this family event take place. Bermudians are looking for community events like this. And I would, again, like to take my hat off to the Bermuda Karting Club for this very well-organised event over the weekend. Thank you, Mr. Speaker.

The Speaker: Thank you. Thank you, Honourable Member.

The Chair will now recognise the Honourable Member Atherden.

Hon. Jeanne J. Atherden: Thank you, Mr. Speaker.

Mr. Speaker, I would like congratulations to be sent to the Department of Health, and in particular Eddie Cattell, for a successful programme on how to grow your own vegetables at home. I must admit, Mr. Speaker, this programme, which will be over the next three weeks, is designed to let individuals understand how they can, in a small area, grow food such that Bermuda can be more sustainable as it relates to their food. And also, MP Jeff Sousa would like to be associated with this as well.

In addition to that, Mr. Speaker, I would like to have congratulations sent to the National Office for Seniors, because they put on an Accessibility Design Seminar. And it was pleasing to see the architects, persons who are out and involved in home expansion, persons from the Department of Planning there talking about how the new regulations have to be implemented, and also getting people to understand how to be compliant, as well as to understand how you can change your home to be more accessible. Thank you, Mr. Speaker.

The Speaker: Thank you. Thank you, Honourable Members.

MATTERS OF PRIVILEGE

¹BREACH OF PRIVILEGE *[Standing Order 13]*

The Speaker: We move now to the next matter, which is matters of privilege. The Chair will recognise the Honourable Member, MP Burt.

Mr. E. David Burt: Good morning, Mr. Speaker.

The Speaker: Good morning.

Mr. E. David Burt: Mr. Speaker, pursuant to Standing Order 13(3)(a) and following up on my letter to yourself yesterday, as I indicated that I intend to raise the question of my ejection from the House of Assembly on Friday, March 13th, and bring it before [the House] as a matter of privilege, Mr. Speaker.

Shall I continue?

The Speaker: Honourable Member, just hold one second for me.

[Pause]

The Speaker: I think, Honourable Member, if I may, in regard to reflecting on the decision of the Speaker (all right?), the Standing Order . . . first of all, any matter that is reflecting on the Speaker which is indeed a matter of a breach of privilege, then the person who is concerned with the breach of privilege, or the person who is being accused of a breach of privilege should have an opportunity to speak to that. And the Honourable Speaker cannot speak in this House.

Therefore, it is not appropriate for a breach of privilege to be brought in this manner. A breach of privilege should be brought, or any matter with regard to the Speaker, should be brought according to Standing Order 10, which is where a substantive motion is brought forward, as, in fact, I think there is a substantive motion already on the floor.

And so, what I think, Honourable Member, you can move forward with this as a substantive motion if you would like to move it to a substantive motion. Because of the fact that I am unable to speak, then . . . And in fact, I believe I mentioned that in my speech this morning.

Yes, Honourable Member.

Mr. E. David Burt: Mr. Speaker, thank you. But if I may?

The Speaker: Yes.

Mr. E. David Burt: There is not currently any substantive motion on the floor in this regard. Secondly, Mr. Speaker, I am not reflecting on the decision of the Chair; I am speaking to a question of privileges and the rights and privileges of Members of the House of Assembly.

If I may refer the Honourable Speaker to Erskine May, and if I may refer to the 24th Edition, page 455, which speaks to the rights and privileges of Members of the House of Assembly, in which it says, "It is the duty of the Speaker to intervene to preserve order, though he may refrain from intervening if he feels it is unnecessary to do so." The next sentence, Mr. Speaker, is critical: "If he does not intervene, however, whether for the above reason or because he has not perceived that a breach of order has been committed, it is the right of any Member who thinks that such a breach has been committed to rise in his place, interrupting any Member who may be speaking, and direct the attention of the Chair to the matter."

Mr. Speaker, I submit to yourself and to the House that on two occasions, I rose, under the rights that are afforded to me under the rules of this House, and I was not recognised to speak. I am not questioning a decision that was made by the Chair; I am not questioning the decision that was made to move forward. I am rising on a point of privilege that I stood up in this House to be recognised on a basic point of order and was not recognised, Mr. Speaker. That was a breach of my privilege.

The Speaker: Okay. Okay. Right. Very, very good.

So, what you are saying is, Honourable Member, you want the record to show, in essence, that your right of privilege was breached?

Mr. E. David Burt: Mr. Speaker, yes. But pursuant to Standing Order 13, I am submitting that this item be either submitted to the House or to a select committee of the House. Because the truth is, or in my view, Mr. Speaker, the repercussions of what happened after that fact were based upon my not being recognised on a basic right and privilege of Parliament.

The Speaker: Okay. No, no, that is fine. That is fine.

Mr. E. David Burt: Okay.

The Speaker: That is fine. So—

Mr. E. David Burt: And, Mr. Speaker, if I may go further, if you will allow me, Mr. Speaker.

The Speaker: Carry on. Sure.

¹ Also see [page 1817](#)

Mr. E. David Burt: Because earlier, Mr. Speaker, when you mentioned, you referred to section 10(5) of the Standing Orders.

The Speaker: Yes.

Mr. E. David Burt: And you said [at Standing Order 10(4)], “When the Speaker (or Chair) rises during a debate, any member then speaking, or wishing to speak, shall immediately resume his or her seat and the House (or Committee) shall be silent.”

You went on to say, in Standing Order 10(5)(a), “The Speaker shall be vested with the authority to maintain order by naming individual Members for disregarding the authority of the Chair and, without resort to motion, ordering their withdrawal for the remainder of that sitting.”

That lays out, Mr. Speaker, what has to happen for a Member to be withdrawn.

I will also submit to consideration of the House that at no point in time did I reject the authority of the Chair. And at no point in time when the Honourable Speaker rose to his feet did I refuse to resume my seat, Mr. Speaker. Therefore, I would submit to the House that my privilege as a Member of Parliament to be recognised on a point of order was breached, and I would ask the House to support me in my point of privilege.

The Speaker: And in that regard you are asking that the matter be sent to a select committee? Or—?

Mr. E. David Burt: Mr. Speaker, pursuant to Standing Order 13(3)(b)—

The Speaker: Yes.

Mr. E. David Burt: I propose that this alleged breach be submitted to consideration of this Honourable House.

The Speaker: All right. That the House consider it. Again, you see, Honourable Member, the question which you raise, as well, is a question of democracy, and the question that you feel that you were not given the opportunity to be able to make your point on the floor.

I think the manner, with respect, the manner in which you are moving in this regard, if it is not done by a substantive motion, if it is done in a manner that there . . . as I said, the Honourable Speaker does not have a chance to speak. If the behaviour of the Speaker is addressed, or if the behaviour of any Member in this House is impugned, then that Member should have an opportunity to speak.

So, MP Burt, is there something else you want to say first?

Mr. E. David Burt: Mr. Speaker, I would humbly submit again, under Standing Order 10(1), the question is about . . . if there is a question of a decision made by the Chair. I am not questioning a decision that was made on a point of order by you, Mr. Speaker. I am speaking of my rights and privileges to be recognised as a speaker in the House.

This is not something that is subject to a motion, because a motion in the way you spoke about in [Standing Order] 10(1), which moves reflect a decision of the Speaker, I am not moving on a decision of the Speaker, Mr. Speaker. I am not talking about the decision that you made to rule the amendment in order. I am not speaking on that reflection.

I am talking about the rights and privileges of Members in this House to be recognised when they rise to their feet. And I would hope that every single Member of the House will support me in the consideration of that motion, Mr. Speaker. It is very simple. I would ask that this House support that any Member who rises on a point of order to be heard. And then, Mr. Speaker, we can move on.

The Speaker: Yes. I mean, I agree. I agree fully.

(Just before you have a word, Attorney General) I agree fully that any Member who wants to speak should have that opportunity. I do not deny that point. I am now questioning the . . . I am just now questioning, looking at the procedure. That is all.

So I will recognise the Honourable Attorney General.

Hon. Trevor G. Moniz: Yes. Mr. Speaker, we on this side of the House take the view that this was a point of procedure, not anything to do with privilege. We think that the Honourable Member is misguided when he views it as affecting his privileges. It was just a point of procedure.

That Honourable Member got up and made the same point repetitively. Whether he be right or whether he be wrong, the job of the Speaker is to enforce order on the House. And you had heard his point. He just kept getting up and making the same point over and over again. That is why he was asked to take his seat. So it is just a point of procedure. And it is nothing to do with privilege, in our respectful submission, Mr. Speaker.

The Speaker: All right. Thank you.

Yes, Honourable Member Burt.

Mr. E. David Burt: Mr. Speaker, I appreciate the Honourable Attorney General rising to his feet, because the Honourable Attorney General has made it clear to Members of the House and to members of the public that the Government is not in any way interested in making sure that the rules and privileges of this House are respected. The Honourable Attorney General just got up—

Hon. Trevor G. Moniz: Point of order. Point of order, Mr. Speaker.

Mr. E. David Burt: The Honourable Attorney General just got up—

Hon. Trevor G. Moniz: Point of order. Point of order.

The Speaker: Point of order, Honourable Member, point of order.

Yes, yes, Honourable Member.

POINT OF ORDER

[Imputing improper motives]

Hon. Trevor G. Moniz: He is [imputing] improper motives. That is entirely untrue. We have tried our best to go by the rules of the House. We have tried not to respond to the inflammatory language used by certain Members of the Opposition. And we have played a straight bat in this whole thing.

In fact, during that debate on Friday I had offered to the Opposition, saying, *Look. Are you interested in debating my amendment?* The response at that time was, *No, we do not want to hear your amendment.* So, we have tried to play this with a straight bat.

Thank you, Mr. Speaker.

The Speaker: All right. Thank you.
Honourable Member Burt.

POINT OF ORDER

[Misleading]

Mr. E. David Burt: Mr. Speaker, as a point of order, if I may, the Honourable Attorney General is misleading the House.

The Honourable Attorney General just rose to his feet, prior to his point of order, and said that I attempted to give a repetitive point of order on this floor. He is misleading the House, Mr. Speaker, because I never got to give my point of order!

So how can he say—

The Speaker: Except once. Except once.

Mr. E. David Burt: Yes, Mr. Speaker, at the one point in time, my point of order was not in regard to the consideration of the amendment. It was in regard to the debate on the amendment which was supposed to happen, which, Mr. Speaker, as you admitted earlier, was not something that was followed.

Therefore, Mr. Speaker, I rise again. And I would hope that on this very simple point, I am submitting it to a vote of this House, that my privileges, the rules and privileges as afforded to me under the rules of this Parliament and under Erskine May, the

24th Edition, page 455, where it states that: “it is the right of any Member who thinks that such a breach has been committed to rise in his place, interrupting any Member who may be speaking, and direct attention of the Chair to this matter.”

That is a right and privilege, Mr. Speaker, enjoyed by all Members of Parliament. It is a right and privilege that I was not afforded this past Friday. And I am submitting it to a vote of the Members of this House that all points of order need to be recognised by the Chair, Mr. Speaker.

Thank you.

The Speaker: Okay. All right. Okay.

Honourable Member, let me just say that with your motion . . . Actually, in fact, when you bring that you are in fact saying that the Speaker was incorrect in what he did. And that is something that the Speaker should have an opportunity to be able to answer, if the motion is done that way.

I feel that you can do this, and I have no problem with you doing this, Honourable Member. I just think that you should do it with a substantive motion. And we will allow the substantive motion to be placed on the Order Paper.

Mr. E. David Burt: Mr. Speaker, with respect, and the final time—

The Speaker: Yes. Go ahead.

Mr. E. David Burt: And I will sit down after this.

The Speaker: Yes. Go ahead. No, no, go ahead.

Mr. E. David Burt: Because, Mr. Speaker, I am not reflecting on a decision made by the Chair. A decision made by the Chair is something where I submit my point of order, you hear my point of order, and then you do not agree with my point of order. That is the decision, Mr. Speaker. I am not getting to the point of a decision.

What I am getting to, the point is that the rights and privileges of Members of Parliament when rising to stand on a point of order . . . our rules state that they must be heard. My rules were violated. My privileges were violated on Friday. And I am asking for a vote of this Parliament right now to confirm that all Members who rise on a point of order have the right to be heard. That is all I am asking for, Mr. Speaker, and I am asking that that question be put to the floor.

The Speaker: Okay. Thank you.

Honourable Member, again, let me just say this. Really, in essence, you are in fact questioning . . . I believe you are questioning the decision of the Speaker, because it was the Speaker who did not allow you to stand. You are saying I did not . . . You are saying, Honourable Member . . . and I will give you

another chance to make your point. But let me just say that I, as the Speaker . . . you were trying to stand, and I asked you to take your seat when you were attempting to stand. So that was a decision that I made. All right? That was a decision I made.

I understand, and I fully agree with the point that you make, Honourable Member. But it is the context of a decision that I made. Therefore, the matter should be brought before the House, if that is what you consider, and either . . . but what I am suggesting, Honourable Member, is that you do it by a substantive motion.

Mr. E. David Burt: Mr. Speaker.

The Speaker: Yes.

Mr. E. David Burt: It is clear that we are going to disagree, and I am going to defer. And please excuse my absence because I have to attend to a very urgent matter.

The Speaker: All right. I appreciate that, Honourable Member. And I appreciate your application.

[Inaudible interjections and crosstalk]

The Speaker: Honourable Members!

[Gavel]

The Speaker: Honourable Members, the Honourable Member has been forthright, I believe.

The Chair will recognise the Honourable Leader of the Opposition.

Hon. Marc A. R. Bean: Good morning, Mr. Speaker.

The Speaker: Good morning. Good morning, Honourable Member.

SPEAKER'S POSITION IN HOUSE UNTENABLE

Hon. Marc A. R. Bean: Good morning to the honourable colleagues, and especially good morning to the people of this country.

Mr. Speaker, I rise, according to Standing Order 13(4), on a matter of privilege.

Mr. Speaker, my last statement on Friday the 13th, 2015, last week Friday—

The Speaker: Oh, yes, yes.

Hon. Marc A. R. Bean: My last statement to you, Mr. Speaker, after you had acknowledged me, was that you had brought this Honourable House into disrepute.

The Speaker: Yes.

Hon. Marc A. R. Bean: The Hansard has recorded it, Mr. Speaker.

The Speaker: Yes.

Hon. Marc A. R. Bean: After hearing your statement at the beginning of today's sitting and contemplating on your thoughts and your words, I now must stand as a matter of privilege to discharge my obligation and duty to the people of this country to explain why your position as the Speaker of the House has become untenable.

The Speaker: Honourable Member, again, Honourable Member, you are talking about the behaviour, or impugning the motives of the Speaker. And so, the Speaker cannot answer those. You have a right to do it. And, as I said to the earlier Member, you have a right to do it. But the right way to do it is through a substantive motion. And I would urge you to carry that on through a substantive motion.

Hon. Marc A. R. Bean: Mr. Speaker, I submit that by your statements—not ours—you have admitted that you have erred—

The Speaker: Just a minute.

Honourable Member, Honourable Member, you know, you want to raise a matter of privilege.

Hon. Marc A. R. Bean: Yes, it is.

The Speaker: Right. But it is a breach of privilege by the Speaker. That is what you are bringing. You are bringing a breach of privilege by the Speaker.

Hon. Marc A. R. Bean: Mr. Speaker—

The Speaker: Honourable Member—

Hon. Marc A. R. Bean: I am referring to Standing Order 13(4).

The Speaker: Okay. Please take your seat a minute just so that I . . . From what you have said so far, let me just respond to that.

And the way I will respond to that is, in fact, that you are bringing forward a matter of privilege, which it is within your right to do. Secondly, it is a breach of privilege by the Speaker. And when you bring a breach of privilege by the Speaker, you know, bringing a breach of privilege, the Members have to have an opportunity to speak. That is what democracy is about.

So, you cannot bring a breach of privilege against the Speaker, because the Speaker cannot speak in the House. The way in which to deal with any

poor behaviour, anything wrong that is done by the Speaker, is through Standing Order 10.

Yes, Honourable Member?

Hon. Marc A. R. Bean: Thank you, Mr. Speaker.

Mr. Speaker, I am standing as a matter of privilege, but I am not questioning you from the basis of a breach of privilege.

The Speaker: Well, that is—

Hon. Marc A. R. Bean: I stated on Friday, Mr. Speaker, that you had brought the House into disrepute. That is not a question of privilege.

The Speaker: All right. So, Honourable Member, it is. It certainly is. If I have brought the House into disrepute, that is my behaviour you are talking about, Honourable Member. You are impugning my behaviour. And if you are impugning my behaviour, I want the opportunity to stand there and speak!

Hon. Marc A. R. Bean: Well—

The Speaker: Just a minute. Please take your seat while I am speaking.

And, you know, I need the opportunity to stand and speak. If you are going to impugn me, then I need to be speaking. And that is why, Honourable Member, in the [Standing] Orders it says that you have a substantive motion whenever there is the . . . when a Member is impugning. And in this case, if you go to the Standing Orders in regard to breaches of privileges, Members have a right to speak for 20 minutes. The person making the accusation, and then, if I am accused, I want to speak. You are not going to accuse me without [my] having the opportunity to speak.

Yes, Honourable Member.

Hon. Marc A. R. Bean: Fair enough, Mr. Speaker. So as I rise on a matter of privilege, and, as you say, we will be impugning your character or imputing improper motives—

The Speaker: Yes.

Hon. Marc A. R. Bean: May I recommend that you allow the Deputy Speaker to assume the Chair—

The Speaker: No, sir.

Hon. Marc A. R. Bean: —so I can proceed.

The Speaker: No, sir.

Hon. Marc A. R. Bean: —and you can sit from the floor and you can speak.

The Speaker: No, sir. No, sir.

Hon. Marc A. R. Bean: So, at what point then, Mr. Speaker, for clarity—

The Speaker: Yes.

Hon. Marc A. R. Bean: —if we were to proceed with a motion, as you suggest, at what point will you have the opportunity to speak for the 20 minutes that you alluded to, as the Speaker, and from what position?

The Speaker: No, no. In a substantive motion . . . If you are bringing it up in a breach [that] means to say we are bringing it up . . . it is brought up now, and Members speak across the floor.

If you do a substantive motion, then I move outside. I move out of the House in a substantive motion. I move outside of the House.

But when you are doing it in the manner in which you are carrying it [out], and because the orders say that when there are breaches of privilege the Member who is being charged with the breach of privilege has a right to speak for 20 minutes. And that way I will not have that opportunity, Honourable Leader.

Hon. Marc A. R. Bean: Mr. Speaker, as you will note on the Order Paper we have already submitted a motion of censure against the Speaker.

The Speaker: Yes. Yes, absolutely. And that is fine.

Hon. Marc A. R. Bean: Which I think covers what you explained, and that will be the opportune time for us to deal with the censure motion. And that is in regard to the behaviour of Friday past, Mr. Speaker.

What I am standing [on] as a matter of privilege is to explain why your position as Speaker has become untenable—not from Friday, but from December 21st, 2012, Mr. Speaker.

[Inaudible interjections]

The Speaker: Well, Honourable Member . . . Honourable Member, what I am saying is, you can do that. I do not mind you doing that. But you are not going to do it in this manner. You can do it in a censure motion.

In a censure motion, you can say, *Hey, from December 18th, these are the things, and this Member needs to be censured*, whatever you consider needs to be done. That is quite fine. That is within your right.

Hon. Marc A. R. Bean: Mr. Speaker. Mr. Speaker—

The Speaker: And, Honourable Member, please sit when I am speaking.

You know, so that is within your right. And the vehicle is there. And that is the vehicle that I am going to allow.

Yes, Honourable Member?

Hon. Marc A. R. Bean: Thank you, Mr. Speaker.

Mr. Speaker, the claims that I am going to present—

The Speaker: Honourable Member, you are not going to present the claims—

Hon. Marc A. R. Bean: —to this Honourable Chamber are beyond a censure, Mr. Speaker.

The Speaker: Honourable Member. Sorry?

Hon. Marc A. R. Bean: They are beyond a censure.

The Speaker: Well, then you bring them up . . . you bring it up in a substantive motion. You bring it up in a substantive motion. Whatever you want to do you can do in a substantive motion. I do not care if you say, *Take the Honourable Speaker and lynch him*. You know?

[Laughter]

An Hon. Member: Ooh!

The Speaker: You know? But . . . Honourable Member, you are still standing while I am speaking.

Honourable Member, understand me. You have a right. You have a right. As you say, you want to say, *Hey, the Speaker has not been behaving right ever since we have been here*. That is what it sounds like you are saying.

Hon. Marc A. R. Bean: More than that.

The Speaker: All right? Or more than that, and more than that. Okay, fair enough—whatever it is, Honourable Member. But the vehicle (right?) . . . as I am telling you, the vehicle is via that substantive motion, not the privilege.

Thank you.

[Inaudible interjection]

The Speaker: Yes. The Chair will recognise the Honourable and Learned Member from constituency 36, yes.

Hon. Michael J. Scott: Mr. Speaker, thank you.

Mr. Speaker, these are grave times in connection with the relationship now between your role as Speaker. I begin there because under the rules and privileges, as indicated by the last speaker and the speaker before that who was seeking to invoke privi-

leges to bring these matters to your respectful attention under Standing Order 13(4), it provides that, “If during the sitting of the House,” which is where we are, Mr. Speaker—

The Speaker: Yes.

Hon. Michael J. Scott: “a matter arises which appears to involve the privileges of the House and which calls for the immediate attention of the House, the proceedings may be interrupted, save during the progress of”—save, only when there is—“a division, by a motion based on such matter.”

The matter is sufficiently grave for us to be giving immediate attention to it. And the only other thing I want to indicate, Mr. Speaker, is that with the very important announcement by yourself earlier this morning, it was clear to me that you were admitting that there was a wrong step or move by yourself, Mr. Speaker, I say with respect, by not letting the debate go forward, which was the—

The Speaker: I was honest, yes.

Hon. Michael J. Scott: And this is how we will progress, and we are grateful for this.

The Speaker: Yes.

Hon. Michael J. Scott: But that was the very foundation of the case that the Honourable Member from Pembroke West Central was seeking to make just before he departed from the House.

The Speaker: Mm-hmm. And, I do not . . . Honourable Member . . . I am sorry. Let me let you finish. I mean, let you finish.

Hon. Michael J. Scott: Thank you.

So, on that basis, I add this Standing Order 13(4) for your edification, and the Members of this Honourable House, as we seek to resolve what, in my respectful view, has become a very serious and grave matter.

The Speaker: Right.

And I appreciate that, Honourable Member. And I appreciate if Honourable Members have that concern. Right? And I want to provide the opportunity for Honourable Members to move in a manner so that they can address it. Only I am saying that under the . . . as I mentioned earlier, I believe it should be . . . it is a matter that should go. Because when there is a breach of privilege by a Member, then, if it is done via Standing Order 13, the Member must have at least 20 minutes to defend himself.

Yes, the Chair will recognise the Leader of the Opposition.

Hon. Marc A. R. Bean: Mr. Speaker?

POINT OF ORDER

The Speaker: Yes.

Hon. Marc A. R. Bean: When I first stood to my feet on a matter of privilege I cited Standing Order 13(4), which my Shadow Attorney General has repeated, and again, for the sake of clarity, in terms of your position, I ask for permission to read Standing Order 13(4) again.

The Speaker: Yes, you may.

Hon. Marc A. R. Bean: “If during the sitting of the House a matter arises which appears to involve the privileges of the House and which calls for the immediate attention of the House, the proceedings may be interrupted, save during the progress of a division, by a motion based on such matter.”

“Save.”

Prior to save, Mr. Speaker, this rule expressly states that a matter has arisen involving privileges. Whether it is a breach or not has to be determined, but it calls for immediate attention of this House. And all proceedings can be interrupted to deal with this rule, Mr. Speaker.

So I am not speaking from the perspective of, there is a progress of a division by a motion based on such matter. That is not relevant to where we are right now.

The Speaker: Yes. Absolutely.

Hon. Marc A. R. Bean: I rose on a matter of privilege. I cited one rule as to why I was seeking to stand and express why we find your position as Speaker untenable.

Now, that again is not just . . . That is such a privilege that it certainly calls for the immediate attention of this House right now—not next week.

Hon. Trevor G. Moniz: Point of order, Mr. Speaker.

The Speaker: Honourable Member. Honourable Member.

Hon. Marc A. R. Bean: Not in two weeks on a motion.

The Speaker: Honourable Member, take your seat a second, please.

Hon. Marc A. R. Bean: It says “immediate.” It is clear.

The Speaker: Honourable Member, take your seat a second, please.

You have a point of order?

Yes.

Hon. Trevor G. Moniz: Thank you. Thank you, Mr. Speaker.

No point of privilege has arisen. There was a point of procedure that arose last Friday. And that point of procedure proceeded in a certain way that the Opposition were not happy with. No point of privilege has arisen today that requires that Honourable Member to leap up in his seat to protect his privilege under Standing Order 13(4): A) it is not a point of privilege; B) nothing arose this morning that he had to jump up immediately to address the matter of the breach of his privilege.

The Speaker: All right. Thank you, Honourable Member.

Ms. Kim N. Wilson: Point of order, Mr. Speaker.

The Speaker: The Chair will recognise the Honourable and Learned Member from constituency 35, correct?

Ms. Kim N. Wilson: Thirty-four.

The Speaker: Thirty-four.

Ms. Kim N. Wilson: Sandys South Central. Thank you, Mr. Speaker.

The Speaker: Yes.

POINT OF ORDER

Ms. Kim N. Wilson: I think it is important, with your leave, that I read an excerpt from May’s that will perhaps provide us guidance as to what constitutes *privilege*.

The Speaker: Yes, yes.

Ms. Kim N. Wilson: And I am reading from the 23rd Edition.

The Speaker: I can tell you, I have no problem with their bringing a matter of privilege. I do not have any problem with that. What I have a problem with is, as I have mentioned . . . I mentioned [that] if you are going to bring that I am breaching privilege, then, you know, it has to go through the substantive motion. That is all, Honourable Member. I am not questioning privilege.

Ms. Kim N. Wilson: Fine. So then, we are all on the same page as to what is *privilege*, because the learned and Honourable Attorney General seemed to say something different.

However, with respect, Mr. Speaker, if the issue of privilege is not an issue, then I would respect-

fully submit that [Standing Order] 13(4) calls into play the position that is happening as we speak, that a matter has appeared that involves privilege. And you just indicated and confirmed that this is a matter of privilege, a matter with respect to the privilege which calls for the immediate attention of the House.

It does not proceed, with respect, Mr. Speaker, it does not . . . the rule does not provide for how that attention is to be raised. It indicates that the proceedings can be interrupted, which we submit is happening now, save for during a division. It does not speak with respect to how that particular attention is to be raised with respect to the House.

The Speaker: Right. And, Honourable Member, with respect, all rules have to be considered. Not just one—all rules. And when we look at the fact that if we move ahead with the matter of privilege, if it is against the Speaker, the Speaker will not have an opportunity to speak, which is required under [Standing Order] 13. It is required.

Ms. Kim N. Wilson: Point of information.

The Speaker: Yes, sure.

POINT OF INFORMATION

Ms. Kim N. Wilson: Thank you, Mr. Speaker.

I note that you previously indicated that the rules do provide for the Speaker to have an opportunity to rebut any of the issues that are raised.

The Speaker: No, they do not! They do not!

Ms. Kim N. Wilson: Not rebut, not rebut, not rebut.

The Speaker: Yes.

Ms. Kim N. Wilson: *Comment.* Comment.

The Speaker: I did not say that.

Ms. Kim N. Wilson: Respond?

The Speaker: I did not even say that. No, no, no.

Ms. Kim N. Wilson: Defend? I do not remember . . .

The Speaker: No, no. No, I did not. I said . . . no, Honourable Member. If you let me clarify what I said?

Ms. Kim N. Wilson: Sure.

The Speaker: Yes.

No, no. I said that if the Honourable Member, if it was such . . . and I was hypothetically saying, if it were to be allowed, then I would certainly . . . if somebody is going to accuse me, I want to sit down there, I

want to be down there and stand up and hold my ground. That is the point I was making. That was the point I was making.

Leader of the Opposition.

Hon. Marc A. R. Bean: Thank you, Mr. Speaker.

Based on the Attorney General's rationale, Mr. Speaker, where he said that it is not a matter of privilege, it is a matter of procedure, then that is why we stood up on a point of order on Friday. And that is why I said—

The Speaker: Honourable Member, before you go further.

Hon. Marc A. R. Bean: —that the House was brought—

The Speaker: Just one second, before you go further.

I just had a conversation with the Honourable and Learned Member from [constituency] 34. So there is no need to repeat what you are just saying, because I just made a point.

Hon. Marc A. R. Bean: Thank you, Mr. Speaker. I am responding to the Learned Attorney General.

The Speaker: But I have made my point. So there is no need for that.

Hon. Marc A. R. Bean: I understand your point.

The Speaker: All right.

Hon. Marc A. R. Bean: Now, Mr. Speaker, if it is a position of procedure, then that is a question of order. And that is why it is beyond privilege. That is why I said . . . that is why I said, because there [are] only rules that speak to matters of privilege. But what happens when the House is brought into disrepute?

According to the Learned Attorney General, there was disorder. He would say that there was confusion of a procedure. But standing rules are so clear, and the public imprinted that when you have that . . . and I got up and I said, *Your actions*—which you have admitted this morning—*have brought the House into disrepute*—

The Speaker: Honourable Member, I did not say my actions have brought the House into—withdraw those words!

Hon. Marc A. R. Bean: My words, then.

The Speaker: But withdraw them that I said that.

Hon. Marc A. R. Bean: You did not say it.

The Speaker: Honourable Member!

Hon. Marc A. R. Bean: Mr. Speaker, I withdraw. It is something that I said on Friday.

The Speaker: All right. All right.

Hon. Marc A. R. Bean: I said it. By *your* actions, the House was brought into disrepute.

The Speaker: Okay. You said it.

Hon. Marc A. R. Bean: And you acknowledged earlier today that, in terms of not allowing an amendment to be put to the floor for debate, you proceeded straight to a vote—

The Speaker: And I was honest.

Hon. Marc A. R. Bean: —it was a breach of the rules.

The Speaker: It is nice to be honest.

Hon. Marc A. R. Bean: That is fine.

The Speaker: Nice to be honest.

Hon. Marc A. R. Bean: Mr. Speaker, Mr. Speaker.

The Speaker: Yes.

Hon. Marc A. R. Bean: Being honest does not clear your behaviour. Someone could get in a court of law and say, *I am being honest now*.

The Speaker: Honourable Member—

Hon. Marc A. R. Bean: But they still have to face their actions, Mr. Speaker.

The Speaker: Honourable Member, let me just say . . . if you could take your seat one second.

Let me say you are still . . . you are really grinding at my behaviour. You are grinding at that. And that is fine. I do not mind, Honourable Member, that you grind at my behaviour. But the only thing is that you must grind at my behaviour in the appropriate place. And my position is that that is through a substantive order.

Hon. Marc A. R. Bean: Mr. Speaker.

The Speaker: Yes, Honourable Member.

Hon. Marc A. R. Bean: For clarity, I am not grinding at your behaviour. This is nothing personal.

The Speaker: Okay. That is my—

Hon. Marc A. R. Bean: I have an obligation as the Leader of the Opposition, when observing this Hon-

ourable Chamber being brought into disrepute, to hold those to account. It is nothing personal, Mr. Speaker.

The Speaker: All right.

Hon. Marc A. R. Bean: Nothing at all.

The Speaker: I am not thinking that it is anything personal.

Hon. Marc A. R. Bean: So, how you conduct yourself . . . I did not lose sleep about it over the weekend, Mr. Speaker, but I have an obligation to discharge. I have an obligation to discharge. I rose on a matter of privilege to speak as to why the House was brought into disrepute.

Now, if I am not permitted to proceed in explaining why your position as Speaker is no longer tenable, then the House will be further brought into disrepute because this all started because a lack of order. And so, there will be a continuation—

The Speaker: Honourable Member.

Hon. Marc A. R. Bean: —and I will rise to my feet—

The Speaker: Honourable Member, please.

Honourable Member!

I think I have heard enough, because you are impugning my character. You are!

Honourable Member, take your seat, please!

Hon. Marc A. R. Bean: The people would know, Mr. Speaker.

The Speaker: Honourable Member, please take your seat!

Hon. Marc A. R. Bean: The people would know.

The Speaker: Honourable Member, you are impugning my behaviour, and I am not going to allow that, I am afraid. I am not going to allow you to do that, except . . . except . . . and you can. And as I have said, you can attack me in any way you like, Honourable Member. But it must be through a substantive motion. That is all I am saying.

Hon. Marc A. R. Bean: That is what I am objecting to.

The Speaker: Well, let me . . . right. Even the fact that I have not handled the rules correctly, or that I mis-handled Members of the Opposition, or that I have ruled incorrectly . . . any matter that I have handled, if you do not think it was right, I think it is your prerogative to say, *Hey, the Speaker is not right*, or whatever. But all I am asking is that Members go through the substantive motion route.

Yes, Honourable Leader of the Opposition.

Hon. Marc A. R. Bean: Mr. Speaker, being that a censure motion is about to be tabled, directed towards you as the Speaker, and, as you explained, adequate opportunity will be afforded for us to delve deeper into the motion to explain why your position is untenable, then I will take my seat and allow us to proceed with the agenda, and I will raise these topics when the censure motion is discussed in this Honourable Chamber.

The Speaker: All right. Thank you, Honourable Member. Thank you very much.

PERSONAL EXPLANATIONS

The Speaker: The Chair will now move to Personal Explanations. And I recognise the Honourable and Learned Member, Minister Crockwell.

CLARIFICATION OF ANSWER TO PARLIAMENTARY QUESTION RE: CLUB MED PROPERTY AND STARWOOD GROUP COMMITMENTS (11 March 2015)

Hon. Shawn G. Crockwell: Thank you, Mr. Speaker.

Mr. Speaker, I rise to provide a personal clarification on an oral response that I provided on the 11th March, 2015, to a Parliamentary question represented by the Honourable Member from constituency 3.

Mr. Speaker, I make reference to the first of three questions that were presented by that Honourable Member. The question and oral response that I provided are as follows:

Question: Will the Honourable Minister please inform this Honourable House what commitments the Starwood Group have made regarding the development of a new hotel at the former Club Med property?

My answer was that the Starwood Group have an operator's agreement with the chosen developer of the St. George's Tourism development site, Desarrollos Hotel Group.

Mr. Speaker, I provide clarification that the Starwood Hotels and Resorts and Desarrollos Hotel Group, the chosen developer of the St. George's tourism development site, have a signed term sheet, Mr. Speaker. And a "term sheet" can be defined as a statement of intent of the parties. And the parties are working towards finalising the hotel management and related agreements over the few weeks.

Thank you, Mr. Speaker.

The Speaker: Thank you very much, Honourable Member.

Honourable Member, we are just going through the motions. Maybe we can go through the . . . Is it all right to go . . . it is going to take us maybe 10 minutes to do the next lot. If we can just do it, then

we come right back into Committee? If Honourable Members are okay with that? Yes.

NOTICE OF MOTIONS FOR THE ADJOURNMENT OF THE HOUSE ON MATTERS OF URGENT PUBLIC IMPORTANCE

The Speaker: There are none.

INTRODUCTION OF BILLS

The Speaker: The Chair recognises Dr. the Honourable E. G. Gibbons.

Dr. the Hon. E. Grant Gibbons: Thank you, Mr. Speaker.

Mr. Speaker, I am introducing the following Bills so that they may be placed on the Order Paper for the next day of meeting. Would you like me to do them individually?

The Speaker: Are Members okay with the Honourable Member doing them all together? Is it okay?

All right. Good. Members say it is all right.

GOVERNMENT BILLS

FIRST READINGS

EXEMPTED PARTNERSHIPS AMENDMENT ACT 2015

LIMITED PARTNERSHIP AMENDMENT ACT 2015

COMPANIES AMENDMENT ACT 2015

PARTNERSHIP AMENDMENT ACT 2015

Dr. the Hon. E. Grant Gibbons: The Exempted Partnerships Amendment Act 2015, the Limited Partnership Amendment Act 2015, the Companies Amendment Act 2015, and the Partnership Amendment Act 2015. Thank you, Mr. Speaker.

The Speaker: Thank you.

Are there any objections to that? Those Bills will be laid.

OPPOSITION BILLS

The Speaker: No Opposition Bills today.

PRIVATE MEMBERS' BILLS

The Speaker: No private Members' Bill.

NOTICE OF MOTIONS

The Speaker: And the Chair will recognise the Honourable Member, the Honourable M. J. Pettingill.

CENSURE MOTION—LEADER OF OPPOSITION

Mr. Mark J. Pettingill: Thank you, Mr. Speaker.

I table the following motion for this House's consideration—with regret, I might add:

Mr. Speaker, this House:

(1) condemns and expresses disgust at the words and actions of the Member from Warwick South Central, the Leader of the Opposition, on Friday, March 13th, and censures the member accordingly;

(2) abhors the action of the Member for Warwick South Central in verbally threatening Members of the House and showing total disrespect to the Office of the Speaker of the House, and by this action, seriously reflecting upon the honour and dignity of the House; and

(3) this House suspends the Member for Warwick South Central from the service of the House.

In addition, the Opposition Leader failed to acknowledge the seriousness and gravity of the behaviour identified, which is not the type of behaviour that should be associated with Bermuda's Opposition Leader or any Member of Parliament.

The Speaker: All right. Thank you, Honourable Member.

Any opposition to that? Okay.

Honourable Member from constituency 36, the Learned Member, Michael Scott.

CENSURE MOTION—SPEAKER OF THE HOUSE

Hon. Michael J. Scott: Mr. Speaker, I thank you.

Mr. Speaker, I wish to move the following substantive motion: I hereby give notice that at the next day of meeting I propose to move the following substantive motion:

That this House censures the Member for Southampton West and Speaker of the House, the Honourable K. H. R. Horton, JP, MP, for:

(a) bringing the democracy of these Islands of Bermuda and its Parliament into disrepute by his conduct of suppressing debate in the House of Assembly on an amendment to an Opposition Motion of public importance, and in breach of a basic tenet of parliamentary procedure;

(b) bringing Parliament into disrepute by his conduct of refusing to both acknowledge and take a point of order and refusing to allow and hear a point of privilege by the Member for Pembroke West Central, who rose on a point of privilege, in breach of Standing Orders of the House numbers 11(3)(a), 13(1), as read with 21(1)(i);

(c) bringing the Parliament into disrepute by the misuse and abuse of his authority as Speaker, by ejecting the Member for Pembroke West Central immediately after the Member rose on a point of privilege, without any lawful or justifiable grounds to eject the said Member; and

(d) displaying a woeful ignorance and lack of understanding of Standing Orders of the House of Assembly and the basic parliamentary procedure, thereby bringing the Parliament into disrepute

Dated the 14th of March.

The Speaker: All right. Thank you. Thank you, Honourable Member.

The Chair will now recognise the Honourable Premier.

Hon. Michael H. Dunkley: Mr. Speaker, do you want to go into Committee now? I move that we go into Committee and then adjourn for lunch.

The Speaker: Yes, we can do. Yes, yes, please.

Hon. Michael H. Dunkley: I move that we go into Committee and then to adjourn for lunch and come back at two o'clock.

The Speaker: All right. Thank you.

So I will ask that the Deputy Speaker please take the Chair [of Committee].

House in Committee at 12:36 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Chairman: Thank you, Members.

We are now in Committee of Supply to discuss Estimates of Revenue and Expenditure for the year 2015/16, for the Heads Community and Cultural Affairs, Heads 55 and 56.

I believe we are going to rise and report . . . but, Minister?

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, I move that we do now adjourn for lunch, and we can resume in committee at 2:05 pm.

The Chairman: [Yes.] 2:05. Thank you.

Are there any objections to that motion?

There are no objections.

Agreed to—2:05. Thank you.

[Gavel]

Proceedings suspended at 12:37 pm

Proceedings resumed at 2:05 pm

[Mr. Glen Smith, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

[Continuation thereof]

The Chairman: Good afternoon, Members.

We now resume in Committee of Supply for further consideration of the Estimates of Revenue and Expenditure for the year 2015/16 for the Ministry of Community, Cultural Development [and Sport], Heads 55 and 56. Three and half hours have been allocated to these heads.

I call on the Minister of Community, Cultural [Development] and Sport, the Honourable Patricia Gordon-Pamplin.

Minister, you have the floor.

MINISTRY OF COMMUNITY, CULTURAL DEVELOPMENT AND SPORT

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Chairman.

Mr. Chairman, as a very brief overview the Ministry is currently comprised of the following eight heads:

- Head 18—Libraries;
- Head 19—Archives;
- Head 20—Youth, Sport and Recreation;
- Head 23—Child and Family Services;
- Head 52—Community and Cultural Affairs;
- Head 55—Financial Assistance;
- Head 56—Human Affairs;
- Head 71—Ministry Headquarters.

You will be aware, Mr. Chairman, that three and a half hours were allocated for the Ministry Heads 71, 20, 23 and 52, all of which were debated on Friday last. And we now have three and half hours for today's Heads 55 and 56, which are Financial Assistance and Human Affairs. The Heads 18 and 19 were elected not to be debated by the Opposition.

HEAD 55—FINANCIAL ASSISTANCE

Hon. Patricia J. Gordon-Pamplin: I will now present the estimates of expenditure and revenue for Head 55, the Department of Financial Assistance for finan-

cial year 2015/16, which can be found on pages B-255 through B-258 of the Estimates Book.

Mr. Chairman, the mandate of the department is to ensure that individuals and families with insufficient financial resources have access to services in order to gain, maintain, or regain a minimum standard of living whilst encouraging personal and economic independence. The services will also encourage the development of personal skills, resources, and to ultimately foster financial independence from receiving assistance.

Mr. Chairman, page B-256 shows a budget allocation for [line item] 5501 of \$49,131,000 for the Department of Financial Assistance for 2015/16. This represents an overall increase of \$2,183,000, or 5 per cent when compared to the budget allocation for 2014/15. That is an increase of \$2.183 million. This increase will be discussed later on in this presentation.

This year's budget will provide for:

1. The financial framework to sustain the Financial Assistance Programme, which encompasses:
 - a continued increase of clients with requests for financial awards to maintain a basic standard of living;
 - funding for the cost of HIP and FutureCare premiums;
 - the cost of rest home or nursing home care;
 - the cost of home or adult day care; and
 - medical equipment, supplies and medication.
2. The financial framework to sustain the Child Day Care Allowance Programme, which currently provides awards of up to \$800.00 per month per child to attend a registered and/or licensed day care provider.
3. General administration and operational costs for the department.

Mr. Chairman, the department continues to provide income maintenance to Bermuda's neediest individuals and families and does so in the most effective, efficient and economical manner. This continues to be achieved through the commitment and diligence of the staff of the Department of Financial Assistance.

Mr. Chairman, the Department administers two business units, for which a general summary is contained on page B-256 of the Estimates of Revenue and Expenditure. These [cost centres] are 65050, Grants Administration and 65080, General Administration. They will be discussed in that order.

Grant Administration, [cost centre] 65050: Mr. Chairman, the total amount budgeted for this [cost centre] for 2015/16 is \$46,089,000. This reflects a net increase of 5 per cent, or \$2.122 million when com-

pared with original estimates for financial year 2014/15 according to page B-256.

This amount is analysed as follows:

Organisational Grant Recipients: This business unit includes funding for organisational grant recipients of \$2,003,000. This amount is paid out on a quarterly basis and it is estimated that on average \$500,750 will be paid out each quarter over fiscal year 2015/16. Grant recipients are:

- Care of the Blind (\$30,000);
- Meals on Wheels (\$48,000);
- Matilda Smith Williams Rest Home (\$275,000);
- Supportive Therapy for persons with Aids and their Relatives (S.T.A.R) (\$175,000);
- Teen Haven (\$225,000);
- the Salvation Army (\$450,000);
- Summerhaven (\$425,000); and
- Packwood (\$375,000).

This represents a net decrease of \$196,000 from 2014/15 in an effort to contain costs as per the medium term expenditure framework/deficit reduction strategy and will be explained later on in this presentation.

Mr. Chairman, in addition to the grant amounts specified above, all but two of the organisations (Care for the Blind and Meals on Wheels) receive an additional monthly financial award, based on the number of clients who are in need of residential services in these organisations. This award is paid at the current rate of up to \$4,000 or \$5,000 monthly.

Financial Assistance Programme: Mr. Chairman, [cost centre] 65050 also includes funding for the Financial Assistance Programme in the amount of \$40,686,000 for financial year 2015/16. This reflects a net increase of 5 per cent, or \$2.122 million when compared with original estimates from 2014/15.

The Financial Assistance Programme is earmarked for clients who are approved to be in receipt of financial awards.

Mr. Chairman, funding for the Financial Assistance Programme represents the increase in financial year 2015/16 for Grants and Contributions as per the subjective analysis on page B-256. This increase will also be explained later on, in this presentation.

Mr. Chairman, the department's Financial Assistance Programme, operates under the Financial Assistance Act 2001 and Financial Assistance Regulations 2004, and subsequent amendments made in 2004, 2008, 2011, 2012, 2013 and 2014.

The most recent amendments passed affecting the Financial Assistance Act 2001; the Financial Assistance Regulations 2004; were made in 2014 with a view to revamp current criteria and to impose additional conditions, in order to increase client responsibility and accountability.

Mr. Chairman, the department continues to assess persons based on the formula indicated in the

2004 Regulations and subsequent amendments thereto. This indicates that the eligibility for an award will be established when the amount of allowable expenses of the person exceeds the amount of qualifying household income of the person/household for that period, and the value of investments (whether located in Bermuda or elsewhere) owned by the person does not exceed \$500.00 in the case of persons under the age of 65, and \$5,000 for persons over the age of 65.

Mr. Chairman, the majority of persons receiving financial awards are seniors and the disabled population. Services and funding for seniors includes payments for rent, electricity, phone, gas, et cetera, rest/nursing home fees, home attendant care, which may be waived if rest/nursing home becomes a more cost-effective option, and the cost for medication, medical equipment and supplies.

Mr. Chairman, currently, there are approximately 860 seniors serviced by the Department of Financial Assistance. This is an increase of 75 clients over 2014/15. Approximately 285 are in rest/nursing homes, which is an increase of over 120 clients from 2014/15. Ninety are living in Bermuda Housing Trust properties. The remaining seniors reside alone or with family members. The department currently spends approximately \$1,760,000 monthly to service this population.

Mr. Chairman, the cost of rest home or nursing home care is \$355,243 and \$420,983 respectively, on a monthly basis. Over \$776,000 is paid monthly. This is an increase of over \$110,000 from financial year 2014/15.

Mr. Chairman, in addition to assistance provided for rest or nursing home care, the department continues to support family members who qualify to enable their senior relative to remain in the household. This assistance, while cost effective to Government, continues to provide a much needed boost for seniors to spend time with their families, and to remain in their own homes or those of their loved ones. This benefit is called Home Care Allowance and is at a cost of up to \$2,000 monthly. Currently, the department pays out \$86,377 monthly for this service.

Mr. Chairman, many seniors, who remain at home or reside in the home of their children or loved ones, often find idle time being alone as depressive; therefore, the department pays for persons who fit this category with the ability for them to be placed in an active and nurturing adult day care environment. At present, \$86,377 is paid monthly for this service.

Mr. Chairman, currently there are approximately 780 disabled persons receiving assistance. This is an increase of approximately 135 clients over last year. This number has also been increasing at a rate of 50 per cent to 80 per cent over the last two-year period. These disabilities can range from short term/temporary to long term/permanent. They can be of a physical nature or due to mental health challeng-

es. The department currently spends approximately \$1.290 million monthly to service this population.

Mr. Chairman, the department also pays for FutureCare Insurance for all senior clients. Currently, this rate is \$450.00 per month. HIP insurance is provided for all clients under the age of 65 at a current cost of \$390.00 monthly. The cost of health insurance premiums tends to increase yearly. The amount paid out for health insurance at these rates total over \$610,000 monthly.

Mr. Chairman, the cost for medication for DFA clients is in excess of \$50,000 monthly. This amount remains consistent with that of the previous year; however, it is an increase of over 31 per cent over the year before. The payout for medication is a clear sign that our clients, although living longer, are not in the best health.

Mr. Chairman, let me note here, that the cost of health care for aging baby boomers worldwide is astronomical. Having said that, the department is constantly working with the Health Insurance Department to strategise cost-effective measures going forward as this population is due to grow significantly over the next decade.

Mr. Chairman, the Department of Financial Assistance does not subscribe to appointments. This is a walk-in referral service that is open to the public. Pre-screen hours are between 10:00 am and 11:45 am and 2:00 pm to 3:45 pm, Monday through Thursday. Persons are seen on a first come, first served basis. The amount and category of pre-screened applicants continue to indicate, over the last seven quarters, a substantial influx of able-bodied unemployed and earnings-low persons applying. Statistics provided by the Department of Financial Assistance show that this continues to be the trend, and although the higher overall numbers of clients are among seniors/pensioners (32 per cent) and the disabled (29 per cent); the higher numbers of applicants are able-bodied unemployed and earnings-low persons.

Mr. Chairman, as the majority of the clients serviced through this department continue to be seniors, disabled, and persons with special needs, we continue to endeavour in meeting the needs of these populations, in particular. Statistics revealed that at the end of the second quarter of fiscal year 2014/15, approximately 1,678 persons were pre-screened through the department as new applicants seeking a financial award.

Mr. Chairman, there continues to be a sustained demand for overall financial assistance within this last fiscal year. The total number of clients serviced has continued to increase, vacillating monthly, between 2,462 to 2,637 clients. This is an increase of approximately 288 more persons over this time last year. The overall increase in the numbers of applicants which are processed is directly attributed to the shrinking of financial resources in our current econom-

ic climate, inability to find employment, job losses and redundancies.

Mr. Chairman, due to the continued economic climate, the categories of able-bodied unemployed and earnings-low persons have more than doubled over the last two to four years. This equates to a payout of over \$1.5 million monthly, just for these two categories of clients.

Mr. Chairman, expenditure over the last two years has increased from \$9.7 million per quarter in the first quarter of 2012/13 to over \$12 million for quarter three of this fiscal year 2014/15.

To reiterate, the high ticket items for payout include the following:

1. Rental Accommodations: Rental accommodations paid to clients have topped \$1.35 million monthly. The department has taken steps, via policy, to decrease the numbers of applicants desiring to move into rental accommodations and not having a means to contribute to the cost of the rental unit. The process in place for paying rental accommodations is described in detail later in this presentation.

2. Rest and Nursing Home Fees: These fees have a payout of approximately \$776,000 per month. The process in place for verifying the appropriateness of this payout is determined according to the schedule of allowable expenses.

3. Insurance Premiums: This is a combination of both the cost of FutureCare for our seniors and HIP for persons under the age of 65, with a payout of over \$678,000 monthly.

4. Food: The cost of food has a payout of over \$411,000 monthly.

Mr. Chairman, all able-bodied applicants are referred to the Department of Workforce Development and must register with them prior to even coming on as a client with the Department of Financial Assistance. This requirement has been in existence for a couple years now and encourages our clients to begin the process of looking for work in order to be in receipt of receiving a financial award.

Mr. Chairman, to further encourage our able-bodied clients to shorten the length of time on assistance, the department launched its Community Service Component in July 2014. The aim of community service is to make our clients more work ready by providing service back to government and to the numerous charities across the Island, while still being in receipt of a financial award.

Mr. Chairman, on July 11, 2014 following several stakeholders meetings with Keep Bermuda Beautiful (KBB), Department of Public Works, Department of Parks, and the Salvation Army, the Department of Financial Assistance launched its community service component for an initial group of able-bodied clients, who had been in receipt of Financial Assistance for more than three months at that time. [There were] 46 clients in this initial group, some of them had already been involved in community service and were allowed

to remain with their current community service placement, of that number, 30 clients were signed up to begin community service. Clients are expected to provide up to 15 hours community service after being on assistance for a period of at least three months, and are required to complete five job searches weekly (a reduction from 12 job searches weekly) that must be completed by clients who are not yet involved with the community service component. That is, those not involved have 12, the ones who are involved have five, and so that is a reduction of seven.

Mr. Chairman, while the clients are receiving Financial Assistance, the department will continue its outreach to other government departments and charities Island-wide to engage able-bodied unemployed clients the ability to become work ready and contribute back to the Island of Bermuda. In the first instance, until more stakeholders can be included as part of this initiative, there will be a three-month community service rotation. As more stakeholders are secured, that period of time will probably lengthen.

Mr. Chairman, the department endeavours to further develop the community service component over time to ensure that they are making a contribution of service while in receipt of their financial award from the Government of Bermuda.

Mr. Chairman, the department will continue to maintain a working relationship with the Department of Workforce Development, other government agencies, and non-governmental agencies, with a view to increasing and enhancing collaboration in empowering financial assistance clients to seek and find gainful employment.

Mr. Chairman, the department is aware that some clients who are currently receiving financial assistance are either known or suspected of substance use or abuse. These clients could benefit from assessment and treatment services to help them to overcome their circumstances. It is now mandated that such clients will be referred to the Bermuda Assessment and Referral Centre. In cases where it is determined that the client will benefit from such assessment and/or treatment for this problem, attendance by the client will be mandated. If the referral for assessment is refused or if the client drops out of or quits the recommended treatment, they will be terminated from receiving further financial awards based on current legislation as noted in the Honesty Policy signed by all applicants upon application for assistance.

Mr. Chairman, the ultimate goal—and I am going to underscore this, Mr. Chairman—the *ultimate goal* is to decrease the client's dependence for assistance or to eliminate the need all together. And the Government remains committed to assisting all clients in working towards that goal.

Child Day Care Allowance Programme: Mr. Chairman, [cost centre] 65050 also includes the Child Day Care Allowance Programme in the amount of

\$3,400,000 for 2015/16. This amount remains unchanged from the prior year.

Mr. Chairman, the Child Day Care Allowance was officially launched in November 2008 and is guided by the Child Day Care Allowance Act 2008 and the regulations of the same year. The most recent amendments passed affecting the Child Day Care Allowance Act 2008 and the regulations were made in 2013 with a view to revamping the current criteria and to impose additional conditions in order to increase client responsibility and accountability.

Mr. Chairman, most parents on the programme remain single, employed, and with two children (or less) in a registered or licensed child day care environment. The Government of Bermuda will continue assisting parents with the cost of child day care, however, in order to remain within budgetary constraints, we *may* have to pare back the level of benefit—“may” being the operative word.

Mr. Chairman, to date, the Child Day Care Allowance Programme has paid over \$19.2 million dollars towards the day care of over 3,100 children, and continues to lessen the financial burden of their parents or guardians.

Mr. Chairman, persons applying for receipt of the Child Day Care Allowance and the child must be registered as status Bermudians. This status is determined by the Department of Immigration and does not benefit non-Bermudians or PRC holders. The child must also reside with the applicant at the time of application.

Mr. Chairman, this programme's criteria is very different from that of the Financial Assistance Programme, in that, with this programme, a person's eligibility is clearly centred on the total salary or wages of the applicant, if single, or of both parents, if married. Child maintenance payments are not factored as income into the assessment.

Mr. Chairman, parents and guardians of children in the Child Day Care Allowance Programme are working, attending school, or looking for employment. They must job search if they are unemployed.

Mr. Chairman, this past fiscal year, of the number of applicants for this programme, over 300 families and 350 children benefited from this programme. Another 40 applicants were found ineligible as a result of having incomes over the current established criteria income threshold of \$55,000 per annum.

Mr. Chairman, this programme does not scrutinise or penalise savings, it encourages it. It is being suggested and encouraged that parents and guardians look at this small window of opportunity (while they are able to be in receipt of this financial award when their child is between the ages of zero to four) to begin saving and/or pay off some current accumulated debt. Yearly amounts of savings could amount up to \$9,600 yearly, per child.

Mr. Chairman, to date, the expenditure for the Child Day Care Allowance Programme has ranged from \$267,000 to \$340,000 monthly, with an average monthly award of \$796.00 monthly, per child. Total expenditure to date for financial year 2014/15 is over \$3.3 million.

Mr. Chairman, the department will continue to focus on internal policies and strategies to ensure that our clients can benefit from enhanced in-house services, as well as outreach services around issues dealing with minimising or eliminating financial strife. The department will continue to focus on strategies for reducing the overall expenditure of the department.

Mr. Chairman, abuse, misuse and fraud, continue to be committed by a small margin of recipients, however, one infraction, remains one too many. The department's anonymous hotline for persons to report suspected cases of abuse of the system is working well. The hotline was established in January 2014. The department continues to extend an invitation to members of the general public who may be aware of anyone who may be abusing the system, to report any possible misuse of Government funds by calling 297-STOP (297-7867).

Mr. Chairman, over this last fiscal year, over 70 calls were made to 297-STOP. Of these calls, 86 per cent have been substantiated, or 60 cases have been confirmed fraud, and between 25 to 30 cases of attempted fraud, while 14 per cent have been unsubstantiated and nine are currently under investigation.

Mr. Chairman, additionally, during fiscal year 2014/15, 53 clients/vendors were required to repay the department. The department's investigative officers netted over \$88,000 in recovery this fiscal year compared with \$85,000 for the prior year.

Mr. Chairman, continued payouts of over \$12 million in the second quarter of this fiscal year are entirely unsustainable. In order to accommodate new client applications, and to remain within our budgetary vote, we have tabled legislation to further restrict duration of benefits for able-bodied unemployed under the age of 65. We recognise that the onset of additional economic stimuli into the economy will create opportunities, allow clients to become more self-sufficient, and reduce their dependence on the public purse.

Mr. Chairman, spending for the first quarter of 2014/15 was unprecedented at approximately \$11.824 million. This amount was approximately 25 per cent of the allotted budget for 2014/15 and includes the payout for the Financial Assistance Programme; the Child Day Care Allowance Programme; grant recipients, and overseas travel. It does not include the administrative expenditure, including salaries, which would add an additional 2 per cent, thereby taking this total to 27 per cent of the allotted budget for 2014/15.

Mr. Chairman, in contrast, spending for the second quarter of financial year 2014/15 was more

than \$11.835 million. Similar to first quarter, this figure includes payout for the Financial Assistance Programme; the Child Day Care Allowance Programme; Grant recipients, and overseas travel, but excludes administrative expenditure. When both quarters are combined, this showed current total expenditure is approximately 55 per cent of the allocated budget for 2014/15, which was tracked to be 5 per cent over projected expenditure for the first six months of 2014/15. Actual expenditure for the Financial Assistance Programme, the Child Day Care Allowance Programme, grant recipients, and overseas travel, but excluding administrative expenditure stands at \$49 million as of March 13, 2015.

Mr. Chairman, actual expenditure for the entire department as of March 13, 2015 is \$51.5 million. This is in line with the projection of \$50 [million] to \$52 million that was made at the beginning of the third quarter given the influx of new applicants and the continued increase of case loads.

Mr. Chairman, as a means to slowing down, and with the intention of eventually stopping this unsustainable trend, the department introduced certain measures and changes to the Financial Assistance Regulations 2008—Amendments 2014. These measures are now explained:

- 1) Public/Private Partnership between the Department of Financial Assistance and Digicel

Mr. Chairman, it has long been the department's strategic plan to reduce the amount of cash in the hands of clients, as they may not make the best decisions as regards the usage of public funds. Before the public/private partnership initiative between the Department of Financial Assistance and Digicel was launched, the Financial Assistance Regulations 2004 allowed for a maximum rate of \$50.00 per month to be paid for the purpose of clients maintaining a telephone. However, the department is aware that some clients who receive the \$50.00 do not use the funds for telephone service. Instead, some clients use this cash to purchase items that are not allowed in the Schedule Table of Allowable Expenses under the Financial Assistance Regulations 2004.

Mr. Chairman, the decision to implement this new initiative, that is, the savings to be derived by Government from this initiative was based on the following analysis of three sample sizes:

- Sample size of 300: This sample size was chosen, it represented a targeted pilot group that included able-bodied unemployed clients who were due to begin community service. It also included sub-group, Community Driven Development (CDD), which had already started community service:
 - Cost to Government pre this initiative was \$180,000;

- Cost to Government with the new initiative was \$144,000;
- Thereby a savings to Government of \$36,000 was realised.
- Sample size of 1500 was chosen. This sample represented the next grouping of clients that will be added to this communication package. This represented clients who were seniors and persons with disabilities:
 - Cost to Government pre this initiative was \$900,000;
 - Cost to Government with the new initiative was \$720,000;
 - A savings of \$180,000.
- Sample size of 2000 was then chosen. This represented *all* DFA clients, who will eventually be placed on the communication package:
 - Cost to Government pre this initiative was \$1.2 million;
 - Cost to Government with the new initiative was \$960,000;
 - A savings of \$240,000.

Mr. Chairman, the Department of Financial Assistance eventually entered into a three-year agreement with Digicel to establish a communication package and to provide telephone service to the clients of the Department of Financial Assistance. The cost of the contract is \$324,000 per annum. This amount is adjusted downward if the client base of Financial Assistance clients decrease; however, it remains at the level \$324,000 if the client base increases. This initiative is dubbed “ConnAct” embracing the willingness of Digicel to *connect* with Government and pro-activity to *act* as a public/private partnership. The launch date was 1 February 2014 and 12 months later, the department has paid out \$240,000 on this contract. This represents a savings of \$60,000 over and above what would have been paid if the telephone allowances had not been revised as per the Financial Assistance Regulations 2004, but it still has always permitted clients to remain in contact with the department.

Mr. Chairman, Honourable Members may recall that two years ago the department partnered with MarketPlace to begin use of a non-cash card. This eliminated the use of paper food vouchers and persons having to come into the department on the first Monday of each month to collect the vouchers. Clients are allowed to shop at any MarketPlace on-Island. Whereas, previously, they could only shop at one grocery store, which was the shopping centre in Hamilton. Use of the non-cash card has given clients a better sense of dignity as they are no longer identified as being different from any other shopper. To date, this has been a great initiative and continues to work well for the department's client base, allowing them to maintain that sense of dignity.

Mr. Chairman, returning to the public/private partnership, it is important to note that on-going communication with the department's client base is sometimes problematic because large numbers of clients maintain pre-paid phones. Often, clients contact the department, but when return calls are made, the call cannot be accepted as there are no minutes available for use on the phone.

Mr. Chairman, as a result, discussions were held with various vendors to discuss an initiative for community service and also as a means to ensure our clients used their financial award for phone usage appropriately. These discussions began in September 2013 and after the tendering process was completed, Digicel was selected. As discussed above, this relationship has borne fruit in the form of valuable savings to government.

Mr. Chairman, benefits to DFA include:

- a) The ability to send SMS text messages at any time to the department's client base which will include:
 - 1) alerts to clients;
 - 2) urgent notices/messages; and
 - 3) reminders of documents needed for assessments, et cetera;
 - b) Messages from the department will get to the client regardless if there are minutes on the phone or not;
 - c) The ability to monitor the receipt of the SMS messages by clients;
 - d) The ability to review usage statistics and run reports (this helps to measure the communication between the department and the client);
 - e) Annual cost savings of up to \$240,000 which will be explained next.
 - f) The phone shall remain the property of the department while the client is active and approved. If the client is terminated for any period of time, or if the individual is no longer a client of Financial Assistance, the phone **MUST** be returned to the Financial Assistance worker. If damaged or lost or stolen, the DFA worker must be informed immediately and penalties will be applied to the client.
- 2) Amendment to the Financial Assistance Regulations 2004—Schedule Table of Allowable Expenses

Mr. Chairman, as previously mentioned, the current level and trend of financial assistance expenditures is unsustainable and must be reduced. One of the primary and immediate measures taken to reduce expenditures for financial assistance was to make adjustments to benefit levels on the Schedule Table of Allowable Expenses under the Financial Assistance Regulations 2004.

Accordingly, as of April 1, 2014 changes were made to the Schedule Table as indicated below:

- a) Elimination of all allowances for arrears payments, including: adult day care arrears, BELCO arrears, child care arrears, disability arrears, fuel arrears, FutureCare arrears, group home arrears, HIP arrears, medical insurance arrears, medication arrears, nursing home arrears, rent arrears, rest home arrears, room and board arrears, room arrears, telephone arrears, and water arrears;
- b) A reduction on the maximum allowance for clothing from \$500.00 per annum to \$100.00 every six months and specify use for undergarments only. Clients will be directed to charitable organisations for outer clothing;
- c) A reduction to the maximum allowance for funeral expenses from \$4,000 to \$3,000;
- d) A reduction to the maximum rental allowance for studio, one, two and three bedroom units from \$1,300 to \$1,150; \$1,700 to \$1,450; \$2,100 to \$1,900; and \$2,650 to \$2,400, respectively;
- e) A reduction to the maximum allowance for school clothing from \$800.00 per year to \$700.00 per year; and
- f) A reduction to the rate for overseas medical coverage from "at cost" to "to be determined by the department" such that a cap is applied to the allowable expenses in this area. Establish a "cap" on overseas medical travel costs after an assessment is made as to the quality of life a person may have, or if the medical travel is a life or death scenario, prior to travel.

Mr. Chairman, the total of all arrears payments made by the Department of Financial Assistance for the nine-month period from April to December 2013 was \$491,266. Based on implementation at April 1, 2014, it is estimated that cost savings for arrears payments will be in the region of \$600,000. Further cost savings are expected to be derived as proposed under 2 (b), (c), (d), (e) and (f) as outlined above.

3) Rental Accommodations Policy

Rental accommodations paid to clients have topped \$1.35 million monthly. The department has recently implemented a rental accommodations policy designed to decrease the numbers of applicants desiring to move into rental accommodations and who do not have a means to contribute to the cost of the rental unit.

The purpose of the policy is to provide clear and concise guidelines on the issue of payment for rental accommodations for the Department of Financial Assistance applicants and clients.

The policy statement outlines the following:

- I. Any applicant, identified as homeless, upon pre-screen, who presents for assistance and requires payment for rental accommodation will be recommended to seek shelter accommodations.
- II. Any applicant upon pre-screen who presents for assistance and requires payment for rental accommodation must be able to contribute towards the cost of the rent prior to being given a rent verification form. Applicants will be encouraged to remain in their current accommodation until they are able to contribute toward a separate living arrangement, apartment, or accommodation.
- III. Any active client who request to move from their current accommodation to a larger accommodation with a higher rent, must be able to contribute towards the cost of the rent prior to consideration of payment for the larger accommodation.
- IV. Any applicant or active client, who is being evicted from their current accommodation due to failure to pay rent, will not be approved for the payment of a new rental accommodation exceeding the rental value of a room rate.
- V. Exceptions include (and these are exceptions that must be highlighted, underscored, and understood):
 - i. When an applicant/client has been abused/assaulted and must move to an alternative accommodation for safety reasons (this will be considered as allowable);
 - ii. When an applicant/client, due to the physical condition of their current accommodation, must move for health reasons;
 - iii. When an applicant/client due to physical health or disability must move for reasons of accessibility or safety;
 - iv. When an applicant/client is requested to move by the landlord for reasons of renovations, or members of the landlords family moving into the accommodation;
 - v. When an applicant/client is already housed in a rental accommodation and either due to loss of job or being made redundant, DFA would pay rent based on current legislation and the Schedule Table of Allowable Expenses; and
 - vi. When an applicant/client, due to emergency reasons, requires emergency accommodation, the applicant can be housed in a guest house for no more than one month at the cost not to exceed that set for a studio rent rate.

All of these exceptions, Mr. Chairman, are in order to ensure that emergency and extenuating circumstances are considered eligible by the department.

General Administration: Let me move on to [cost centre] 65080, General Administration. Mr. Chairman, the total amount budgeted for this cost centre for financial year 2015/16 is \$3,042,000. This reflects a net increase of 2 per cent or \$71,000 when compared with original estimates for 2014/15 (this can be seen on page B-256 of the Budget Book).

This cost centre provides funding for general administration and operational costs for the department. As per the subjective analysis on page B-256, the largest expenditure in this cost centre is salaries, which represents 93 per cent, or \$2,829,000 of the budget allotment. This represents a 4 per cent increase from salary estimates from financial year 2014/15 and is attributable to payroll increments. The full-time employee count remains at 33 in financial year 2015/16, as it was in 2014/15 (see page B-257).

Mr. Chairman, currently the staff of the Department of Financial Assistance carry individual caseloads exceeding 240 cases. As per best practice this amount far exceeds what is an acceptable number. The work performed by the staff involves collection and careful review and analysis of various types of documents in order to complete a full assessment of each client. Clients are processed in a very efficient manner to ensure files and assessments are approved on a weekly basis in accordance with the department's policies and procedures. The work performed by the staff is extremely challenging, demanding and strenuous as each staff member must pay close attention to detail at all times, when evaluating clients.

Mr. Chairman, the department has budgeted \$50,000 for capital acquisitions as per page C-13 of the Estimates Book. This funding is required for the upgrade and monitoring of the department's software system (FASS). This upgrade is necessary to ensure that the FASS system can interface with the Government's E1 system and other networks associated with the processing of payment for Financial Assistance clients.

Mr. Chairman, explanations for changes to various cost categories as per the subjective analysis found on page B-256 will now be provided:

Travel: The amount budgeted for travel in 2015/16 is \$3,000, which represents a decrease of \$3,000 from the prior year. Travel in 2015/16 will be approved by the director only if critical and absolutely necessary. This expenditure is expected to be kept to a minimum.

Advertising and Promotion: The amount budgeted for advertising and promotion in financial year 2015/16 is \$18,000, which represents a decrease

of \$1,000 from the prior year. As a means to achieve cost savings on advertising and promotion, ample brochures were printed in 2014/15 to be used in 2015/16. These brochures give an overview of services and processes by the department. Therefore, a reduction in advertising cost is expected as a result of this forward planning.

Repair and Maintenance: The amount budgeted for repair and maintenance in 2015/16 is \$27,000, which represents a decrease of \$25,000 from the prior year. It is anticipated that equipment purchased in financial year 2014/15 will require minimum repair and maintenance in 2015/16, hence the small budget.

Materials and Supplies: The amount budgeted for materials and supplies is \$95,000, which represents a decrease of \$2,000 from the prior year. This decrease is directly related to the reduction in printing of brochures as previously explained in "Advertising and Promotion," whereby less printing is required or anticipated.

Changes to Grant Contributions: A listing of grants and contributions paid by the Department of Financial Assistance can be found on page C-19 of the Estimates Book. A point to note on this page is that the amount allocated for [line item] 7042, Social Assistance, (\$41,361,000) can be broken down into: Financial Assistance (\$40,686,000); Matilda Smith Williams Rest Home (\$275,000); S.T.A.R. (\$175,000); and Teen Haven (\$225,000).

The actual changes by amount:

- o Care of the Blind. Last year and this year are both \$30,000 (2014/15 and 2015/16);
- o Meals on Wheels. Last year and this year was \$48,000;
- o Matilda Smith Williams. [This] was \$300,000 in 2014/15; it will be \$275,000 in 2015/16, for a decrease of \$25,000;
- o S.T.A.R. (which is Supportive Therapy for Aids Related victims and their families). Last year was 200,000; \$175,000 this year, for a decrease of \$25,000;
- o Teen Haven. Last year was \$250,000; \$225,000 this year, for a reduction of \$25,000;
- o Salvation Army. Last year was \$500,000; \$450,000 this year, for a reduction for a decrease of \$50,000;
- o Summerhaven. Last year was \$471,000; \$425,000 this year, for a reduction of \$46,000;
- o Packwood Nursing Home. Last year was \$400,000; \$375,000 this year, a reduction of \$25,000;
- o Child Day Care Allowance. Last year and this year \$3,400,000, no change;

- Financial Assistance. Last year was \$38.378 million; this year \$40.686 million, an increase of \$2,308,000.

That provides a total of \$43.977 million for last year, \$46.089 million for this year, an increase of \$2,112,000. The changes above relate to:

Organisational grants (and this is just a recap) for: Matilda Smith Williams Rest Home; S.T.A.R.; Teen Haven; Salvation Army; Summerhaven; Packwood Nursing Home have experienced a net decrease of \$196,000 from the prior year. This decrease is attributable to the medium term expenditure framework/deficit reduction strategy, and the department will endeavour to stay within the established financial framework.

Let me just make a quick reference, albeit I have left it off from my note, but I do have it in the back of my mind with respect to Salvation Army. While there has been a decrease of \$50,000 in the grant that has been attributed, know, Mr. Chairman, that the Government has in fact provided a facility in Bishop Spencer for the use of Salvation Army in order to be able to transition their programmes from the North Street facility (which has become totally and completely inadequate and inappropriate for their needs) so that also helps to factor into the benefit that is obtained by Salvation Army as a result of this year's budget. So the decrease that is showing of \$50,000 perhaps is not a pure decrease to the benefit of the organisation.

Financial Assistance has increased by \$2,308,000 as mentioned in 2015/16 to allow the department to continue to provide financial awards to Bermuda's neediest population. In order to be able to accommodate new client applications, and to remain within our budgetary vote, we have tabled legislation to further restrict duration of benefits for able-bodied unemployed under the age of 65. We recognise that the onset of additional economic stimuli into the economy will create opportunities, allow clients to become more self-sufficient, and consequently reduce their dependence on the public purse.

Mr. Chairman, explanations for Performance Measures as found on page B-258 will now follow:

- To provide financial awards to 100 per cent of our new financial assistance clients within 10 working days.

The Department of Financial Assistance has been successful in 2014/15 in providing eligible clients with financial assistance within 10 working days. This process begins with an applicant applying for pre-screening at the department on day one. During the pre-screen interview, the applicant is informed of the documents that they will need to submit in order to make a file to be assessed. An example of documents might include: picture identification, passport, banking statements, medical form, and relevant bills; for example, BELCO, BTC, as required. The onus is on the

applicant to submit the required documents in a timely manner. Once all documents have been submitted then a file is made and vetted by the pre-screen manager. If all documents are in place, then an appointment is made with the Financial Assistance worker to assess the case. This process is generally completed within 7 to 10 days. The department has again been successful in attaining 100 per cent of this performance measure; however, this can only be achieved if the applicant returns all required documents in a timely manner.

- To award grants to charitable organizations within 30 days of receiving request documents.

All organisational grant recipients must submit a letter of request along with quarterly financial statements requesting a quarterly grant allotment. Once the necessary information is received, the information is reviewed by the director and if all information is correct and complete, the request for payment is then approved.

- To provide awards to 100 per cent of the day care providers by last day of month before they are due.

Documents submitted by parents/guardians of children in the Child Day Care Allowance Programme are assessed on a quarterly basis. Once a financial assistance worker has made an assessment, the financial assistance manager will either approve or reject. Approvals for all day care payments are made directly to the day care providers. This is generally done every three months and payments are made on the first of each month within that three-month period.

- To ensure that all 33 employees successfully complete at least one relevant training course per year.

All Financial Assistance workers successfully completed the IAC (Inter Agency Committee)—Success Focused Case Management, and all managers successfully completed the IAC—Supervision for Successful Managers. I believe that [training] is to be complimented, for all of them taking and achieving success in each of those courses.

- To complete 700 site visits for financial assistance clients during the year.

The Department of Financial Assistance aims to complete at least one home visit each calendar year for all new clients. However, with increasing number of new cases, Financial Assistance workers are unable to make the desired amount of home visits. Although prospective clients may not be seen in the calendar year in which they become a client they will be seen shortly thereafter.

Finally, Mr. Chairman, we have had some queries recently from Honourable Members of the House for which responses were not fully explained at the time, and I would like to take the opportunity now to provide such responses.

Question: How many clients who have refusals for assistance grants avail themselves of the tribunal appeal process? The response is that any number of clients may have been terminated for a variety of reasons on the approval of their financial assistance manager. In addition, new application ineligibilities may have fallen into categories such as: living with homeowners; terminated or resigned from employment; no Bermudian status; homeowners whose interest in real property exceeds \$5,000 in assets; back in Bermuda less than a year; or homeowners under the age of 65. Those were some of those that were deemed to be ineligible for the applicants.

The director received 49 requests for file reviews and responded to all of them. If the client further disagreed with the decision of the director, they are instructed to write to the Financial Assistance Review Board for appeal. Only two cases were appealed, and neither appeal was upheld.

A further question, Mr. Chairman: Is there cause for concern for the disparity between black and white applicants and how can we redress this imbalance? The answer to this, Mr. Chairman, the Department of Financial Assistance can only assess, evaluate and approve clients who present with legitimate need. Race is not a criterion.

Question: Have the incidents of fraud increased over the past year? The answer: Yes, previously there 25 to 30 in the prior years, so effectively, with 60 this year, there has been an increase of 100 per cent.

Mr. Chairman, I would like to express my appreciation to the staff of the department, led by the Director, Ms. Dianna Taylor, who is in the Chamber this afternoon and for whom we give thanks and appreciate her attendance here. I thank the department and the staff for their commitment and for the efficient manner in which they carry out their duties and responsibilities.

Mr. Chairman, you will note by comments made within the brief that on average each case worker has 240 cases or thereabouts, which is above the norm to be effective. What we have found is that the staff—the case workers—have been able to carry out their duties and responsibilities in a most efficient and effective manner. And notwithstanding that they are operating under some very difficult circumstances in terms of having to respond to as many clients as they do, we owe them a debt of gratitude.

Mr. Chairman, in so doing let me also say that we are evaluating that case load with the director so that we can find the optimum number and, if necessary, we will make the application for additional staffing in order to ensure that the client base is well served.

Mr. Chairman, this ends my presentation on the financial year 2015/16 budgetary allocation for Head 55, the Department of Financial Assistance.

HEAD 56—DEPARTMENT OF HUMAN AFFAIRS

Hon. Patricia J. Gordon-Pamplin: Mr. Chairman, I now move to Head 56 which is the Department of Human Affairs. I keep calling it wrong, I call it Human Rights, but it is the Department of Human Affairs, for financial year 2015/16, which can be found on pages B-259 through B-262 of the Estimates Book.

Mr. Chairman, the department's mission is to provide research and policy advice to Government to enable evidence-based decision-making and to foster partnerships with stakeholders to protect rights and advance equality. An inclusive Bermuda committed to equality and social justice for all—that is the department's mission.

Mr. Chairman, the Department of Human Affairs has responsibility for the Human Rights Commission, race relations, and gender affairs in Bermuda. The Human Rights Act 1981 sets out the statutory functions of the Commission and provides for the appointment of the Human Rights Commissioners. The Commission's staff is responsible to both the Chairman of the Commission and the Director of the Department of Human Affairs. Linkage back to Government for the Commission's staff is provided through the department's central administration unit.

And before I move on, Mr. Chairman, let me make reference to one of the commissioners who was recently funeralised. We did have the obits in this Honourable House, but let me just say that every single commissioner provides a yeoman's service to the department in dealing with, identifying and ensuring that there is a correct output for the cases that come under their review.

Mr. Chairman, page B-260 shows a budget allocation of \$1,862,000 for the Department of Human Affairs for 2015/16, identified as [line item] 5601. This represents an overall reduction of \$260,000, or 12 per cent when compared to the budget allocation for financial year 2014/15.

Mr. Chairman, the department administers two business units, for which a General Summary is contained on page B-260 of the Estimates of Revenue and Expenditure. These business units are [cost centres] 66000, Administration and 66020, Human Rights Commission and will be discussed in that order.

Administration, cost centre 66000: Mr. Chairman, the total amount budgeted for this business unit for financial year 2015/16 is \$694,000. This reflects a net decrease of 15 per cent or \$122,000 when compared with original estimates for financial year 2014/15 (according to page B-260). The major reason for this reduction is due to the absence of funding for Grants and Contributions in financial year 2015/16, compared with \$100,000 provided in 2014/15. This amount is contained in the subjective analysis on page B-260 and will be explained later in this presentation. However, the reason for this decrease (as an overview) is because of the Community Driven Devel-

opment Programme is being repositioned into the private sector as a Charity; hence, there is no allocation of funding in 2015/16 because it is becoming a part of the private sector who will fund it.

Mr. Chairman, the Administration Unit provides policy research and advice, technical and management support to the Minister of Community, Culture and Sports, the Permanent Secretary and to the Human Rights Commission. The Administration Unit is also responsible for monitoring compliance to relevant legislation, mandates and international conventions. Work on completing a compliance template for CEDAW (the Convention on the Elimination of All Forms of Discrimination against Women)—and this is an area in which I am particularly sensitive—began in January of this year, and is anticipated to be completed by the end of 2015.

This CEDAW Unit is currently conducting research relating to age discrimination in the workplace and has begun the preparation of a “National Gender Equity and Equality Policy.” With regard to the fledgling Human Rights Commission tribunal hearings process, the Administration Unit has retained responsibility for vetting applications for financial assistance for complainants who have a matter before a Tribunal. This is not the financial assistance from the Financial Assistance Department, so I just wanted to make that distinction. This is for people who have applications before the Tribunal and who may need financial assistance in order to see those applications through to their ultimate conclusion with the processes that are required. The Unit is also overseeing the repositioning and transition of the Community Driven Development programme to a truly community-based programme and into the third sector as a charity.

Mr. Chairman, Community Driven Development has had two groups of participants pass through the programme: Group 1 in 2013 and Group 2 in 2014. Group 1 had 17 participants and Group 2 had 19 participants. Participants received many workshops and seminars focusing on empowerment, life skills, [and] employability skills development. These include: goal setting, anger management, and relationship education, self-esteem, emotional intelligence, business development, respect for the work place, time management, interviewing skills, components of speech delivery, [and] effective communication, among other things.

Mr. Chairman, Group 1 has all completed work shadows in a variety of businesses, government departments and charitable organisations. Of the 17 participants, 15 began the programme receiving financial assistance. Two years on, four of the participants have secured full-time employment and six are working part-time. Two participants no longer receive financial assistance and one receives partial assistance, meaning that not enough is earned in the person's full-time job to be self-sufficient.

In Group 2, all are either completing work shadows, enrolled at Bermuda College, working part-time, or working full-time. Of the 19 participants, 16 of them began the programme receiving financial assistance. Today, two participants have secured full-time employment and six are working part-time. Two participants no longer receive financial assistance.

Mr. Chairman, the impact of CDD (Community Driven Development) on participants is discernible. They have experienced professional growth and an increase in confidence, self-esteem, trust and faith in people, and a decrease in behavioural conflicts. The CDD programme aims to empower people, put them back to work, thereby decreasing reliance on financial assistance. It has always been the intention of the programme that it would be repositioned into the private sector. That transition is presently in train and is overseen by Director Deborah Blakeney who must be credited with the brainchild that this programme has become.

Mr. Chairman, there has been no change to the full-time employee count for this business unit. The full-time equivalent count remains at five in 2015/16, as it was in 2014/15 (as shown on page B-261 of the Estimates Book).

Human Rights Commission, cost centre 66020.

Mr. Chairman, the total amount budgeted for this business unit for financial year 2015/16 is \$1,168,000. This reflects a net decrease of 11 per cent or \$138,000 when compared with original budget for financial year 2014/15 (as seen on page B-260). The major reason for this reduction is due to the freezing of positions that remained vacant and funded during financial year 2014/15, in the amount of \$82,000, together with reductions in professional services and other expenditure incurred in direct relation to providing these services. These amounts are contained in the subjective analysis and will be explained in detail, later on in this presentation.

Mr. Chairman, the Human Rights Commission is the statutory body charged with promoting and protecting human rights in Bermuda.

The Human Rights Act 1981 was enacted by the Bermuda Legislature in December 1981 and, shortly thereafter in early 1982, the Human Rights Commission was established to administer the Human Rights Act.

Mr. Chairman, as conferred by section 14 of the Act, the functions of the Human Rights Commission are to:

1. Encourage an understanding of the fundamental rights and freedoms of the individual guaranteed by Chapter 1 of the Constitution and of the principle that all members of the community are of equal dignity, have equal rights and have an obligation to respect the dignity and rights of others.

2. Promote an understanding of, acceptance of and compliance with the Act.
3. Develop, conduct, research and arrange educational programmes designed to eliminate discriminatory practices.
4. Encourage organisations within the Community and individual persons to carry on activities which will attract all members of the Community whatsoever.
5. Encourage and coordinate any activities which seek to forward the principle that every member of the Community is of equal dignity and has equal rights.
6. Use its good offices for the conciliation, mediation and settlement of any complaints or grievances arising out of acts of unlawful discrimination and, where in its opinion such good offices are inappropriate, institute prosecution for contraventions of the Act.

The Commission may also issue guidelines for the information of the public in relation to any matter relevant to its functions and, codes of practice for the elimination of racial discrimination and the promotion of racial equality.

Mr. Chairman, the Commission consists of a Board of twelve Commissioners with quasi-judicial authority to adjudicate complaints of discrimination. The Commissioners are independently appointed by a Selection and Appointment Committee and are responsible to inform the Minister responsible for human rights of human rights issues.

The Commission also consists of the Office of the Commission, which is headed by the Executive Officer. The Officers attached to this office are statutorily bound to maintain strict confidentiality and shall not disclose information obtained during the course of an investigation.

The Commission's strategic priorities are to:

1. maximise the protection of human rights;
2. provide impactful awareness and education;
3. demonstrate operational excellence; and
4. increase knowledge and capacity.

Mr. Chairman, the Human Rights Commission works with individuals, organizations, industries, schools, community groups, the Government, and the public at large to promote understanding of human rights, and their rights and responsibilities under the Human Rights Act. To that end, the Commission provides the following services:

- education about the Human Rights Act, 1981;
- fair and timely investigation of complaints of discrimination;
- dispute resolution services by way of conciliation and mediation;
- training and consultancy services about human rights, anti-discrimination practices and complaint mechanisms; and

- assistance under Section 18 for complaints referred to a Human Rights Tribunal.

Mr. Chairman, the Executive Officer has powers to investigate complaints, collect evidence, and determine whether a complaint appears to have merit. Where a complaint appears to have merit, the Executive Officer shall refer the complaint to the Chair who will refer the matter to a Human Rights Tribunal, and after hearing a complaint, the Tribunal has the power to determine whether the Act has been contravened and to order penalties.

Mr. Chairman, the relationship between the Executive Officer and the Chair can be characterised as a constructive partnership which enables interdependence and a culture of shared responsibility, while providing distinct lines of decision-making and authority. The Executive Officer provides the Chair with reports on the day-to-day affairs of the Commission. The Executive Officer reports to the Director of Human Affairs on staffing and operational affairs of the Commission.

Mr. Chairman, the full-time employee headcount for this business unit has increased by one from financial year 2014/15 and now stands at nine for 2015/16 due to a newly created Administrative Officer post in 2014/15 (as can be seen on page B-261 of the Estimates Book).

Mr. Chairman, explanations for changes to various cost categories as per the subjective analysis found on page B-260 will now be provided:

Training: The amount budgeted for training for 2015/16 is zero, which represents a decrease of \$10,000 from 2014/15. All training needs of staff are currently satisfied, and unlike some other government departments, there is no requirement for annual certification; hence, there will be no budgetary allocation for this year.

Travel: Budget allocated for other personnel costs in 2015/16 is zero. This represents a decrease of \$6,000 from the prior year as no overseas travel is anticipated for 2015/16.

Communications: The amount budgeted for communications is \$21,000 in 2015/16, which represents a decrease of \$14,000 from 2014/15. In reassessing the most cost-effective and economical way in handling the transfer of documentation for human rights tribunals without compromising efficiency, the department will limit its use of process servers and instead, greater use will be made of courier services and staff (hand delivery).

Advertising and Promotion: Budget allocated for advertising and promotion for 2015/16 is only \$3,000, but it is a decrease of \$12,000 from the prior year. The department will make greater use of social media, e-mail, newspaper, and discussions with key stakeholders to advertise and promote Human Rights. The existing process that includes the use of events,

workshops and symposiums is more costly and will be minimised and used only where absolutely required.

Professional Services: The amount budgeted for professional services in 2015/16 is \$248,000, which represents a decrease of \$34,000 from 2014/15. An existing vacant and funded technical advisor position is earmarked to be filled once approval has been received from all relevant channels. Once filled, this position will allow for less reliance on external professional services; hence, this will reduce expenditure and is reflected in this budget. In addition, this position will provide for greater capacity and flexibility within the department, such as, providing legal services to Human Rights complainants who apply for assistance in the representation of cases which have been referred to Human Rights tribunals for adjudication.

Rentals: The amount budgeted for rental of facilities (more specifically the use of Melbourne House office space) has been decreased by \$6,000 from the prior year and stands at \$263,000 in 2015/16. The Ministry of Public Works was successful in re-negotiating reduced rates for 2015/16. The lease for office space for Human Rights Commission at Mechanics Building is expected to end at December 2015 with an option to renew. We are mindful of the limitations of the location given its challenging access for those individuals who are physically challenged. Although there is elevator access, there could conceivably be a problem if emergency egress has to be undertaken. We have not made any definitive decisions on this location, but we are mindful of the challenges.

Repair and Maintenance: The amount budgeted for repair and maintenance is \$35,000 in 2015/16, which represents an increase of \$2,000 from the prior year. This increase in financial year 2015/16 accurately reflects the budget required to provide services in 2015/16, such as, cleaning services for the Department of Human Rights Commission at Mechanics Building and cleaning services together with janitorial fees, for the Department of Human Affairs at Melbourne House. The department is expected to be underfunded by \$8,000 in 2014/15 for this expenditure, from which a budget virement was done. However, a decrease in cleaning rates for 2015/16 has resulted in a savings of \$6,000; hence, an increase of only \$2,000 over the prior year's budget is reflected.

Energy: The amount budgeted for energy (electricity expenditure) is expected to remain unchanged at \$10,000 from 2014/15.

Materials and Supplies: The amount budgeted for materials and supplies in 2015/16, is \$40,000, which represents a decrease of \$12,000 from the prior year. This decrease is indicative of all the efficiencies expected to be generated as per all the explanations already provided.

Equipment (minor capital): The amount budgeted for purchase of equipment (minor capital) in fi-

nancial year 2015/16 is \$3,000 and represents an increase of \$3,000 from the prior year. This budget is required for the replacement of broken and old furniture within the Department of Human Affairs and the Human Rights Commission. (And no, the clients have not been throwing chairs at each other, Mr. Chairman.)

Other Expenses: The amount budgeted for other expenses in 2015/16 is \$23,000 and represents an increase of \$20,000. This increase is necessary to provide for wrap-around services in transitioning the Community Driven Development programme into the third sector. This increase is more than adequately offset in the decrease to Grants and Contributions, which will now be explained.

Grants and Contributions: The amount budgeted for grants and contributions for 2015/16, is zero, which represents a decrease of \$100,000 from the prior year. As previously explained, the Community Driven Development programme is currently being transitioned to the third sector. As a result of this, there will be no need to provide funding in 2015/16, with the exception of wrap-around services (transition costs) as included and identified in Other Expenses as previously explained. It has always been the intention of government to reposition this programme into the charitable arena, hence, the name "community." With this transition, the community will be better able to identify and provide support and resources in critical areas.

And as an aside, Mr. Chairman, you will note that on the day that I had the occasion to go in to meet the staff, there were a couple of people who were members of the CDD actually in the office at the time. One of whom had been hired to provide receptionist services and was completing that term, and the other who had gone into their own business in doing housecleaning and dressmaking who had come in to express her thanks and gratitude to the members of the department who assisted her to reach that stage. That was absolutely laudable and commendable.

Mr. Rolfe Commissiong: Will the Member yield for a point of clarification? I am just trying to get up to speed here. You are on C-20, [line item] 6931, Grants and Contributions?

Hon. Patricia J. Gordon-Pamplin: I will tell you in a minute.

[Pause]

Hon. Patricia J. Gordon-Pamplin: Yes, that is . . . I am under Subjective Analysis, page B-260 of the Budget Book and it is the last item down.

Mr. Rolfe Commissiong: Yes.

Hon. Patricia J. Gordon-Pamplin: Which has zero estimate, and I was just explaining why we had a re-

duction in the Grants and Contributions this year over the original for last year, which was \$100,000 on the original estimates for last year, and this year is zero.

Mr. Rolfe Commissiong: Yes, I was just a little . . . I guess to be honest, a little confused because under Grants and Contributions, on C-20, the cost centre is entitled Bermuda Women's Council . . . can you?

Hon. Patricia J. Gordon-Pamplin: I am still on B-260.

Mr. Rolfe Commissiong: Okay, I get that. I am just saying that under Grants and Contributions, the only Grant and Contribution of \$177,000 revised estimate for last year was for the Bermuda Women's Council.

Hon. Patricia J. Gordon-Pamplin: Okay, I got it. I got it.

Mr. Rolfe Commissiong: So could you just talk to that?

Hon. Patricia J. Gordon-Pamplin: Yes, I take your point and actually [line item] 6931, Bermuda Women's Council, this is part of this same Community Driven Development which was perhaps renamed. Because if you look at the amounts according to the Subjective Analysis, the amounts actually tie—the actual 2013/14 was \$108,000, original estimate of \$100,000 for 2014/15, revised estimate of \$177,000 for 2014/15, and zero for 2015/16.

Those numbers are exactly according to what I have just read for Grants and Contributions on page B-260 of the Budget Book under the Subjective Analysis. So, yes, you are absolutely correct that is the name . . . that is the nomenclature that was assigned—the Bermuda Women's Council—but I am speaking specifically to the CDD Programme and that is what caused the difference. That is what caused the—

Mr. Rolfe Commissiong: And that is the acronym, again, for what?

Hon. Patricia J. Gordon-Pamplin: Community Driven Development.

And in that CDD, just for clarity, that actually comprises a programme that was put in place for women, and they are looking to enhance that programme to embrace men. So that is why you probably saw the reference to women for last year. The CDD was a female domain, as it were. So it is a one time, according to your honourable colleague, the Member from constituency 18? [Constituency] 17?—

[Inaudible interjection]

Hon. Patricia J. Gordon-Pamplin: Honourable Member from constituency 17 has a penchant for en-

suring that there are women's issues being addressed, and I know that he has mentioned that on many occasions. So this was one programme that was by women for women, women operated, women driven and now that is moving into the private sector. And then there will also be a similar programme for the guys. But we thought the women were more important. We brought them in first . . . we brought the women in first, yes.

Mr. Rolfe Commissiong: I am sorry again, Mr. Chairman, the Minister . . . you talked about this being a private sector, [having] partnership involvement in this programme now? Yeah, I mean, there is so much information . . . can you just quickly?

Hon. Patricia J. Gordon-Pamplin: Yes, I do not mind explaining it. What happened is that the programme had its genesis in the Department of Human Affairs and it was always intended . . . it was called the Community Driven Development programme. It was always intended that that programme would find its way into the private sector in which the private sector would be responsible for funding.

You can imagine that it is not just a question of people finding employment and doing things to help themselves, but it also requires a certain amount of administration and oversight. So as opposed to having . . . part of that would have been the budget of \$100,000 that was in last year's Budget Book, and instead of having that programme run out of the department, that programme is now going to be run out of the private sector and there will be private sector funding under a charitable status. Yes? Okay.

So I hope I am . . . I am trying to be as clear, and not just concise, but also to give you ample opportunity to address this because I believe it is a very important area and part of the Ministry, and I know that you have a passion for this particular area, Honourable Member, so I am trying to get through the presentation as best as we possibly can to give you that opportunity.

Mr. Chairman, thank you for your indulgence, I really do not mind, as I have said to Honourable Members that the interchange and questions, if something is unclear, it is probably better to address it at the time. So I really do not mind the interruptions for clarification. Thank you.

Mr. Chairman, page C-13 of the Estimates Book shows the amount budgeted for Capital Acquisitions for the Department of Human Affairs. This budget amount consists of \$14,000 which covers monthly capital lease charges for the purchase of a photocopier machine at the Department of Human Affairs at Melbourne House. In addition, \$3,000 has been budgeted for the purchase of a laptop to be used at presentations, workshops, and symposiums carried out by the Department of Human Affairs and Human Rights Commission. The existing laptop is old and

outdated and needs to be replaced. I would venture to say, Mr. Chairman, that notwithstanding old and outdated, it can still be recycled; we can find use for it so it will not be totally trashed. However, it has already been fully depreciated, so it has no book value. We will make sure that the correct accounting is done in order to give away government property.

Mr. Chairman, I would like to draw the attention of the Honourable House and Members to the numbers in the column labelled Actual Outcome 2013/14 and Revised Forecast 2013/14 of the Performance Measures as listed on page B-262 for [cost centre] 66020 and they should be switched. Give me one second.

The Chairman: That is fine, take your time.

[Pause]

Hon. Patricia J. Gordon-Pamplin: Sorry, I had just lost my page because I had switched it for the Honourable Member.

You will notice that on page B-262 the Revised Forecast and Original Forecast, we had the actual outcomes for 2013/14, then we had 2014/15 then we had Revised Forecast again for 2013/14, so the numbers should have been switched, the columns should have been switched, that was something that we had not picked up on at the time that we . . . at the time that the Budget Book was presented. And I just wanted to grab the paper work . . .

[Pause]

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Chairman. I thank you for your indulgence.

Honourable Member, it is just that the Budget Book had an error on page B-262, so I was just trying to give you the numbers for the amended. So the Actual Outcomes for 2013/14, the categories are fine, but if you go down the page, the numbers that are in 2013/14 are the ones that actually belonged in the column for 2014/15, but it was labelled 2013/14 so you did not have the right comparatives. So if you go down Actual Outcomes in the first column for 2013/14, the numbers should be: "Process 100 per cent of Applications" should be zero. The "Hold four women's Council meetings" should be four.

Then under Business Unit 66020, the "Number of complaints," the six should be three, The "Number of complaints referred to a Human Rights Tribunal," the 14 should be 10. "Tribunal Decisions Registered in Supreme Court," should be one. The "Number of policies reviewed," the four should be two. And the "Number of community educational/public forums/workshops," the 43 should be 25. So those numbers were actually in the third column over.

So now for the Original Forecast 2014/15 (the second column) remains as it was. And the Revised

Forecast, where it says 2013/14, it should say 2014/15. So this was an error in the actual printing of the Book and now those numbers are . . . the numbers that are in column one should be those numbers that are in column three. So where we have three it should be six; where we have 10 it should be 14; where we have one it should be one; where we have two it should be four; and where we had 25 it should be 43. So that is . . . they had just transposed the columns of 2013/14 and they mislabelled 2014/15. So those are the corrected numbers and the corrected . . . the amended versions of the Budget Book. And we do apologise to Honourable Members for not having the correct information.

Mr. Chairman, page C-13 of the Estimates Book shows the amount budgeted for Capital Acquisitions . . . Oh, I think I said that. Sorry, I did read that. That was for the photocopier.

Okay, discussions of Performance Measures, Mr. Chairman . . . Oh, that is the reason I said that. I gave you the revised . . . the corrections on the Performance Measures.

Mr. Chairman, the Department's Performance Measures can be found on page B-262 of the Estimates Book. The Department of Human Affairs Administration Unit facilitated four Women's Council meetings, which focused primarily on the Community Driven Development programme. With the transition of CDD to a charity, the Women's Council will evolve into a gender advisory council and will focus on developing and directing the work of the National Gender Equity and Equality Policy.

Mr. Chairman, two highlights of the Human Rights Commission's Performance Measures and Complaints resolved in Conciliation or Mediation and policy reviews and consultation.

Mr. Chairman, with regard to complaints resolved in Conciliation or Mediation, the Human Rights Commission provides a voluntary third-party private dispute resolution programme—the voluntary mediation programme—to allow parties to a human rights complaint to resolve their dispute via conciliation and/or mediation. During the 2014/15 fiscal year, six human rights complaints were resolved through this Commission's programme. A summary of each complaint is as follows:

1. A woman alleged that she was discriminated against when she was terminated when she became pregnant and that her job would not be available on return from maternity leave.
2. A woman with a disability alleged that she was discriminated against when she was terminated as a result of becoming disabled due to a chronic health condition.
3. A man alleged that he was discriminated against when he was not hired because of his sex, I guess, gender.

4. A man alleged that he was discriminated against because of his religious beliefs when he was demoted.
5. A man alleged that he was harassed in his place of employment by a co-worker because of his national origin and place of origin.
6. A woman alleged that she was discriminated against when she was refused a promotion, again, because she became pregnant.

As a result of the success of the Human Rights Commissioner's Voluntary Mediation Programme, all six of these complaints were resolved.

Mr. Chairman, with regard to the policy reviews and consultations, the Commission provides policy guidance and consultation to Government agencies, businesses, and other organisations in support of their commitment to the implementation of inclusion strategies which enable inclusive environments.

During the 2013/14 fiscal year, the Commission was either consulted or invited to provide input into four policies, however, several other informal consultations also occurred.

Mr. Chairman, one of the most beneficial consultations may have been with the representative from the Cayman Islands Government. Mr. Robert Lewis, Director of the Policy Coordination Unit, who invited the Office of Human Rights Commission to provide input into the Cayman's draft policy on disabilities. A round-table discussion including the Cabinet Office and the National Office of Seniors and Physically Challenged was held by the Human Rights Commission to share Bermuda's own example—the 2006 National Policy on Disabilities. Mr. Lewis was pleased to see colleagues across the Bermuda Government working in the spirit of collaboration and cooperation to fulfil a commitment to create an inclusive Bermuda for all. Mr. Lewis recognised that Bermuda's Human Rights Commission is a valuable resource for information related to the promotion and protection of human rights.

Mr. Chairman, finally, I would like to thank all the staff of the Department of Human Affairs for undertaking their respective roles throughout this challenging year. They are at the forefront of efforts to ensure that the people of Bermuda are treated fairly, equally, and without discrimination, and ensuring that their rights are protected.

Mr. Chairman, this ends my presentation on the financial year 2015/16 budgetary allocation for Head 56, the Department of Human Affairs and thus my overall presentation for the Ministry of Community, Culture and Sports.

I would also like to mention that the Ministry is overseen by the Permanent Secretary, Mr. Wayne Carey; Accountant, Dave Banarsee; and various directors for each division, some of whom will not have

been mentioned in the brief, but whose services nonetheless are deeply valued. The directors are:

- Archives—Beverley Morfitt;
- Library—Joanne Brangman;
- Community, Culture—Heather Whalen;
- Youth, Sport and Recreation—Norbert Simons;
- Child and Family Services—Alfred Maybury;
- Human Affairs—Deborah Blakeney;
- Financial Assistance—Dianna Taylor.

I would also like to acknowledge all of the staff over whom these directors have charge.

Mr. Chairman, I recognise that this is an area that has deep-rooted community concerns [and] that Members opposite are passionate about the departments relating to Human Affairs. Certainly, the issue of Financial Assistance is one that we all want to ensure is properly staffed, that it is effectively managed, and that it serves the needs of our people.

As such, Mr. Chairman, I have hopefully left ample opportunity for Members to be able to contribute to this debate, and I will take my seat and allow other Members to contribute.

Thank you.

The Chairman: Thank you, Minister.

Does any other Member wish to contribute?

I noticed the Shadow Minister for Human Affairs from Pembroke South East, constituency 21.

You have the floor.

Mr. Rolfe Commissiong: Thank you, Mr. Chairman, for allowing me this time.

Mr. Chairman, first of all I just want to say that the Minister gave a very fulsome representation of the state of those two heads today, and there is some great work being done. I too want to, right off the bat, commend the respective staff members (as we talk now with respect to Financial Assistance) for the great work they have been doing, especially considering the severe economic challenges which have not been abated since 2012, which are placing great stress upon that department.

So I, too, just want to go on record and commend the great work being done by the staff under the leadership of Ms. Dianna Taylor.

Mr. Chairman, I am going to start first by saying that the Minister who just sat down gave a general overview of some questions that have previously been posed to her, one of which was about the glaring egregious racial disparity within Financial Assistance. And I just want to say that, notwithstanding I think the great overall job she did in conveying about the great work in the Ministry, that in relation to the racial disparity . . . and I might just add for the sake of yourself and the listeners, Mr. Chairman, that there are 2,021 black clients currently on Financial Assistance. The white client base is 157.

In response to that the Minister said today, just now, race is not a criterion. I do not get it. Why would that be viewed as a satisfactory answer in 2015, when we have over 93 per cent of the clients on Financial Assistance being black Bermudians?

Certainly, maybe another sentence could have gone after saying, *race is not a criterion*. I mean, we know that . . . that is like . . . the obvious, that the next sentence perhaps could have read, *but Bermuda has always had a problem with respect to racial disparity as it relates to black Bermudians, and we as a country still need to address that unfinished business*.

I think with respect to the prophecies of Government, both at the legislative level (ourselves), at the executive level (in terms of Cabinet) and at the civil service level, they all should be conscious of this and redouble our efforts to address it in whatever way it may be, by way of policy and/or legislative initiatives. Certainly it is very unsatisfying to hear a sentence in response that says, *Race is not a criteria*.

I would hazard to guess that with respect to B-222, Ministry of Community, Culture & Sports, that for a number of these various departments, particularly Child and Family Services, that most of the clientele are black Bermudians. Again, it is 2015; we just can no longer act as if this does not matter and in some ways that these disparities do not exist.

Hon. Patricia J. Gordon-Pamplin: Point of clarification, if I may.

The Chairman: Member, sit, please.

Mr. Rolfe Commissiong: Sure, I will yield.

POINT OF CLARIFICATION

Hon. Patricia J. Gordon-Pamplin: Thank you.

It is important to not get caught up in saying that this does not matter, because I can tell you that the ultimate aim of the department, as I have said in my brief, is that *nobody* ends up on Financial Assistance. And the only way that that can be done is for an attitude and an atmosphere to be provided in which there are sufficient jobs so that people can wean themselves off of Financial Assistance. And I think that that is important and we have not lost sight of that.

And recognising that there is a large number, what we were saying (and hopefully not to be criticised for) is that when somebody presents at the department for assistance, they are granted the interviews and the pre-certs that are required irrespective of what colour they are.

Mr. Rolfe Commissiong: Well, of course, I would hope so. I mean, if that was not the case then the Human Affairs department would really be busy. I mean, again, that is the obvious.

Again, the question is, is that healthy for a society where anywhere from 30 [per cent] to 40 per cent of people we call Bermudians are white Bermudians, but we have black Bermudians overwhelmingly populating and forming part of the client base of Financial Assistance and other like services offered by the Government? It is not healthy for the society, and it is something that we need to redouble our efforts in addressing.

Mr. Speaker, *[sic]* I just want to go on. The . . . the—

[Inaudible interjection]

Mr. Rolfe Commissiong: The Chairman, I should say—

[Inaudible interjection]

Mr. Rolfe Commissiong: Yes, yes, perhaps Speaker-to-be.

There is also, Mr. Chairman, the acknowledgement by my colleague, the Honourable Michael Weeks, who is the Shadow Minister for Community, Culture and Sports (Financial Assistance lies under that head as well), that the cuts to many of these essential programmes have been rather savage. And of course we can go down the line here . . . the Ministry of Community, Culture and Sport . . . well, that is the Headquarters, are cut by \$182,000. Why—

[Mrs. Suzann Roberts-Holshouser, Chairman]

Hon. Patricia J. Gordon-Pamplin: Point of order, Madam Chairman.

Mr. Rolfe Commissiong: Yes.

The Chairman: Thank you, the Chair recognises the Minister.

You have the floor.

POINT OF ORDER

Hon. Patricia J. Gordon-Pamplin: Today's debate, respectfully, is limited to Heads 55 and 56. The other heads have, in fact, already been debated and they have already been moved. So today is for [Heads] 55 and 56.

The Chairman: Thank you, Member.

Thank you very much.

The Chair now recognises the Member from constituency 21.

Mr. Rolfe Commissiong: With all due respect, Madam Chairman, I disagree. My making references to these . . . departments—

The Chairman: Member, we cannot refer to—

Mr. Rolfe Commissiong: Wait, wait, wait, my—

The Chairman: Excuse me, Member!

Mr. Rolfe Commissiong: —the financial—

The Chairman: Member, take a seat.
Do not ask me to wait.

[Inaudible interjection]

The Chairman: Thank you very much. You sit in this Chair often enough to know that.

Member, you can please stand and please proceed.

Mr. Rolfe Commissiong: Thank you.

The Chairman: But we will not reflect on something that has already been debated.

Mr. Rolfe Commissiong: I am not debating that.

The Chairman: Would you like to tell me what page we are on since I am just new in the Chair?

Mr. Rolfe Commissiong: Page B-222.

The Chairman: Thank you.

Mr. Rolfe Commissiong: Financial Assistance is listed amongst the various departments.

The Chairman: Yes, it is.

Mr. Rolfe Commissiong: Right. I am noting that the cuts to many of the sister departments were extensive, and I concur with my colleague in his use of the adjective “savage” to describe them, and perhaps a recognition of the type of priorities that this Government has. Some have characterised them as being somewhat uncaring in that so many of—

The Chairman: Thank you. Member, will you have a seat for a point of order?

Thank you.

The Chair recognises the Member from constituency 23.

You have the floor.

POINT OF ORDER

[Misleading]

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, the Honourable Member is misleading the House. The department, [Head] 55,

Financial Assistance, has an increased budget of \$2,183,000 and the Department of Human Affairs has a decrease of \$260,000.

It is acknowledged that other areas of the Ministry, which have already been debated and which are not the subject of today’s debate, have had various cuts. We have acknowledged that. We have had the debate concerning it. We have provided responses concerning it. We are talking about an increase of \$2.183 million to Financial Assistance and a decrease of \$260,000 on Human Affairs. And if the Honourable Member will stick to those heads, otherwise I will continue to rise on a point of order.

The Chairman: Thank you, Minister.

We find that on page B-222, [Head] 55.

The Chair recognises the Member from constituency . . .

An Hon. Member: [Constituency] 21.

The Chairman: Thank you. Constituency 21.
Member?

Mr. Rolfe Commissiong: Thank you, Madam Chairman, again.

Again, noting the significant cuts to many other departments here, the Minister reflected actually on the entry here under Financial Assistance, [which] points our attention to the fact that there has been an increase in the allocation for Financial Assistance of \$2.183 million. The original estimate was \$46,948,000. The estimate for this fiscal year is \$49,131,000 as stated, representing an increase of \$2.183 million, or 5 per cent.

I, however, am of the view that when the total spend of 2014/15 is taken into account, we are seeing an actual decrease in Financial Assistance as well.

The Chairman: Member, you will recall . . . if you will have a seat.

You will recall on our Order Paper that there is something that will reflect to that and, of course, consequently you cannot reflect on any lines that are already on our Order Paper.

Mr. Rolfe Commissiong: Yes, okay.

Safe to say, Madam Chairman, I think there is a sleight of hand taking place here by the Government on this front and we have not been able to receive—

Hon. Patricia J. Gordon-Pamplin: Point of order.

Mr. Rolfe Commissiong: —too much—

The Chairman: Member, have a seat.

The Chair recognises the Member from constituency . . . (I will memorise these one day)—

Hon. Patricia J. Gordon-Pamplin: [Constituency] 21?

The Chairman: Twenty-three.

Hon. Patricia J. Gordon-Pamplin: Oh, I am sorry. You are talking about me. Yes, [constituency] 23.

POINT OF ORDER

[Imputing improper motive]

Hon. Patricia J. Gordon-Pamplin: The Honourable Member is imputing improper motive.

There is no sleight of hand that is happening. The numbers are allocated in the Budget Book. They are there for all to see. The explanations relating to the composite parts of each of those numbers have been shared with Honourable Members and it is no sleight of hand. It is an insult, it is imputing improper motive and the Honourable Member needs to withdraw that comment.

The Chairman: Thank you, Member.

The Chair recognises the Member from constituency 21.

Mr. Rolfe Commissiong: Thank you, again, Madam Chairman.

As I said, the Minister did indicate that we will return to that issue further along in terms of the House's agenda and I will duly return to that issue. But my comment stands.

Madam Chairman, we also should be aware that, again, with the economic challenges confronting many Bermudians there has been a significant investment because of those challenges in Financial Assistance. If you go back to . . . if I can just get my Budget Statement from 2014/15.

[Inaudible interjection]

Mr. Rolfe Commissiong: I am now on B-256.

The Chairman: No, no, I was just going to ask you what you are reading from, but you identified that.

Mr. Rolfe Commissiong: Madam Chairman, I am about to.

The 2014/15 Budget Statement, page 36, with respect to Financial Assistance. We see the actual spend in 2012/13 was \$43,111,000. The original for 2013/14; however, saw a decline to \$39,476,000. I think it is fair to say that the 2013/14 entry represents the first real OBA budget with respect to this, in real terms. Subsequently, in 2013/14, we had a revised [number] of \$48,476,000. But in 2013/14, again, directing your attention to [page] B-256 in terms of general summary, you will see that under 2013/14 the actual was \$48,386,000.

In other words, we have had roughly or approximately a \$9 million increase in outlay from 2013/14 through to . . . just a minute.

The Chairman: Take your time.

Mr. Rolfe Commissiong: From the original of 2014 to what became the actual of 2013/14 which was \$48,386,000. We can very well find that by the end of the night we could be talking about, all told, a \$14 million increase in Financial Assistance from 2013/14 to the present.

This speaks to the continued economic challenges, as I have said, that are impacting so many in the country. Which brings me to a related issue and that is, do we have the right tools necessary to deal with the issue of growing or persistent unemployment?

We may very well find that Financial Assistance represents a square peg for a round hole in that regard. And I think the Minister did acknowledge that—and you can correct me, Minister, if I am wrong—the largest growth in percentages is of able-bodied persons who are now clients of Financial Assistance. I guess, you know, growing numbers who have become the victims of the financial tsunami which has affected all of us, or most of us.

You know, I remember 15 years ago or so . . . no, maybe less than that, about 9, 10, 11 years ago, the late Eugene Cox talked about putting in place unemployment insurance to ensure that Bermudians who would suffer from short- to mid-term unemployment would have the benefit of a programme that is found in most developed countries and which Bermuda, I think we could say safely, is in that category. We dropped the ball on that, and I think this is the problem in so many areas that we are still coming to grips with, because there was a sense of complacency.

After all, under the early Governments of the PLP we saw the GDP double, Bermuda's economy went through the roof, some said it was overheated. We had overemployment. Why would you talk about unemployment insurance? We will never need it. That was the attitude on both sides of the aisle and within Bermuda's larger business community and in general.

I think we now see the folly of that attitude because increasingly we are seeing Bermudians who need assistance having to go to a department which has not been really geared toward providing that sort of immediate assistance for those who are beset by short- to mid-term unemployment. In most countries, again, that we compare ourselves with, those individuals could go to the local unemployment office (or whatever it may be called in that respective country) and if they qualify, get immediate help . . . maybe for that three-, four-, five-, six-month period or longer. We cannot do that here, and I think that that is going to continue to be a major challenge.

You know, in light of that, Madam Chairman, and again still with respect to that (I am still on [page] B-256) we would like to see some significant reforms in that regard. There was a case the other day, I am not going to call her name, but she is a constituent of mine, and they had her story (which is very touching) in the newspaper. It became almost like something Byzantine that . . . what she had to go through.

You know, the father is unemployed, not being able to support the family, he had to leave the home where his young children were because . . . to meet the criteria necessary for Financial Assistance. And so while that satisfies the criteria, how is that affecting family cohesion, the need for these young kids to have their father with them in the household? But that is the reality which many are dealing with right now.

We think that we need to have a significant reform of Financial Assistance in light of present realities. Some of these reforms that I may suggest may be temporary in the sense that when the economy rebounds, there may be no longer any need for them. But let us not lose sight of the fact that in 2014 alone, as Government's own economic data confirms, over 700 Bermudian posts or Bermudian jobs were lost. And so we have not seen an economic turnaround to the extent that we think we can say that we have reached bottom yet, and that we are out of the woods, and that the need for and demand for these services from Government are going to decline anytime soon.

Therefore, we think that a temporary change to Financial Assistance policy to allow people who have lost their jobs to apply for assistance immediately and not have to wait three months, by which time their savings have dwindled and their personal debt is likely to have grown, is something that we should seriously consider. Again, maybe we are looking for it on a year-by-year basis until the economy improves.

Secondly, [we need] a temporary suspension of the policy that restricts individuals with over \$5,000 in assets from receiving aid. We know the old expression—*land rich, house poor*. And we know there are a lot of Bermudians who fall in that category, seniors, for example. And they need assistance; they need help. They are not going to get it because of that restriction in terms of the threshold being the \$5,000 in assets precluding them from getting the type of assistance that they may need. We propose a loosening of this policy to enable people to obtain the assistance they need, as I stated, while retaining their property for future generations.

Third, a reassessment of the verification process used to determine if recipients are seeking work. In light of the current job market many recipients of Financial Assistance simply have run out of places to look for work. That was one of the things that was most poignant about the interview of my constituent that was found in the newspaper. You know, there is a requirement that they go out there and bring proof of

having looked for work. Well, if there is not really much work around, you know, maybe we need to tweak that a little bit as well. So instead of requiring them to come every week or whatever it is, maybe it is something like once per month that they come back and have shown . . . you know, show proof that they have looked for work in the job market.

Temporarily allowing part-time employees who earn \$20,000 or less annually with children under 18 years of age to apply for a food voucher or a non-cash card. Now, I think that is something that has started. I think the Minister did talk about that, and that is a very positive development.

Fifth, allowing recipients of Financial Assistance to keep their cars. Many employment or entrepreneurial activities require transport. That is something else that we may want to look at.

And finally, of course, and the Minister talked about it, the ongoing need to ensure that fraud and abuse of the system is not something that is proliferating. And we of course support every effort on that part to make sure that that is not something that is becoming normalised within the Financial Assistance Department.

Like I said, these are just reforms that we think will help tremendously, particularly, with the able-bodied unemployed. That to me is the key. And they can be reforms that are . . . that again could be temporary, maybe lasting in some cases no more than a year with evaluations taking place every six to 12 months.

We do know though that (getting back to the B-256) that the Government did announce a cap on Financial Assistance, and announced by way of the Budget Statement that they were reducing the allocation by \$5 million. Like I said, I do not want to get back into that issue, the Minister has said that we will deal with that later and—

[Inaudible interjection]

Mr. Rolfe Commissiong: No, I get that.

But they did in the Budget Statement itself, on page 39, announce a cap. And I just want to speak about the cap.

This cap may be premature. Again, if we look at the level of overspend (and I hate to use that term) that has occurred, you know, in terms of what has been allocated and what has actually been spent over the last three or four years at a minimum, we may find that that cap, again, maybe somewhat short-sighted and/or premature, and that there will be a growing demand or a continuing demand for the type of services that will considerably eat up that budget fairly soon, within the coming fiscal year. I think we could safely implore on this side that the Minister and the Finance Minister, her colleague, take a look at that because I do not think that it is going to be adequate

to meet the needs of the 2015/16 fiscal year—the cap itself.

Moving down to the Subjective Analysis under Salaries we see a . . . by the standards of today's fiscal environment we see a significant increase in Salaries of \$107,000, representing a 4 per cent increase. The Minister may have offered an explanation of that, if she can return to that at some point in her response I would appreciate it.

Moving down to Grants and Contributions, Madam Chairman, to me that is where the tyre really hits the road with respect to Financial Assistance because a very high percentage of that overall budget is reflective of Grants and Contributions. For example, we know that the estimate for 2015/16 is \$49,131,000 which has been capped, but \$46 million of that—the estimate for 2015/16 under Grants and Contributions—is going to be devoted to Financial Assistance. And on [page] C-19, Grants and Contributions, you can see the way that the monies are allocated.

Again, Social Assistance is going to receive \$41,361,000 of the overall approximately \$46 million total allocation for Financial Assistance. And, as the Minister pointed out, [line item] 7038, Care of the Blind, is \$30,000. Something about that figure seems a little small to me considering the need.

The Meals on Wheels, I believe it should be, it says Meals of Wheels. I believe it should be Meals on Wheels; correct?

Hon. Patricia J. Gordon-Pamplin: Yes.

Mr. Rolfe Commissiong: Line [item] 7040. They do great work in the community. We are seeing a \$48,000 outlay and that is consistent with the previous three fiscal periods or two fiscal periods reflected here.

We talked about Social Assistance, and again if you look at the . . . going back to 2013/14, \$40,320,000 was allocated as the actual spend then and the original estimate the following year, 2014/15, was \$39,128,000 (the last fiscal year). The revised estimate was up to \$44,831,000. And again we are seeing what has been termed a slight increase but, again we will get into that later, that may not be as solid of an assertion as it looks on paper.

Child Day Care Allowance: That is a great programme. You know, we talked about—and, please, I hope people will not take me wrong here. We talked about the ageing demographics, the ageing demographic profile in Bermuda. The average Bermudian right is at the \$42 million—

[Laughter]

Mr. Rolfe Commissiong: Dollars are swimming around in my head.

The average Bermudian right now is at 42 years of age—the median age—it is an ageing popu-

lation. Of course, there are only two ways you can really address that. Either through immigration, and we have had some strong arguments around that; or we increase the birth rates and fertility rates.

We know that Bermudians for perhaps the last two decades or so have not been reproducing themselves sufficiently. I think the fertility rate right now might be maybe in the range of 1.5 or 1.6—well under the replacement rate. So I think any assistance . . . and I am glad it is means tested, I will say that. Any assistance that we can provide to struggling families to ease the burden of rearing children, I think is crucial to the benefit of the whole society.

This is only one small example, but there are many more. But I think we need to create an environment whereby Bermudians feel that they can have children and do not feel that children are a burden or a penalty by having had children. And so the Child Day Care Allowance is up to \$3.4 million. That was a programme put in place by the Progressive Labour Party Government reflective of its great tradition of social justice and reflective of a social conscience, I might add, and that programme appears to be still doing well with the respect to the report given us by the Minister.

Salvation Army Shelters: That is a very interesting one. The Salvation Army Shelters, actually *the Shelter*, the main Shelter on North Street lies in my constituency. The allocation for this year is \$425,000. Let me just get that right . . . no, \$450,000 is the overall allocation for the Salvation Army. The Salvation Army does some great work in our community. And again, people are going to say, *There he goes again*, but I am going to go there again. Again, it is in my constituency and the client base there are well over 90 per cent African Bermudian. To me that is an issue. And what I mean by that is, again, it is just another illustration that we have unfinished work that we need to attend to on that front in terms of these gross, glaring racial disparities.

But the Minister talked of the recent decision by the Government to transfer ownership (and if I am not getting the terminology right, anyone can stand up and correct me) of the former Bishop Spencer School to the Salvation Army with the aim of using that primarily as a housing centre for some of the same clients that they service now down on North Street. On the face of it I thought it was a great idea. The Bishop Spencer site has not been in any significant use, I believe, over the last 35 years or more, maybe longer than that. I know that the Ministry of Education utilised the site for administrative purposes. It has not been a school in decades—a functioning school. So on the face of it, we think it is great.

However, it must not go unnoticed that the executives of the Salvation Army did indicate that this may in turn be a burden because unless they can get the sort of financial support and funding to make this a reality, to turn that gift of a potential white elephant into something that is really servicing their client base

could be problematic. Again, while we talk about this great gift to the Salvation Army of the Bishop Spencer facility, let us hope it does not become a curse.

They are going to need significant funding to convert that facility—significant funding—and other funding to get it up on stream. That obviously is not going to be coming down the road any time soon from the Government because of the fiscal realities that it is facing, and we acknowledge that. So I just want to put that “gift” in context.

What is interesting . . . well, I will leave that alone. But I just want to make mention of the America’s Cup and certainly we are finding funding for that. And I am not one that is going to say that we should not find funding for that. That should be going to these departments and to these programmes which are being underfunded. But again, look, the way that budgets are allocated reflects not only economic, financial and other choices, but also moral choices—they really do. Okay.

Madam Chairman, I talked about, again, the 790 jobs that were lost in 2014 and how that is going to put continuing burdens upon our fraying—how can I put it? What is the term?—our fraying welfare system. I know that is almost like a bad word in the West to use the term “welfare system.” I had another term here . . . but, you know, people need to understand that while many of us celebrate capitalism and the free market, and we celebrate it here as well, but we also recognise the danger of unfettered markets.

Moreover, I think history has taught us that there is no capitalism and/or free markets the way in which we have them today without also the creation of the so-called “welfare state” to ameliorate the harm to the public good that free markets and capitalism do exact. And we have seen that over the last five or six years. To me that was the great lesson out of the Depression.

So while some will look to cut and place austerity up front and centre let us not be fooled here, that, by doing so, you will only increase the expenditures on the back end with people becoming unemployed, with people then having to go and become a burden on the Financial Assistance system and other programmes that are designed to help the needy.

I think that was made clear by the Finance Minister in his response to those austerity and very conservative and/or right wing advocates such as Nathan Kowalski and others who were saying it was time to stop (I am paraphrasing now to use an old Reagan expression) *stop feeding the beast*—meaning stop feeding employment within the public sector and certainly with these expenditures which are used to mitigate the great damage that is being wrought in our community by the decline in our economy.

Okay . . . if I could just have your indulgence, Madam Chairman.

The Chairman: That’s fine.

[Pause]

Mr. Rolfe Commissiong: So other than that in terms of the Subjective Analysis of Current Account Estimates there is nothing that really jumps out. In respect to Salaries, Wages and other Personnel costs, Training, Transport, Travel, Communications, Advertising and Promotion, Repair and Maintenance, Materials and Supplies, et cetera. Again, the tyre hits the road with respect to Grants and Contributions.

Employee numbers, no change there. The only question I would ask the Minister is: Are all of the positions filled? We have an estimate of 33 positions for 2015/16 which are reflective of the same numbers going back to . . . over the last two fiscal years.

We saw an increase in General Administration costs as well of \$71,000, or 2 per cent. She may have addressed that, if she can come back with that I would appreciate it.

I spoke about the yo-yo effect of funding over the last three budgets or so driven by the, again, the inordinate demand. Many people are hurting in our community and I really need to emphasise this, we are talking about people who have worked their whole lives, people who have had good and decent jobs who are building families. People are hurting, and we Bermudians with our great pride . . . you know, we are almost Japanese-like around here, you know, no one wants to lose face. And so we keep a lot of that stuff a secret and keep it inside of us, but when you walk down the street and people are telling you and you say, *Hey Mike, how are you doing? Hey, I’m fine man.* Well, Mike isn’t fine. And for many of us we are going through year three or four, and its impact is becoming very pervasive, and affecting not only the mothers and fathers in these households, but of course their children as well.

Many people also, Madam Chairman, I do not think really appreciate the distinction—and frankly, I did not either—between what we call Financial Assistance and what it consists of. Because many people would think that Financial Assistance is frankly . . . you know, when you go and you have come on economic hard times and you go to the department and you get some assistance. But that is only one part of it.

As we see on page C-19, Grants and Contributions, that is the part of their duties and their task that revolves around what is called under [line item] 7042, what is called “Social Assistance,” and I talked about it earlier. Well, we also must acknowledge that we have [line item] 7038, Care for the Blind; [line item] 7040, Meals on Wheels (which I stated); Child Day Care Allowance; Salvation Army Shelter; Summerhaven; and Packwood Rest Home.

One thing, though, that I would ask the Minister to clarify . . . she actually also called a number of other organisations—Teen Haven, for example, I

heard you mention that. Is that what it is called, Teen Haven, Minister? . . . Matilda Smith Home. These are also organisations, some of long-standing in Bermuda, that receive significant Grants and Contributions from Financial Assistance. They are not noted here. In other words there are no cost . . . there is no head here. So if that could be explained, I would appreciate it.

How much time do I have left, Madam Chairman?

The Chairman: We finish at 5:39. You still have an hour.

Mr. Rolfe Commissiong: Yes.

The Minister mentioned a number of allocations that when you drilled down into the various programmes that are fairly significant outlays. For example, she mentioned that there is \$800.00 per month per child spent on child care to the providers. For that and some of the other items she mentioned, do we see significant increases? For example, in those . . . in that spend that is going on?

[Inaudible interjection]

Mr. Rolfe Commissiong: Yes, over the last two or three years, have we seen significant increase—

The Chairman: Members—

Mr. Rolfe Commissiong: —in spends?

The Chairman: Just remember that people cannot hear what is going on—

Mr. Rolfe Commissiong: Right.

The Chairman: It is quiet. They hear you and it does not sound like a proper sentence.

Mr. Rolfe Commissiong: Thank you, Madam Chairman.

You spoke about the 860 seniors that are currently being serviced, who are clients of the Financial Assistance department. And you mentioned those who are in Bermuda Trust Homes or homes managed and/or owned by Bermuda Trust, and that the department is spending \$1 million annually . . . or it is monthly, I should say. I would like to get some clarification on that.

Madam Chairman, we had an assertion that . . . well, not an assertion, it is a fact, frankly, that growing numbers of seniors are finding themselves actually domiciling at the hospital beyond the continuing need for care at that facility, taking up bed space. It was unfortunately termed . . . they termed that phenomenon as “Granny dumping.” And I thought that was an unfortunate turn of phrase, and that is to say

the least. But the Minister today talked about senior support that the Financial Assistance department does extend in order to help seniors remain in their households. I think that is a very worthwhile programme.

Again, the demographics are not in our favour. I can only see the numbers going up here, particularly as the baby boomers, people like myself and you—although you look 15 years younger, Madam Chairman—

[Laughter]

Mr. Rolfe Commissiong: We know that . . . we know that the demand—

[Inaudible interjection]

Mr. Rolfe Commissiong: Yes.

We know that the demand for these and other services are only going to increase. Are any studies being done, Minister, along these lines in terms of actuarial or demographic studies, projections on what will be the projected spend that is going to be required to meet the increases?

Of course, our disabled population . . . we cannot lose sight of them. That is why I talked about . . . you know, we also make moral choices when governments produce national budgets. You know, it is how much do we really care for those who have the least amongst us—our children, our seniors, those who are disabled. We know it is not easy in this environment, and I talked about that already. But the 700 disabled persons who are receiving assistance, that allocation is up to (correct me if I am wrong, again) \$1 million per month. And you can give me a little bit more elucidation on that.

We must make sure that these people—the most vulnerable in our society—are taken care of. And you know people out there can be so cruel on the blogs and when this department is being considered and some of the services it provides, you know, and we know that some of the people who are talking are fairly well off. You know, living in a country where you do not pay any income tax, maybe operating companies where there is no corporate income tax or any other form of corporation taxes, but yet they are the decrying the Government having to come to the table to support those who are truly in need.

Madam Minister, you spoke of the \$1.3 million in rental accommodations—spent, I should say, on rental accommodations. A little bit more elucidation on that I would appreciate. And the (and correct me if I am wrong) \$776,000 on Rest Home Fees spent per annum by the department.

Madam Chairman, you know that when I first came into the House, I was given the responsibility for Workforce Development. I had only taken on this added responsibility of Financial Assistance in the last few

months, and I was intrigued by the Minister's presentation when it came to what I had written here as a note, work-ready initiatives, which I think is going to provide some synergies with Workforce Development. I would like to hear more on that because, you know, this may be the germ of how we can . . . and I think they are going there already, but how we can begin to prepare these clients—the able-bodied clients—for future growth, economic growth.

If we can see a greater synergy between Workforce Development and Financial Assistance and the Ministry of Education and Immigration, then I think we can begin to craft a type of . . . a suite of policy and legislative initiatives that can accrue to the benefit of Bermuda as it moves forward in terms of overall Workforce Development, and the enhancement of the skills and abilities of our people so that there is no excuse when it comes to them taking their rightful place in our economy.

Moreover, I am of the view that it is when things are not going as great in the economy that that is when we should encourage our people to take the benefit of various training and other forms of initiatives, further education to up their skill levels so that they can be ready for when growth does resume. Because I am an optimist, I believe that we will see growth again in this economy. It may not . . . it is not going to be, I should say, like it was in the wild, wild west days of 2005, 2006, 2007 and 2008. But I do believe it is going to get a little better.

So again, Minister, if you could just shed some light on that again—the work-ready initiatives—workforce development.

The other bullet point I have here of clients with substance abuse issues and that programme, I think it is a very worthy one. There are so many of us now . . . well, I should not say so many, we need to quantify it. And that is the other thing, I mean, we talk anecdotally a lot in Bermuda and that is why I have always looked to see whether we can quantify what we are talking about. That was the impetus behind getting the Mincy study from Columbia University on young black males so that we could quantify what we are talking about. Because we all sit around here, *Oh, I know this and I don't need no study and no professor to tell me whether . . .* but no, we do need it because the pathway forward has to be evidence based. And if we have the right evidence then I think we can make better informed decisions, both as leaders and at the policy and legislative level, as I alluded to earlier.

So, yes, the clients with substance abuse. We have members in our society who are medicating themselves. We know that. That, for one reason or another, that is impeding their ability to function fully in the society, and this a great programme, at least from what little I know of it right now. I know that it is needed. I would like to get a little bit more of the nuts and bolts on that.

Madam Chairman, the Child Day Care Allowance. I talked about that earlier. A couple of times I have made some reference to it. It says there the Government may have to pare back the level of support. Again, the fiscal demands, I would like to see how that is rationalised. What is the . . . when are we contemplating that, or is this just one of the ideas that is out there? We may . . . okay, I get the "may." Currently \$19.2 million in Grants, and over 3,000 children as clients, I believe you said? Okay.

[Inaudible interjection]

Mr. Rolfe Commissiong: Great, that is right. Nothing is ever stagnant is it? Nothing stands still.

Fraud and abuse, finally . . . again there is so much information—so much good information—coming from the Minister. But I could not get it all. If she could just, again, attend to that issue—the fraud and abuse side of the equation. Certainly, we do not want to have people taking advantage of the system, especially in these times, or any time frankly, but especially when there is economic challenges such as we have been experiencing which may preclude the ability of people to get the type of support they need. So we need to deal with that.

The partnership with Digicel, that was great, in terms of the clients and the phones. That shows me that the department is looking to be innovative in how it deals with client needs. That is a good sign. The adoption of the cash card on a number of fronts, as the Minister outlined, I am fully on board with that. There was one other . . .

[Pause]

Mr. Rolfe Commissiong: Yes, I think I have a personal bugaboo here, and I think it may have to do with the allocation for rent. I mean, it is just extraordinary, it really is.

I believe, if I can find it here . . . and this applies . . . I mean, across the board here. The rents are just extraordinary even in an economic downturn, and I am certain that a number of properties, particularly in Hamilton, have been paid off *l-o-o-o-ng* ago, but the rents continue to be fairly high. And the spaces are not all that extensive in some of these government departments because I have been in many of them in my prior incarnation as a consultant for the premiers of Bermuda. But I . . . can anyone help me here in terms of where the—

The Chairman: I believe you might be on C—

Mr. Rolfe Commissiong: I am looking for the—

The Chairman: Are you still under Financial Assistance?

Mr. Rolfe Commissiong: Rental outlays. I know it is under C-something.

[Pause]

[Inaudible interjection]

The Chairman: No, under Financial Assistance.

Mr. Rolfe Commissiong: Financial Assistance.

The Chairman: The only thing that I recall that was mentioned for the rents, and perhaps this is what you are looking for, was the breakdown of how much money was given to different categories.

Hon. Patricia J. Gordon-Pamplin: No, I think what the Honourable Member—if I may help.

Mr. Rolfe Commissiong: Yes, go ahead.

The Chairman: Yes, please.

Hon. Patricia J. Gordon-Pamplin: I think the Honourable Member was talking about the rental that I mentioned with respect to the Melbourne House and the Mechanics building, that there had been some reduction of \$6,000 negotiated by Public Works for the Melbourne House—

Mr. Rolfe Commissiong: Yes.

Hon. Patricia J. Gordon-Pamplin: —and that the lease for the Mechanics building was going to come to an end in December 2015. But that was under the Human Affairs; that was not under Financial Assistance.

Mr. Rolfe Commissiong: Okay.

The Chairman: Does that help, Member?

Mr. Rolfe Commissiong: Yes, is there not . . . Melbourne House is on Church Street; am I right?

[Inaudible interjection]

Mr. Rolfe Commissiong: Okay.

The Chairman: On the corner of Victoria.

Mr. Rolfe Commissiong: The Department of Financial Assistance is located in which—

An Hon. Member: Global House.

Mr. Rolfe Commissiong: Global House.

Hon. Patricia J. Gordon-Pamplin: Financial Assistance is in Global House.

Mr. Rolfe Commissiong: Okay. Thank you, Minister.

The Chairman: Thank you, Minister.

Mr. Rolfe Commissiong: Thank you for your help.

The Chairman: Member?

Mr. Rolfe Commissiong: I am really looking for the overall spend, though.

The Chairman: Okay.

Mr. Rolfe Commissiong: But . . . it is always when you really want something—

The Chairman: That is okay. Take your time, we have got . . . we all have eyes on it.

[Inaudible interjection]

Mr. Rolfe Commissiong: Well, yes, keep looking for it please.

Like I said, I just noted, looking at the Rental outlays, that many of these departments, including Financial Assistance, were still paying extraordinarily high rents in a downturn, and, as I added, in buildings that . . . well, I cannot say definitively that buildings have been long paid for, but certainly buildings that have been around long enough to be paid for.

Okay, so I am just going to wrap it up there, Madam Chairman.

The Chairman: Okay, thank you.

Mr. Rolfe Commissiong: In conclusion, the Financial Assistance Department has an unenviable task in comparison to many other government departments and ministries because they are right on the front line—I am mixing metaphors . . . well, no, not actually. They are at the ground zero reflective of our current dilemma. And they are there to mitigate the sometimes cruel nature of the marketplace, as I spoke to earlier, and to ameliorate the Darwinian like survival of the fittest ethos that can occur when significant . . . significant financial decline and market disruption occurs. And they have to do so while safeguarding and preparing ourselves for the future. That is why I thought it was so appropriate that our Shadow Minister had thematically talked about Bermuda pushing towards 2025.

Thank you, Madam Chairman, and I will resume now having ended my consideration of that head . . . concluding my remarks on Head 55.

Human Affairs now, Head 56. I thought that the Minister actually gave a good account of herself

here with Human Affairs. There has not been much in terms of broad overview on the previous fiscal year of a controversial or a similar nature. They seem to be doing the work at hand because when you do not hear any news in the newspaper of persons who are blatantly or egregiously not happy with some controversy or the other that may have affected them that the Human Rights Office could address, then you know, like no news, I guess, can be viewed as being good news.

But the Minister noted the somewhat significant cuts that have taken place. Administration (looking at General Summary, page B-260, Head 56 Human Affairs) [cost centre] 66000. We see an estimate of \$694,000 that will result in \$122,000 decline, or 15 per cent over the 2014/15 original of \$816,000. The Minister may have explained that, if she could reiterate the cause for that I would appreciate it.

[Inaudible interjection]

Mr. Rolfe Commissiong: That was General Summary, Administration, [page] B-260.

The Human Rights Commission itself, another decline by \$138,000, or 11 per cent. The estimate for 2015/16 this fiscal year is at \$1.168 million. The original was \$1.306 million, again, a decline of \$138,000.

Moving now to Subjective Analysis, a slight decline in Salaries by \$82,000, or 6 per cent, but still Salaries are at \$1.216 million is the allocation for this fiscal year. The original last year was \$1.298 million. Other than that, there are other cuts but they are modest, nothing that I am going to spend time on.

I think she explained adequately enough the Grant and Contribution issue that we were talking about now showing zero allocation for 2015/16. And I just wanted to say that I thought that was a great programme, and I believe her predecessor, Mr. Scott, was the one who jump-started that and that is good.

We need to see it continue. And I am happy to hear that, all things being equal, and if the resources can be found, the Minister and her team intend to also design a similar programme for men who need those services as well. I thought I heard her say that. So that is something we will look out for, again, I guess as resources permit.

On Performance Measures, that is [page] B-262, with respect to errata (I have been dying to say that word)—

[Laughter]

Mr. Rolfe Commissiong: The amended page . . . nothing stands out to me, nothing that I would look to expand upon right now. Let me see . . . of course under Grants and Contributions is where we had our elucidation from the Minister, triggered by my query about what was then known as the Women's Resource Council and how that is now evolved or morphed into the—

[Inaudible interjections]

Hon. Patricia J. Gordon-Pamplin: It vanished.

Mr. Rolfe Commissiong: It vanished. What do you mean by that? I am sorry?

The Chairman: Thank you.

The Chair recognises the Minister.

Hon. Patricia J. Gordon-Pamplin: Yes, just for clarity, the Women's Council actually managed the community-driven development—

Mr. Rolfe Commissiong: Oh, oh, okay—

Hon. Patricia J. Gordon-Pamplin: So that is why you—

Mr. Rolfe Commissiong: Great.

The Chairman: Thank you.

The Chair recognises the Member from constituency 21.

Mr. Rolfe Commissiong: Thank you. Thank you, again, Madam Chairman.

That is great. Now, the picture is getting clearer for me that they now manage the community development project that we have been talking about. And so that is great news.

The Human Affairs has a very critical role in our society, Madam Chairman, in our system of Government in terms of protecting human rights, whether it be with respect to racism, the rights of the disabled, free speech, for example, and we can go on and on and on. And it is just amazing that if you go back 50, 60 years in terms of Bermuda, perhaps a little longer, if anyone said we need to start a Human Affairs Office in Bermuda as part of our Government, they would have looked at you as if you had lost your mind or something. Right? So it shows how we have grown and developed as a society and how we have matured as has our incipient democracy in Bermuda.

So I commend the work that the department's officers have performed in supporting the Human Rights Commission. I served as a Human Rights Commissioner back in the early days of the former Government in the post-1998 time there and, again, it performs a critical, critical role in our society.

I guess I will just conclude as I began. The issue of racial disparity is something that our Government needs to tackle. Human Affairs can be that instrument by which these explorations of these issues can take place. And so I will make a call here today to the Human Affairs Department and the Human Rights Commissioners to hear my admonishment from earlier that the sort of glaring racial disparities that character-

ise Bermuda in such a profound way have to be a relic of the 20th century and can no longer be something that continues to be a part of our social fabric as we move into the 21st century. And I believe they have a very significant role in helping us move forward on that front.

And at this point I will take my seat and allow other Members to participate in the discussion.

The Chairman: Thank you, Member.

Are there any other Members that would like to speak to Heads 55 and 56?

[Inaudible interjections]

The Chairman: The time concludes at 5:35 pm.

[Inaudible interjection]

The Chairman: It is up to—

Hon. Patricia J. Gordon-Pamplin: Madam Chairman, I was just going to try to provide some answers for the Honourable Shadow Minister, but if, you know—

The Chairman: —that would—

Hon. Patricia J. Gordon-Pamplin: Let the Shadow Education Minister carry on.

The Chairman: Thank you.

The Chair recognises the Member from constituency 3, the Opposition Whip and Shadow Minister of Education, Ms. Lovitta F. Foggo.

Ms. Lovitta F. Foggo: Yes, thank you, Madam Chairman, and thank you Minister.

I just think . . . I almost feel that I am duty-bound to stand up and speak on this, even though I plan to be very brief.

Certainly, when we look at Financial Assistance and measure that—and I am speaking in general to Head 55, first of all, in response to the department objectives and the mission statement. Basically, Madam Chairman, given what this office stands for and given the times we are now living in, I guess, if there was ever a time that we definitely were confronted with members of our society who are in need of assistance, this is that time.

When I looked through the figures that have been outlined here under Grants and Contributions, when I switch over to Financial Assistance on [page] C-19 and look at the various contributions, I can say in essence that there were no major decreases, Minister, and so that is a good thing.

However, I have to ask the question because when you look at things like Packwood Rest Home which has been reduced by \$25,000; the Summerha-

ven reduced by approximately \$50,000; Salvation Army Shelters reduced by approximately \$50,000; Child Day Care Allowance, which has remained the same, the allocations are the same; and you have Social Assistance which has been reduced, I think, by approximately \$500,000 or just under that—\$400-and-some thousand—and the other two areas remained the same—the question that comes to mind for me is that in a time where expenses have increased where you see allocations that have decreased I have to ask, I guess, one of two questions (well, I will ask two questions).

Is this a reflection of fewer numbers being reliant upon the assistance, or indeed, (and I am hoping that this is the case) is this a reflection of better regulations and stewardship having been implemented where the Ministry has been able to, indeed, save as you will, and has recognised that there is no longer a need for the amounts that had been previously allocated?

I am hoping that the latter is the case simply because given that, for instance, and she did mention that [the] allowance for child care, for instance, has remained at \$800.00 a month, right? With day care, some of the expenses having gone up, I just wonder how, in actuality, that is playing out. Do we have the same number of dependents using that allowance or are there fewer numbers, just . . . you know . . . with a fixed amount of money?

Let us say there are 50 fewer people who are relying on that because that . . . and I am . . . these are hypotheticals. Let us just say that the day care allowance at the respective institutions has gone up by \$100.00 a month and so now we have a situation where, though the Government is trying to ensure that families are able to provide the very important early education for our young ones at the same time they are not able to do it to the same extent even though they still have the same fiscal allocation.

I guess that same type of question I am asking for the other areas because there is a reduction in the amount of monies that have been allocated. But from . . . you know, all of my intelligence suggests that because expenses have increased in general throughout the Island in various arenas, I just wonder whether or not what we are providing is adequate and, indeed, fulfilling the needs of many of the families who do rely on assistance.

I just wanted to ask that question because, again, in such harsh times when we are not . . . when the society is not adequately able to take care of its people, for those people who are not able to take care of themselves, one way or the other, we bear the brunt of that. And I am hoping that the Minister can shed some light in terms of how that particular Ministry is responding to the needs of people in our community, and that is basically all [of the questions] I wanted to raise, Minister. So you have plenty of time

to be able to answer the questions, I hope, that all of us have raised.

Thank you, Madam Chairman, and thank you, Minister.

The Chairman: Thank you, Member.

The Chair now recognises the Member from constituency 16, Pembroke East Central, Shadow Minister of Community and Cultural Affairs, Mr. Michael A. Weeks.

You have the floor.

Mr. Michael A. Weeks: Good afternoon, Madam Chairman.

The Chairman: If you could help to lead me where you are starting.

Mr. Michael A. Weeks: Pardon?

The Chairman: If you could just help lead me.

Mr. Michael A. Weeks: Lead you?

The Chairman: We have two heads, which head?

Mr. Michael A. Weeks: Head 55 Financial Assistance.

Madam Chairman, I have been compelled to rise to my feet because I work with a lot of clients that are on Financial Assistance. I do not want to talk in specifics, but just a couple of questions that have come up. And if any question that I ask has already been answered—

The Chairman: That is okay.

Mr. Michael A. Weeks: —I have to apologise. I have just come from a funeral.

The Chairman: That's fine.

Mr. Michael A. Weeks: Okay.

One of the first things that I encounter a lot of times dealing with Financial Assistance clients is that Financial Assistance clients are not allowed to work, or they do not have employment. But when these clients get insurance and they go to a doctor or a dentist, they are required, because Financial Assistance only pays 80 per cent . . . so they are left with 20 per cent to come up with. My question is, if a Financial Assistance client is not working, is unemployed, what we do is we leave the provider holding the bag because a lot of times after that 80 per cent is paid by Financial Assistance, the 20 per cent . . . most times the client cannot pay that. So my question to the Minister is, can that part of Financial Assistance be looked at?

You know, having said that, I would be the first to say that what Financial Assistance does. I take my hat off to the staff. They are always trying to do their best for these clients, but that particular question I think I had to ask about, that other 20 per cent.

Another question I have for the Minister. How closely, Madam Minister, does the Department of Immigration work with Financial Assistance? And I am saying that to say that in terms of work permit grants, is Immigration constantly in touch with Financial Assistance because a lot of the jobs . . . I do not want to use the word "menial," but a lot of those jobs are like [driving] a bus and some truck driving jobs, a lot of people that are on Financial Assistance can definitely do those jobs. So if Financial Assistance is not constantly in touch with Immigration or vice versa, I would like to suggest to the Minister that that relationship be established because a lot of times the pool of those workers can be found on the doorstep and the office of Financial Assistance.

I am still on Financial Assistance, Madam Chairman. Another issue I have is that . . . I know that there are some people on Financial Assistance whose family member may have just lost their job. As it stands now, Madam Chairman and Minister, if my mom was on Financial Assistance (she is not, but if she was) and I lose my job, I somehow get suspended from the House and am no longer working, and if I move in with my mom, she is in jeopardy of losing her benefits.

Now, I am hungry. I am moving in with somebody else who is struggling to have something in her stomach, but if I move in with her we both end up hungry. So I think if I lose my job it is better for me to go to the Salvation Army than it is to go to a family member. So I think that, too, needs to be looked at.

I know Financial Assistance cannot be the end-all be-all for everything, so I have to keep saying that I appreciate the job that they do, but working closely with clients on a daily basis, these are just some of the issues—the contradictions—that I see. You know, no one to blame in particular, but how do we address that question? Because what happens is a lot of people will find themselves having to be dishonest rather than going to Financial Assistance and saying, *I moved in with my mom*, or, *I moved in with another family member*.

One final question I have, still on Financial Assistance, community service . . . I remember up in this Honourable House we talked about the need for Financial Assistance applicants or clients to do a certain amount of community service. So my question is, how diligent is Financial Assistance in following up with those clients that have been asked to do community service?

I heard my colleague earlier talk about job search. That is another one that is kind of tricky and sticky because in the climate that we are in, Madam Chairman, there are not many jobs out there. And I

get clients coming to me almost on a daily basis saying, *Mr. Weeks, look, I need to stay on Financial Assistance, but I have nowhere else to go because no one is hiring. No one is hiring and I want to stay in compliance, but there are absolutely no jobs out there.*

I heard my colleague talk about some reforms, and I agree with him that we may need some sunset laws, so to speak, that we may need to suspend some of these Financial Assistance rules as it stands now, even if it is just for a year or two years or so. Keeping in mind that a lot of people find themselves on Financial Assistance for the first time in their lives and they are not the stereotype that has been on Financial Assistance, historically.

We have to be mindful of the fact that there are a lot of people that want to be honest. I am not saying that people before were not honest, but there are a lot of people that were on it that want to be honest, but some of the rules are making it difficult for those people that want to be on the right side of the law but still need to eat.

Now before I take my seat, I am just going to make sure I touched everything. I think that is it, Minister, so if any time is left and anything else comes up, I will ask you another question.

Thank you.

The Chairman: Thank you, Member.

Are there any other Members that would like to speak to Heads 55 and 56?

The Chair recognises the Member from constituency 6, the Shadow Minister for Economic Development, the Honourable Wayne L. Furbert.

You have the floor.

If you could, just guide me on where you are going to start.

Hon. Wayne L. Furbert: Yes, thank you, Madam Chairman.

I lost my page, what—

The Chairman: That is okay.

[Page] B-256 is where Financial Assistance starts.

Hon. Wayne L. Furbert: [Page] B-222.

The Chairman: B-222?

Hon. Wayne L. Furbert: I thought I would . . . so Madam Chairman—

The Chairman: Now that you found the page, is it the B-256?

Hon. Wayne L. Furbert: [Page] B-222, Financial Assistance.

The Chairman: Oh, that is [page] B-256.

Hon. Wayne L. Furbert: No, no, I am talking about [page] B-222. That is all I am talking about.

The Chairman: Ah.

Hon. Wayne L. Furbert: You have got to give the time for the Minister, if you want to be taking this time from me.

The Chairman: Okay.

Hon. Wayne L. Furbert: Madam Chairman, I said over and over again, I recall when this Financial Assistance first started. Well, probably 1994, I remember around that time, going back to that time, we thought that a million dollars was a lot of money in those days . . . in this particular line item. I think it was around \$1 million or \$1.5 million way back then. Well, there was a time when it started at zero, but you know it has crept up over time, and we understand why.

Now we are budgeting for \$49 million this year. I guess the question I have to ask, and I am speaking to a colleague of mine as an accountant, last year they budgeted for \$46 million—and I am sure you went over this before—and they went up to \$52 million. Is it realistic, particularly when the year before (2013/14) it was \$48 million that it is going to go down . . . that we have enough?

Because in answer to my good friend the Honourable Member, Mr. Weeks, they are going to tighten up the policy so they cannot pay out the money. They understand that. The more loose the screw is, the more I flow into that building, so they are not going to release . . . no change, no policies for one year or two years. Now they should, but it messes with the budget. It messes with the budget, we understand that. And we know that there are a lot of people out there that need help; a lot of people that need help out there. Right?

Now is it, based on the policies, is it the . . . does the Minister have flexibility because of the policy? Nothing in law, but in policy ministers can do certain things—change the policy overnight. I remember when I was the Minister of that particular department and we were trying to help our seniors and I said to them (because money was flowing), *Seniors need some additional money . . . funding. I said, No, no, take it from . . .* at that time there were younger members who were getting money. *I said take it from them and give it to our seniors, \$500.00 more a month.* I will never forget it. I will never forget that in 1995/96, or around that time. So the Minister has the ability to put policies up.

We will be here next year, unless there is a dramatic change in the economy . . . unless these hotels go up, and we hope they do go up. But all I am asking is if the Minister is comfortable that what we are putting aside [enough], I mean, we have got \$5.6

million we are debating tonight in supplementaries . . . is it realistic?

[Inaudible interjections]

Hon. Wayne L. Furbert: I am not, I am not . . . I just said we are debating it tonight. I have not mentioned anything about it. But I am not anticipating it because I can—that is easy, Madam Chairman. I can deduct the original from the revised, that is in the budget, that has nothing to do with supplementaries. Okay? I made it very clear. There are individuals that probably do not think I am, but you can deduct the numbers and [I can] tell you where the number is coming from, I am not . . . and you know, that is where I am getting it from.

But to go down to \$49 million, which means you are \$3 million short than what was actual, is that realistic? How did you come up with \$49 million? And I am giving her more time, how did you come up with \$49 million? Because somebody had to sit down and work out the numbers and just say, Was it \$49 million . . . \$131,000? I am not sure what comes after that. I hope there are no cents in there. I hope it is a rounded number. But how did you come up with that number? Based on what is happening now, and you are thinking that it is going to improve this year?

We heard a couple of weeks ago that some other international business were laying off staff and there are more to come. All right? So all I am saying is . . . I think the number is . . . well, I am asking the question to the Minister, is this realistic? And I am going to, I will question again . . . last year, because if I go back to Hansard, I asked the same question last year and everybody said, *No, no, we're okay. We've got the numbers. We've got the numbers.* If I go back to Hansard of last year . . . not this Minister here, but the Minister who was the Minister. *Is the number realistic?* [The answer was] *Yes, we're okay.* Yet the budget and the actual differ.

Most of the budget . . . a lot of them are seniors (all right?), and we know where the seniors and those who have other challenges and stuff are going there, and now that we have . . . now that we have the people unemployed . . . because, you know, most Bermudians do not really want to go up there, really they do not. And that is one of the reasons why we developed (when I was the Minister) the ministry for seniors, because I did not want my seniors to go up those steps or that elevator because it was about some dignity they had. They wanted to go to another location.

We sat down and talked about it. That is why the Ministry of . . . not the Ministry, but the Office of Seniors was really developed at the very beginning. That is where it was developed. Take that money out of there and place it so that there can be something. I mean, you are going up those steps, I mean . . . it has changed now. But I tell you, five, six years ago people

would be hiding behind the doors trying to figure out how to get to the steps. And when I was the Minister of Tourism, that hallway outside was flooded. You know where it was going. It was going . . . so my point is, with the increase out there we know that people need help, are we being compassionate enough to realise that we are going to have to do it based on realistic numbers. And that is what I am asking the Minister. Tell me straight up front are those numbers—the numbers that are budgeted this year—realistic?

Thank you.

The Chairman: Thank you, Member.

Are there any other Members that would like to speak to Heads 55 and 56?

The Chair recognises the Minister.
Minister, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, I am going to start from the bottom, you know, the last speaker and work my way backwards, if that works for everybody. And I have got . . . what? Maybe 10 or 12 minutes left.

The Chairman: Yes.

Hon. Patricia J. Gordon-Pamplin: So I just want to ensure that I get as many responses through as I possibly can.

Firstly, the Honourable Member from constituency 6 just asked whether the numbers are realistic. Well, the Finance Minister has effectively said, *You know, I am giving you a shilling to spend, you can't spend one in six.* So the bottom line is, what we are trying to do, first of all, is infuse sufficient stimuli into the economy so that some of those people who are now relying on Financial Assistance will be able to be gainfully employed and hence will not have that requirement. That is the intent and that is where we are hoping to go.

Now, obviously, we are reasonably comfortable with the amount. You know, the thing is that we have been asked to keep close constraints on the vote that has been allocated, and that will be the task that will have to be done by the department.

Let me respond to the Honourable Member from constituency 16 with respect to when people move in with family members. There is not a challenge. Somebody moving in with a family member does not negate their ability to be eligible for Financial Assistance. That family would then be reassessed if such a need arises, if they have other people coming into the household, but they will not necessarily automatically lose their benefits.

The challenge that comes when people find themselves out in left field is because they have not been honest about people moving in and for the de-

partment to have a proper evaluation in terms of who actually lives in the house. And sometimes you do get situations in which people move in because it is expedient for them to do so, but they might be still earning some income outside, and because they do not want that extra income to be part of the assessed overall evaluation for the household they may choose to not declare that. And people find themselves being, you know, on the short end because they are found out. There is an honesty policy, there is an honesty policy that exists within the department and people who sign up are expected to comply with that honesty policy.

You did ask also the question Honourable Member with respect to whether Financial Assistance liaises with Workforce Development and the Immigration Department. Well, let me just say that Financial Assistance, part of their work readiness programme is to ensure that some of those people who are on Financial Assistance actually . . . they have to make sure that they go and sign up with Workforce Development. That is a prerequisite.

Workforce Development, in turn, works directly with the Immigration Department. So if there is a job, and especially those in restricted categories, the Immigration Department and the Workforce Development Department are well aware of those jobs, so the Immigration Department will not allow a work permit from somebody who is applying for a permit for an employee where the category is one that could and should be filled by Bermudians. So that is one of the things.

In addition, within the ambit of the department there actually is a weekly community service form so that people who are on Financial Assistance, who are put into this work programme, actually have to show what the details of community service that they have conducted, the hours that are necessary are determined, and they are advised at the time they [can] go down from . . . instead of seeking 12 jobs per week, they now only have to seek five jobs per week, provided they put in the 15 hours.

At the moment, the number of outside agencies that have subscribed to that particular programme are such that we have to rotate people at the moment for the work that they do in the community service. We are hoping to bring more service providers on board so we can have a greater number of jobs for people within Financial Assistance so that they can go and be you know, that they can have maybe four or more hours and not be . . . not have to go through the rotations, that they can stay a little bit longer. But there is a sheet that has to be signed by the supervisor and this gets turned in as part of the necessary documentation in order for people to know that they qualify for Financial Assistance and that they have provided the necessary information.

The question also with respect to clients who do not work, if they have to go to the doctor Financial Assistance only pays 80 per cent, that is not exactly

accurate. Financial Assistance actually pays the HIP premium for clients, so if there is a differential between what HIP pays that is not Financial Assistance, that is . . . the doctor will charge whatever the fee is. But Financial Assistance pays the premium; it does not pay the doctor's bill. So that is important to understand, but we will take note of your comment that if somebody is not working the differential on the doctor's bill, they may not have access to that money and that is something that we have to look at. But the Financial Assistance Department pays for the premium.

Honourable Member from constituency 3 asked the question about whether there were fewer people where the numbers reflected fewer people having demands, or whether there was a better stewardship, and whether there are fewer numbers of dependants requiring assistance in terms of Child Day Care Allowance and the like.

I think that while I would like to say that there are fewer people, I do not believe that that is realistic. That is one of the reasons why I said in my presentation that at the moment we have a Child Day Care Allowance of \$800.00 per child per month. You will know that within the ambit of that particular award that that \$800.00, there is a threshold of \$55,000 for household income, but savings are not a part of the assessment when a family is assessed as to whether they are eligible for Child Day Care Allowances. And as a result of that, that says that people can actually utilise the . . . because I think the intent of the Child Day Care Allowance at the outset was that people would be able to save some of that money for the benefit of that child for future, or be able to pay off some of their outstanding indebtedness with that extra money that is coming into that household. As a result of that it is not necessarily so, and also child's maintenance payments are not factored into the income if there is additional money coming in for child maintenance. So as a result of that what you will find is that if . . . you know, this money is basically extra money that the household has.

If it looks as though we have got far more applicants than we have money to stretch, then we are going to have to look at whether it will be necessary to curtail that particular grant. And that would be reflected in the regulations if such a determination is made. We want to be able to comply with the budgetary allocations to make sure that we do not spend more money than we have to spend, but we are trying our best in that regard. I believe that the department does a yeoman's service in terms of keeping things under control and ensuring that the money that is expended is within the vote that we have. And we will be monitoring that very, very carefully. So at the moment it is \$800.00 per month per child.

I think that the one thing that is important to understand is that we know and are very sensitive and compassionate with respect to the fact that people are struggling, but at the same token we also have to en-

sure that people understand that the Government is for the hand up, the Government is not the level of expectation, the Government is not your pay cheque at the beginning of the month. So we want to make sure that everybody is rowing in the same direction, that we try our hardest. In order to make all this work, obviously, the economic stimulus that is coming down the train will assist people in being able to find additional employment, and as such hopefully their dependence on Financial Assistance will be minimised and diminished.

We had questions about the extra services that were included in the grants and it was questioned about some of the additional programmes. The Honourable Member from [constituency] 21 asked the question that Parkwood Home, Summerhaven, Salvation Army and Teen Haven, they were asking about whether those reductions were fair, were fair reductions.

I think that with this mid-term expenditure plan it is important to understand that we have to find the money and we have to be able to accommodate everybody. The one good benefit is that you have places like the Matilda Smith Williams which got \$300,000 last year; \$275,000 in this budget, a decrease of \$25,000. But that is an entity that is owned by the AME Churches and, therefore, their membership will assist in making sure that that home is run well, efficiently, and financially stable.

Also some of the reductions with, you know, Teen Haven and S.T.A.R., Summerhaven, these are reductions that had to be made in order to make the money work. I think it is unfortunate . . . We would love to be in a situation to say that there is a never ending pot of money and be able to give whatever is required, but that is just not the happy position that we find ourselves in. As I said the other day, when we spend . . . when we have got money and we spend it without regard for saving for the future, we are going to find ourselves in these kinds of difficulties.

I had a question concerning the increase in salaries in the department and the incremental . . . the increase that we have was basically as a result of the incremental increases. So some of the staffing, although the staff numbers have not changed, there have been some position changes, some PS grade changes and, therefore, the incremental [increase] was reflected in the actual budget.

Seniors remaining in their homes, obviously there is the home allowance which is like \$2,000 per month, which . . . up to \$2,000 per month, to assist seniors with being able to stay in their family homes.

Rental accommodations of \$1.3 million, the Honourable Member from [constituency] 21 requested information concerning that, and that rental accommodation is part of the schedule of fees. So there is no separate line item per se for that, it is just that with-in financial allowances per month it takes care of rent, it takes care of electricity, gas and various other

things. And that \$1.3 million is the breakout of what is actually paid in rent. So that was the—

The Chairman: Minister, one more minute.

Hon. Patricia J. Gordon-Pamplin: Thank you.

And rest homes, \$776,000, again, that is the same sort of thing that if a senior is entitled to somewhere between the \$4,000 and the \$5,000 monthly for their rest home fees, and there are differences between rest homes and nursing homes, if they are entitled to that, that is what makes up the \$776,000.

Work Ready initiative, I think I spoke to that already in [combination] with the Public Works and other areas, there is . . . creating work to provide people who are on Financial Assistance to be able to meet that, to have that extra employment.

I think that is probably about as much as time. There were some recommendations in terms of some of the amendments to policies that might be considered. And certainly we will take all of those under advisement, we will have a look at them, and if there is any possible way that we can do any of them within the money that we have—

The Chairman: Thank you, Minister.

Hon. Patricia J. Gordon-Pamplin: —we will certainly do so.

Thank you, Madam Chairman. And I thank Members for their contribution to this debate. And with the close of this debate, I would like to move Heads 55 and 56.

The Chairman: Thank you.

It has been moved that Heads 55 and 56 be approved.

Are there any objections to that motion?

There are no objections.

Agreed to.

[Gavel]

[Motion carried: Ministry of Community, Cultural Development and Sports, Heads 55 and 56, were approved and stand part of the Estimates of Revenue and Expenditure for the year 2015/16.]

Hon. Patricia J. Gordon-Pamplin: And, finally, Madam Chairman, I would like to ensure that we have moved every single head for the department just to make sure that we have not left anybody out. So we have got [Heads] 71, 20, 23, 52, 18, 19, 55 and 56.

Thank you, Madam Chairman.

The Chairman: Thank you very much.

Members, we remain in Committee of Supply for Estimates of Revenue and Expenditure for the year 2015/16.

Up next is the Public Works Department. That has four and a half hours. We will be doing Heads 36, 49, 53, 68, 81, 82 and 97. I call on the Minister in charge to proceed.

Minister.

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

MINISTRY OF PUBLIC WORKS

Hon. L. Craig Cannonier: Thank you, Madam Chairman.

Again, it is with privilege that I now stand for the next couple of hours and address Heads 36—Finance Administration; 49—Land Valuation; 53—Bermuda Housing Corporation; 68—Parks; 81—Public Lands and Buildings; 82—Works and Engineering; and 97—Land Surveys and Registration.

I draw attention, as we first start off, and I would like to start off and end the same way in thanking the heads of these departments: Thomasina Hassell, Diane Elliott, Major Barrett Dill, Lisa Johnston, Christopher Farrow, Peter Havlicek, and Debbie Reid for a fine job. After just a few weeks since taking over this Ministry it is evident to me that we have very capable people leading the ship as far as this particular Public Works Department is concerned.

I would then now like to turn everyone's attention to pages B-191 through to B-196 of the Estimates of Revenue and Expenditure.

HEAD 36—MINISTRY OF PUBLIC WORKS HEAD- QUARTERS

Hon. L. Craig Cannonier: Madam Chairman, the first thing people say when they land on this Island is invariably what a beautiful, clean place we have. Tourists to this Island frequently comment on our well-manicured gardens and public lands. This is a testament to the hard work and dedication over many years by the men and woman of Public Works and I am excited to outline to you today many of the programmes and projects that our staff have worked tirelessly this year to complete.

Madam Chairman, the budget allocation to the Ministry of Public Works is for \$73,863,000 a decrease of \$3,891,000, or 5 per cent under the 2014/15 budget found on page B-190.

Madam Chairman, the anticipated revenue of the Ministry of Public Works is for \$15,833,000 an increase of \$2,945,000, or 23 per cent when compared to revenue during the 2014/15 budget period as seen on page B-190. The increase in the revenue budget is tied to the export of electricity to BELCO due to the installation of a new turbine and the introduction of septage dumping fees.

Madam Chairman, the Ministry's Capital Budget for 2015/16 is \$39,336,000. This comprises the Capital Development Budget of \$38,114,000 and the Capital Acquisitions Budget of \$1,222,000.

Madam Chairman, the Ministry's budgeted employee full-time equivalents for the fiscal year are at 708, a decrease of 14, as seen on page B-190.

Our mission statement, Madam Chairman:

The mandate of the Ministry of Public Works Headquarters (Finance and Administration) is to provide centralised support services to the operating programmes, which includes Public Lands and Buildings, Works and Engineering, Parks, Land Valuation, and Land Surveys and Registration.

Madam Chairman, the services provided by the Ministry of Public Works Headquarters are organised into the following six [line items] found on B-192:

- 3601—Head Office Administration;
- 3610—Accounts;
- 3611—Purchasing;
- 3612—Telecommunications;
- 3613—Human Resources; and
- 3614—Architect and Design.

Head Office Administration, [line item] 3601. Madam Chairman, the Head Office Administration, [line item] 3601, as seen on page B-192, is comprised of Headquarters Administration (including Safety and Health), Central Filing and Human Resources. Headquarters Administration, under the direction of the Permanent Secretary, provides oversight and management support to the entire Ministry of Public Works. It also ensures that the Minister's policy objectives are met and specifically, is responsible for the implementation of the Ministry's strategic plan, yearly business plan, management of safety and health matters and numerous special administrative projects.

I am just going to pause there, Madam Chairman, for a minute. I have got a thick binder here, so I am going to be moving swiftly through some of this stuff so that we can move along. I certainly want to ensure that our good friend has time to ask questions.

Madam Chairman, last year in the month of October, it was the first time in Bermuda's recent history that two powerful hurricanes made landfall within one week of each other. Further, Bermuda had not experienced as strong a hurricane as Gonzalo since Fabian in 2003.

The forecasted damage from the passage of a Category 3, Gonzalo, combined with the damage from the passage of Fay six days earlier created an unprecedented and challenging situation for Public Works.

Madam Chairman, I can say that Public Works met the challenges head on and succeeded in making sure our Island rebounded quickly and was "back in business," as *Bernews* pointed out, in record time after two hurricanes.

I can speak to the valiant work carried out and tireless commitment made by the mighty workers of Parks, the Quarry, the Highway crews, the Prospect Depot, the Water Section, Tynes Bay, Marsh Folly, Garbage Collection, and the untold members of Public Works who came together to ensure our Island was ready for the next business day, and I want to thank them for their dedication and service to this Ministry and the people of Bermuda, more importantly. They did a fantastic job as you can recall.

Madam Chairman, I would now like to highlight many of the exciting and essential administrative projects that our Head Office has focused on over the past year and will be advancing in fiscal year 2015/16.

During 2014/15, Head Office took on a critical review of policies and procedures and management processes at Waste Management Services. Rampant overtime, sick leave and an ageing and failing garbage truck fleet were and are paralyzing this essential government service.

Madam Chairman, I am happy to report that we are making rapid changes at Waste Management for fiscal year 2015/16. Over the next few months we will be purchasing new garbage trucks, integrating GPS on those trucks so we can monitor in real-time our crews' progress on assigned routes, and [we are] implementing a new garbage collection plan with the inclusion of transfer stations that will allow for the consolidation of waste at way points on either end of the Island, thereby reducing the time spent servicing the zones, wear and tear on our ageing truck fleet, and increased fuel efficiency.

Madam Chairman, Head Office has also been working tirelessly to ensure that infrastructure repairs are being rapidly attended to at the Perimeter Lane and Palmetto Road subsidence damage. The damage exacerbated by the heavy rainfall we have experienced this past year has made this situation more difficult to resolve, but the infrastructure rebuilding is progressing well and should be completed by the end of spring.

Madam Chairman, I am excited to announce the following items have seen significant movement in the last few months:

- Repairs to Kings Wharf from the damage by Gonzalo and Fay are coming to a conclusion and are expected to be completed by the end of April.
- A coordinated comprehensive plan has been set in motion to begin the task of renovating beach bathrooms across the Island.
- The final conceptual presentation of the plans for the Grand Atlantic property has been submitted by the Bermudiana Beach Resort group. We are excited by this new tourism accommodations model and we will be moving forward with our review and due diligence to ensure all conditions of the MOU have indeed

been met and that we can advance quickly through the sale of this property.

I just, again, want to acknowledge . . . while I was up acknowledging all of my heads that are here this afternoon, they had not all quite gotten into the room, but I am now looking around and I see them all here, and it is good to see them, they are doing a fantastic job.

Madam Chairman, I would now like to move our focus to the support services for Head Office, which are Safety and Health, Central Filing and Human Resources.

During 2014/15 the Safety and Health Office continued to focus on internal safety audits for the sections within the Department of Works and Engineering, which focused on the Occupational Safety and Health Regulations 2009. Internal audits were performed for the following sections:

- Safety and Health Committees (2);
- Investigation and Reporting (3);
- Electrical Safety (7);
- Fire Safety and Emergency (8);
- First Aid (9);
- Sanitation (11);
- Hazardous Substances (12); and
- Protective Clothing and Equipment (16).

All audited sections have developed a corrective action plan and are at varying stages of completion.

The Ministry of Public Works continues to provide safety and health training to staff in an effort to promote safety, health and well-being to all employees. In 2014/15, the Ministry of Public Works offered a total of 128 hours of safety training in the following areas:

- Introduction to Safety;
- Food Safety Fundamentals;
- Identifying and Controlling Hazards;
- New Employee Safety Orientation;
- Accident Notification and Reporting;
- Transport of Dangerous Goods;
- Manual Material Handling;
- Fire Safety, AED and CPR/First Aid Training.

These programme initiatives all increased employee awareness regarding the hazards associated with work activities. In addition, three employees have also completed the National Safety Council's Advanced Safety Certificate Program, and 12 other employees are at various stages of the programme completion. Furthermore, 281 employees participated in safety training modules in 2014.

The Ministry of Public Works continues to conduct documented risk assessments to manage risk that Ministry employees and the public are exposed to

as a result of our activities. These assessments will continue into 2015.

Madam Chairman, during the fiscal year 2015/16 the Ministry of Public Works will continue to develop and strengthen its Safety and Health programme in accordance with the requirements of the Occupational Safety and Health Act 1982 and the Occupational Safety and Health Regulations 2009.

Madam Chairman, the second area of support under the Public Works Head Office Administration, is Central Filing, which provides records management for all Human Resource Records; Cabinet documents, Capital Projects and Contracts, and maintains records for the Ministry's legislated functions.

The third area under Public Works Head Office Administration is Hurricane Relief—Gonzalo, which represents funding required due to the destruction caused by both Hurricane Fay and Gonzalo in October 2014. The additional funds are required by the Ministry for work performed by the Ministry that was not covered by the insurance, such as the clean-up of roads, beaches, parks, the management of horticultural waste at Marsh Folly Site, and damaged vehicles.

Madam Chairman, let me turn to our Operational Budget. The Public Works Head Office Administration, [line item] 3601, as seen on page B-192), has been allocated \$1,125,000 for fiscal year 2015/16, a decrease of \$85,000 over the prior year. The decrease is attributed to reduced wages related to summer students.

Accounts. [line item] 3610. Madam Chairman, the Public Works Accounts [section] provides the accounts payable, accounts receivable, payroll, capital asset recording, and financial reporting functions for the operating departments within the Ministry. This section prepares and distributes weekly payroll, vendor checks, and invoices for services provided by the Ministry's operational areas.

With the use of the centralised accounting system, the Public Works Accounts section manages the yearly budget preparation and provides monthly management reports, a process that enables the effective and efficient monitoring and control of the Ministry of Public Works operating budget which is \$73,863,000, along with the Ministry's capital development vote with a total value of \$38,114,000, and Capital Acquisition budget of \$1,222,000, as previously mentioned.

During the fiscal year 2014/15, the Accounts section continued to focus on strengthening the budget monitoring and control systems emphasising the importance of prudent management of operational and capital funding.

The Accounts department also focused on improving functions within E1 to improve our processes and efficiencies within the Ministry.

Madam Chairman, the Accounts department's focus for the fiscal year 2015/16 will be to continue

with the debt collection process and strategy in order to bring a reduction in the total monies owed the Ministry.

Madam Chairman, the Public Works Accounts, [line item] 3610, under our Operational Budget, as seen on page B-192, has been allocated \$983,000 for fiscal year 2015/16. This is a decrease of \$187,000 from the fiscal year 2014/15. The decrease relates to the elimination of the Temporary Additional Management Accountant position and a portion of the debt collection clerk's wage, who will only work three days a week. (And I slowed down a little bit to make sure that they get that information.)

Madam Chairman, the Purchasing Programme, [line item] 3611, provides a centralised purchasing and supply function to the other programmes within the Ministry and to other Ministry departments from time to time. The services provided range from the initial research of sources of supply to ordering, customs clearance, the physical receipt of goods, and the management of inventory for the Ministry.

During 2014/15, the Purchasing section continued to focus on process improvements and creating efficiencies. The purchasing team introduced the Enterprise One (E1) Buyers Guide for inventory purchases. The Buyers Guide will allow Public Works to step away from the manual process, used over the years, to using the Enterprise One (E1) system, which is automated and a smoother process.

I will continue on with [line item] 3611, [the Purchasing Programme] on the same page B-192. It has been allocated a budget of \$1,196,000 for 2015/16, a decrease of \$30,000 relating to the delay in the hiring of the Purchasing Officer.

The Telecommunications programme, [line item] 3612, provides a suite of services to the majority of Government Ministries and departments.

These services include the repair and replacement of telephones and related equipment, the relocation of departments and ministries, and management of mobile service contracts for the Ministry. The programme also provides advice to department Heads regarding call flows resulting in greater efficiencies, voice network designs, and telephone system tenders, managing the implementation of new technologies to maximise cost savings.

Madam Chairman, highlights for 2014/15 were the successful completion of the following projects:

1. The substantive convergence of telecommunication systems with [the] Department of Parks, Child and Family Services, Public Works Accounts department, Youth and Sports, and Department of Legal Aid that led to a reduction in carrier access fees for parallel voice and data circuits.
2. A GPS vehicle tracking and fleet management RFP initiative has been issued with the view to submitting a contract award recommendation by end of the current fiscal year.

Additionally, the telephone projects scheduled for the fiscal year 2015/16 will include, but are not limited to, migration of the main switchboard operators to the contact centre platform.

I will now turn us to Telecommunications, [line item] 3612, as seen also on page B-192. This has been allocated \$1,191,000 for fiscal year 2015/16. This is a decrease of \$28,000, or 2 per cent. The decrease is related the local telephone bill reduction that we acquired.

Madam Chairman, the Human Resource Section, [line item] 3613, provides recruitment, employee relations and training and development services for all staff within the Ministry of Public Works.

The Ministry's dedicated Human Resources team liaises and partners with the Department of Human Resources to provide advice, guidance, and administrative support throughout the Ministry.

In 2014/15, the Ministry of Public Works Training Committee in conjunction with the Public Works Human Resources Section continued to focus on the training objectives outlined in the Human Resource Strategy, which was the creation of mandatory training for all industrial staff and supervisors. In 2014, the team continued with the implementation of the Basic Employee, Foreman and Superintendent Training which carries the name of "BEFAST." The BEFAST programme objectives are to advance training, create career opportunities, and build new working relationships with peers and staff, ultimately creating a team that speaks the same language, resulting in providing better service to our internal and external customers.

During the year we delivered two well-received Team Building training courses attended by 43 industrial staff, which included Highways, Waste Collections, Recycling Centre, Building Maintenance, and Vehicle Maintenance. Public Works also continued the Effective Team Member and Effective Team Leader core courses under BEFAST delivered by Bermuda College's Professional Adult Career Education Department (PACE). As of today 55 foreman and superintendents have completed the Effective Team Leading training and/or Effective Team Member training, and there are currently 30 superintendents and foreman attending classes that started February 2015.

In 2014, the Sponsorship Programme produced students graduated in the following disciplines from [the] New England Institute of Technology [NEIT]:

- Associates Degree Programme—Automotive Technology;
- Associates Degree Programme—Automotive Collision and Repair Technology;
- Bachelor Degree Programme—Automotive Service Management Technology.

Madam Chairman, I would like you to know that all students are now successfully employed in the Vehicle Maintenance Section at the Quarry.

The Sponsorship programme developed by the Ministry of Public Works in partnership with the Department of Workforce Development was created in recognition of the need for succession to be put in place for our ageing workforce.

Madam Chairman, there are five apprentices in the Building Maintenance Section, four are currently attending Bermuda College studying electrical wiring and one enrolled in the plumbing course.

The Ministry of Public Works also has in place a Trainee Programme in which two trainees are currently enrolled. This programme focuses on training Bermudians for professional positions that are difficult to fill such as:

1. Management Accountant; Ms. Rashida Bean is studying for her Certified Public Accountant (CPA) designation. In 2014/15n she has recently been assigned to take the lead on Capital Acquisition Reporting and Capital Development projects with the Ministry.
2. Civil Engineer; Allanette Hayward, former Bursary Student, is in training as a Civil Engineer. She graduated in 2013 with a bachelor's in Civil Engineering with honours and graduated with her master's in 2014. She is currently assigned to the Highways section and will receive training other in other civil engineering areas, such as Water and Waste and Structures sections.

Madam Chairman, in addition, the Ministry of Public Works also plays a part in the Government Wide Bursary Scheme and we currently have one bursary student studying for his MSc in Civil Engineering at the University of Southampton.

To these students I just want to give a shout-out to them—well done! And well done to our team for taking them on and working with them to ensure that our young people find a place to go once they graduate, knowing some of the conditions that we have now in our students coming back and it is difficult.

[Inaudible interjection]

Hon. L. Craig Cannonier: It might have started quite some time ago and I know it must have been under you, brother.

Madam Chairman, the Human Resource Team continued . . . I also want to acknowledge that a lot of work has gone in the past to get us to this point, so I acknowledge the Honourable Member Derrick Burgess from constituency 5 as he was bringing out the fact . . . when did this start?

The Human Resources Team continued its successful partnership with C.A.R.E. Learning Centre who prepares a number of the Public Works staff for

the General Education Diploma (GED). To date, 14 Ministry of Public Works employees have gained their GED diplomas and we presently have seven others pursuing the qualification.

Madam Chairman, in 2014/15 the career outreach programme, which is set up to introduce students to technical and engineering careers, hosted a career drive around for 30 student from the Berkeley Institute in March 2014. In June 2014, [they] hosted 30 students from CedarBridge, Noble Automotive to tour the Mechanical section at the Quarry and the Bermuda College Technical Education Centre with a view to encourage and expose students to careers in technical trades.

Madam Chairman, over the fiscal year 2014/15 the Ministry of Public Works had over 35 recruitment drives. Thirteen of these drives were for technical post (industrial), an increase over the past several years mainly due to retirements. This is the first time in six years that we have had to recruit for tradesmen like masons, HVAC technicians and plumbers.

Madam Chairman, the majority of the recruitment this year has been focused on posts that are difficult to fill and contract renewals. This year we have filled over 10 posts that have been challenging to fill. These tend to be posts with worldwide shortages like engineers, surveyors and accountants.

In 2015/16 the Human Resources Section will focus on continued implementation of the Human Resource Strategy, with a focus on succession planning for jobs difficult to fill and retirements. Public Works will also continue to focus on BPSU job description review, Basic Employee, Foreman and Superintendent Training (BEFAST) and industrial training for electrical, air conditioning and mechanical disciplines, to ensure the staff keep abreast of the changes in an ever-changing industry.

I draw attention now to the Human Resource Section, [line item] 3613, as seen on page B-192.

[Inaudible interjection]

Hon. L. Craig Cannonier: [Page] B-192, [line item] 3613.

This has been allocated funds \$619,000 for the fiscal year, a minimum decrease of \$3,000.

Architect Design Programme, [line item] 3614. Madam Chairman, I draw your attention to [line item] 3614 as seen in page B-190. The objective of this programme is to deliver Architectural Design support for Government's Capital Developments projects in a professional, fiscally prudent and timely manner.

Further, it provides opportunities for Bermudian graduates in architecture and related disciplines to obtain the necessary experience and training to acquire the professional designations for their career field. Madam Chairman, the total budget for the Archi-

tectural Design, [line item] 3614, for the coming year is \$187,000.

Let me now turn our attention to Output Measures, Madam Chairman. A few results of the performance measures for the Ministry of Public Works Headquarters as seen on pages B-195 through to B-196:

- [Cost centre] 46111. The Public Works Safety and Health Program focused on performing internal safety audits and hazard awareness training in 2014/15, as we spoke earlier. Six sections within the Ministry received an audit and each section has developed a corrective action plan to address safety concerns. In addition, 20 hazard awareness training sessions were conducted for employees with a total of 281 employees participating in training programmes for 2014/15.
- Let me draw your attention to [cost centre] 46116. As of today, The Ministry has the delivered three out of the four newsletters for 2014/15. The newsletter was created to increase the communication to all other workers.
- Let me draw your attention now as we continue with this area, during 2014/15 the Ministry volunteered to take part in the electronic pilot Forward Job Plan and Personal Development Plans under the direction of the department of Human Resources instruction. The Ministry did reach 100 per cent success rate that they normally receive, partially due to the new system. The Ministry will be working with the Department of Human Resources to highlight factors affecting the return percentage.
- Let me now go to [cost centre] 46118 on the same page. The Ministry also completed six "lunch and learn" for the industrial staff for the current period, the lunch/breakfast and learns were as follows: Diabetes Awareness and Screening, Economic Toolkit; Tips for Tough Times, The importance of Making a Bermuda Will, Healthy Heart (upcoming in March) and Community Gardens (two of those).
- Under [cost centres] 46118. In 2014/15, the Ministry hosted one retirement seminar for employees eligible to retire.
- Under [cost centre] 46030, the water debt reduction target of 15 per cent was not met; we had challenges with the new automated system, this is currently being addressed.
- Under 46040, at least 90 per cent of clients serviced during the current year expressed complete satisfaction with the service offered and that the operational needs of projects at completion have been met. Client satisfaction is ensured by a formal approval process at every stage of the design process.

- With respect to the second Performance Measure in [cost centre] 46040, the unit met the target which was to hold regular meetings with project managers in the Business Unit.

Let me draw attention to page B-194, Staffing.

Madam Chairman, the budgeted head count within the Ministry of Public Works Headquarters decreased by four to 47 for the fiscal year 2015/16. The decrease relates to the removal of two heads from the Accounts department, the Temporary Additional Management Accountant which was used to assist with Fixed Assets and an accounts clerk hired to focus on debt collection.

Madam Chairman, in closing, I would like to express my sincere thanks and appreciation to the dedicated team of officers and staff of the Ministry Headquarters, led by the Permanent Secretary, Ms. Marva Jean O'Brien.

I would like to now then turn to Head 49, the Department of Land Valuation.

HEAD 49—LAND VALUATION

Hon. L. Craig Cannonier: We can turn to pages B-197 through to B-199 for this area.

It gives me great pleasure to present the budget for Head 49, the Department of Land Valuation found on pages B-197 to B-199, as I already said earlier.

The vision of the Department of the Land Valuation is to be a model of appraisal and assessment administration with a reputation for delivering impartial, accurate and understandable assessments that exceed statutory requirements, guidelines and international best practices.

The mission of the department is to assure public confidence in the department's accuracy, productivity and fairness, whilst ensuring that all property subject to assessment for land taxation purposes is valued in accordance with current legislation. Thus, the goal of the department is to maintain an up-to-date and accurate Valuation List of all properties on the Island for land taxation purposes and provide accurate and timely valuation advice to other government departments.

Madam Chairman, the ethos of the vision and mission of the department is encapsulated in their catchphrase "We Value Bermuda" and to this end the department continues to meet its vision and mission through:

- The maintenance of a public Land Valuation website to allow the public convenient access to the current Valuation List, information on assessments and the assessment process, together with other frequently asked questions.

- The continued training and development of staff and review of best practices in assessment and administration procedures.
- The collection and analysis of information pertinent to residential, commercial and tourist property assessments and valuation.
- The use of information technology and data to maximise the benefit of integrating mapping and mass appraisal techniques to continually improve the accuracy of appraisals and efficiency of the department.
- Maintaining a paperless office to not only to become a more environmentally friendly department, but for more efficient use of office space and more accurate and accessible records to improve customer service.
- Regular audits of appraisals to ensure compliance with legislation as well accuracy and agreed service level agreements.

Many may not truly appreciate the function of the Department of Land Valuation or be fully cognisant of the crucial role it plays in Bermuda's tax regime. I will enlighten you with a few interesting facts so that you know:

- The Land Valuation website is one of the most frequently visited Government websites with over 5,000,000 "hits" per annum (that is astounding) and an average of 2,200 visitors per month.
- There are over 35,500 valuation units in the Valuation List with a combined assessed rental value of over \$1.5 billion.
- The assessments in the Valuation List comprise approximately:
 - residential valuation units—32,000;
 - commercial valuation units—3,400; and
 - tourist valuation units—100.

(Those are some astounding numbers when you really think about it for a small place.)

- The current Valuation List raises over \$59 million in revenue from billing on the assessed annual rental values appearing in the Valuation List, representing 6.5 per cent of Government's total revenue.
- Properties change on a daily basis with valuation units being newly constructed, demolished, merged or split and the Valuation List must be updated to reflect these changes. As a result, the department inspects over 500 properties per annum for land taxation purposes to reflect these ongoing changes.
- The department also provides appraisal services to other government departments including the Office of the Tax Commissioner, the Registrar of the Supreme Court, the Department of Immigration, the Estates Section

of the Department of Lands Buildings and Surveys and any other government department or quango requiring open market appraisals or property advice. In this regard, the department provides valuation advice to other government departments on over 200 properties per annum.

- The Valuation List is also used by a number of government departments to fulfil their mandates, including, but not limited to:
 - The Immigration Department for determining if a property is available for sale to a restricted person.
 - The Rent Commissioner for determining if a property is subject to rent control.
 - The Transport Control Department to ensure that only one car is registered per household.
 - The Parliamentary Registrar registers voters using the Valuation List as an address database.
 - The Statistics Department uses the Valuation List as an address database to carry out census work and other surveys.
 - The Department of Education, as an assessment number is required for public school registration.

Madam Chairman, these are just a few examples of the critical role and function of the Department of Land Valuation, who not only maintain an up-to-date and accurate Valuation List, but provide an invaluable property appraisal service to other government departments, thereby acting as an internal auditor and watchdog for ensuring that the correct amount of stamp duty, for example, is collected. I will elaborate more on these points further in this budget brief.

In addition to the inspection and valuation of premises that are newly constructed, altered or demolished during the life of a Valuation List, the department's mission also entails (which is one of these wonderful words) a quinquennial, or five-year revaluation of all properties in Bermuda. The next revaluation is now due on 31 December 2015 (Do you want to say that word for me again?), and will come into effect for land tax purposes on 1 January 2016 and the department is currently busy with this ongoing project.

Madam Chairman, one may ask how the 2015 revaluation is relevant to Mr. and Mrs. Taxpayer. And that is a valid question. As we have seen particularly over the last five years, property values change over time and these changes are typically not uniform across the market. Some property types and areas go up and even down in value, as experienced in Bermuda since the last revaluation, more than others do depending on market conditions.

Madam Chairman, the purpose of the quinquennial revaluation is to "re-level the playing field" by reflecting these relative changes in value so that fairness and equity of the Valuation List is maintained. As a result of each revaluation, Mr. and Mrs. Taxpayer are therefore confident in the assessment placed on their valuation unit and consequently, they feel that there is equity and fairness in their resulting tax liability.

To these ends, Madam Chairman, the department has a single programme with accompanying cost centre, as shown on page B-197 of the Approved Estimates of Revenue and Expenditure, namely: [Line item] 4901, Valuation Service, comprising cost centre 59080, Valuation Service.

Looking at our Operational Budget, Madam Chairman, the Department of Land Valuation's current account expenditure for 2015/16, on page B-197, is \$810,000, which represents a 1 per cent reduction compared to the current financial year's budget. Savings were realised as the bulk of the one-off expenses associated with the 2015 Island-wide revaluation project will be incurred in the current financial year.

Madam Chairman, on page B-198, I must also highlight that 90 per cent of the budget is devoted to salaries totalling \$729,000. The increase in salaries is the result of the cessation of the mandatory furlough day as at 31 March 2015, and you can see that slight increase there.

Manpower: Madam Chairman, there has been no increase in the number of civil service posts in the Land Valuation Department and there are currently seven members of staff, all full-time employees. The department currently has one vacancy at the senior level, comprising one of the assistant director positions. It is anticipated that this essential vacancy will be filled by August 2015 as a result of a development opportunity within the department.

Valuation: The single Valuation service programme for the department, cost centre 59080, [line item] 4901, contains three packages:

1. Maintenance of the Valuation List;
2. Appraisals;
3. Revaluation 2015.

The current economic climate has required us to make numerous cost savings throughout our budget and compels us to be creative in the provision of services.

The department has endeavoured to do this with the 2015/16 budget and continues to answer the call to dig deeper. To this end, all expenses have been cancelled other than the absolute minimum to operate the department. As such, the department has no vehicles, no government credit cards, no overseas travel funds, no facsimile line or cellular phones.

Madam Chairman, the 4 per cent budget increase in Salaries, as seen on page B-198, is a result of the cessation of the mandatory furlough day as of

31 March 2015. As aforementioned, salaries continue to make up 90 per cent of the department's budget. The remaining operational expenses for the department represent a 31 per cent budget decrease as a result of the bulk of the 2015 revaluation project costs being incurred in the current financial year.

Minimal funds have been requested for fiscal year 2015/16 for Training, as seen on page B-198. The professional members of staff within the department are all members of the Royal Institution of Chartered Surveyors and are required to undertake a minimum of 20 continuous professional development hours per year. Unfortunately, workshops and conferences specialising in valuations for taxation purposes are virtually non-existent on the Island and thus online web classes are an essential tool and medium for keeping abreast of current developments in the specialist field of valuations for taxation purposes. The funds requested will cover the costs of the online web classes.

Madam Chairman, the 20 per cent budget decrease in Professional Services and the 80 per cent budget decrease in Materials and Supplies, both as seen on page B-198, are directly related to the 2015 revaluation project. As aforementioned, the bulk of these costs are being incurred in the current financial year and are for the costs associated with printing and mailing over 47,500 rent survey forms, including e-mails and the hiring two temporary data inputters.

Madam Chairman, the 18 per cent budget increase in Repair and Maintenance, as seen on page B-198, is due to increased costs associated with various maintenance agreements for the department's IT database, website, digital drawing software and printer.

We turn now to Capital Acquisitions. Madam Chairman, the Capital Acquisitions allocation for the Land Valuation Department, as seen on page C-12, is \$39,000 and is for a necessary move of the department's IT database platform.

Madam Chairman, the move to the new server is critical to the overall functionality of the department as its IT database is severely impacted and crippled when the current defunct Oracle server goes down. The requisite and urgent upgrades will future-proof the department's IT platform for maintaining and amending the Valuation List and appraisal work.

Revenue: Madam Chairman, in fiscal year 2015/16, revenue of \$63,200,000 representing 6.8 per cent of Government's revenue, is projected to be raised by the Tax Commissioner using the Land Valuation List that is maintained by the Land Valuation Department. This represents a 7 per cent increase compared to the previous fiscal year and is fuelled by the proposed increase in the land tax rate for commercial units. Approximately another \$1,500,000 is projected to be raised by stamp duty levied on the appraisals provided to the Tax Commissioner for vol-

untary conveyances and the Registrar of the Supreme Court for probate purposes.

Madam Chairman, I am sure you will appreciate the relatively low cost of this department, which has the third smallest budget in Government, in light of the significant revenue it generates.

Major Achievements for 2014/15: Madam Chairman, the Department of Land Valuation has had another busy and challenging year working to meet its service targets with both taxpayers and other government departments.

Despite being 25 per cent short-staffed for the majority of this period, the achievements of the department are notable. The Performance Measures for the Land Valuation Department can be found on page B-199, and I would like to bring these measures to your attention.

Madam Chairman, the mandated function of maintaining the Valuation List utilises most of the department's resources. When fully staffed, six out of the eight full-time employees are engaged full-time on maintaining an up-to-date and accurate Valuation List. This work entails inspecting, reassessing and making a corresponding alteration to the Valuation List on any residential, commercial or tourist property that is built, altered or demolished.

There were 629 cases generated during the year from a combination of Certificates of Completion and Occupancy from the Planning Department, enquiries from the public and cases generated internally. By year-end, a total of 562 cases were completed. Of the cases completed, 58 per cent were completed within the service target—

[Inaudible interjection]

Hon. L. Craig Cannonier: Let me just take you back to . . . Performance Measures, yes.

[Inaudible interjection]

Hon. L. Craig Cannonier: Okay, we will take a look at that. You got it? Okay.

[Inaudible interjection]

Hon. L. Craig Cannonier: Sure. Okay.

Madam Chairman, at year-end there were a total of 35,778 units in the Valuation List with a combined assessed rental value of over \$1.533 billion.

Hon. Derrick V. Burgess, Sr.: Point of order, Madam Chairman, and I say this respectfully—

Hon. L. Craig Cannonier: Yes.

The Chairman: Member, can you please wait to be acknowledged? Thank you. I am sorry I just had to . . . the Chair recognises the Member from constituency 5,

the Shadow Minister of Labour and Seniors, the Honourable Derrick V. Burgess.

You have the floor.

Hon. Derrick V. Burgess, Sr.: Yes, Madam Chairman.

The Chairman: Yes.

POINT OF ORDER

Hon. Derrick V. Burgess, Sr.: The Minister is talking about the Performance Measures and he is giving some figures there that we should have, but they are certainly not in this [Budget] Book. And they are so important that they should be in this [Budget] Book if he is going to mention them.

Hon. L. Craig Cannonier: Sure.

Hon. Derrick V. Burgess, Sr.: I mean . . . I cannot follow you.

The Chairman: Thank you, Member.
The Chair recognises the Minister.
You have the floor.

Hon. L. Craig Cannonier: Thank you, Madam Chairman, and we will provide that if we can get our team to provide that to you. Also, we have a brief . . . there should be a brief here somewhere as well. Yes.

Madam Chairman, there were 629 (and you will find this in the brief as well) cases generated during the year from a combination of Certificates of Completion and Occupancy from the Planning Department . . . sorry, I said that part already, let me skip down.

Madam Chairman, at year-end, there were a total of 35,778 units in the Valuation List with a combined assessed rental value of over \$1.533 billion. And we just wanted to provide that information for you. This is some of the things that we are doing that you may not see there.

Madam Chairman, it is also important to highlight that the fee for the hearing of an objection by the Land Valuation Appeal Tribunal had not been increased for some 25 years since 1989. The department successfully increased this fee in July 2014 from a paltry figure of \$15.00 to a more realistic fee of five hundred and forty five dollars \$545.00, in line with other Government appeal fees.

Madam Chairman, the stamp duty section provides valuations for the Tax Commissioner and Registrar of the Supreme Court for voluntary conveyances and probate purposes respectively in order that the correct amount of stamp duty can be levied on each document.

Did you get that brief? Not yet? Okay.

When fully staffed, two out of the eight full-time employees are engaged on appraisal work.

Madam Chairman, a total of 131 cases from the Tax Commissioner were completed during the year with 64 per cent of cases reported within 20 working days of receipt. It is not always possible to meet the service target of 20 working days from receipt as often large batches of up to 40 cases are received at the same time. Furthermore, the turnaround of cases was further detrimentally impacted with the vacancy of the Assistant Director—Stamp Duty's position.

Madam Chairman, the total of 58 cases were received from the Registrar of the Supreme Court during the year. All 58 cases were completed and returned within the service target of 10 working days, despite the staff shortage in this section.

During the year, only one case was received from the Immigration Department in respect of a sale of property to a restricted person. The department provides advice as to whether or not the purchase price returned for the licence fee can be accepted as the open market value of the property. This case was completed and returned within the service target of five working days.

A total of 11 cases were received from the Estates Section of the Department of Public Lands and Buildings for appraisal advice on the open market value of numerous government assets, as well as appraisals on potential disposals and acquisitions. All 11 cases were completed and returned within the service target of 10 working days, despite the staff shortage in this section.

As previously stated, the department's website, www.landvaluation.bm, has given the public easy access to the Valuation List at any time of the day or night since 1999. It allows the public the ability to view their land tax assessment and compare it with their neighbours, as well as access frequently asked questions or e-mail in a question of their own. The integrated mapping also assists with the location and identification of properties.

Madam Chairman, the department continues to embrace technology as the way of doing business. The majority of the public want electronic access to the department 24 hours a day, seven days a week and to be able to communicate electronically with staff. The website is specifically designed and maintained for this purpose.

The data on the website is updated nightly and the department reviews and maintains the frequently asked questions page to expand on existing answers and to include new questions and answers as needed. The majority of communication received by the department is electronic and by the medium of e-mail.

A customer service survey undertaken in February 2014 highlighted that the department's website has become an—

Hon. Derrick V. Burgess, Sr.: Madam Chair—

The Chairman: Thank you, Member.

The Chair recognises the Member from constituency 5.

Hon. Derrick V. Burgess, Sr.: Madam Chairman, with all due respect, we are examining the Budget of the Public Works, and the commentary should come from this [Budget] Book. I need to follow it. The general discussion was held some weeks ago. You know, this is what we are doing . . . what we should be doing, but we are not doing it.

Now, if you want to consume time and we cannot give information to our constituents—the taxpayers—then . . . I guess you can just do what you want to do.

The Chairman: Thank you, Member.

The Chair recognises the Minister.
You have the floor.

Hon. L. Craig Cannonier: I appreciate the Member, but this is certainly giving more information to the public so they know what is going on.

A customer service survey undertaken in February 2014 highlighted that the department's website has become an integral and useful tool for property professionals and the public at large. During 2014, the website had 26,997 visitors and 5,251,000] "hits." Although 72 per cent of the hits were from Bermuda, countries as far away as Japan, Hong Kong and India also visited the website. The website also had an up-time or availability of 99.95 per cent during 2014.

Given the importance of the website as the primary interface with the general public, the department is also in the process of revamping and modernising the website, which will now be housed in the government portal. Updates to the website will include new frequently asked questions and downloadable content which will be presented in a modern, easy to use, up-to-date interface. The department is working with an anticipated "go live" date of March 2015.

Madam Chairman, the department no longer has a physical filing system as every piece of correspondence is scanned and saved to the database (as we mentioned the numbers before in cutting back on supplies and the like). This not only applies to paper documents, but also extends to logging pertinent verbal discussions from phone calls, meetings and counter enquiries into the database. By no longer maintaining a physical filing system, the department has not only recouped 10 per cent of its floor space, but has improved efficiencies, reduced costs and increased environmental and health benefits overall (as we mentioned in the numbers earlier and how we able to save in costs).

Plans for the Upcoming Year 2015/16: The Land Valuation and Tax Act 1967 mandates a revaluation of all properties on the Island for land tax purposes every five years and, as indicated, the upcoming fiscal year will be extremely busy for the department with the ensuing [quinquennial] revaluation due on 31 December 2015.

Give me just a second here, Madam Chairman. I am going to save you some of this . . . it is a thick book.

Madam Chairman, I am going to now move to . . . there is so much good work that is being done here I am now going to move to my closing comments here.

Madam Chairman, prior to concluding my presentation of the Estimates of Expenditure and Revenues for the Department of Land Valuation, Head 49, I would like to highlight that the department, with a full complement of only eight staff members and the third smallest current account expenditure in the whole of Government, is indirectly responsible for raising approximately 7 per cent of Government's revenue for fiscal year 2015/16 based on the assessments in the Valuation List. Land tax, which represents Government's third largest direct revenue stream, behind Customs duty and Payroll tax, continues to remain a secure revenue stream due to the efforts of the Department of Land Valuation in maintaining an up-to-date and accurate Valuation List. This is quite a feat for such a small department, considering its small staffing size and low expenditure.

Therefore, I would like to take this opportunity to thank the Land Valuation team for their continuous hard work and dedication. Although theirs is a thankless job (many times they feel), they quietly and effectively maintain our Land Valuation List, Bermuda's property tax roll which is the most critical component of our land tax regime.

Madam Chairman, with this comprehensive overview of the department, I now close Head 49.

HEAD 53—BERMUDA HOUSING CORPORATION

Hon. L. Craig Cannonier: Let me move to Head 53 found on page B-200. This is the Estimate of Revenue and Expenditure for the Bermuda Housing Corporation [BHC].

The mission statement of the Bermuda Housing Corporation is: "To provide accessibility to adequate, affordable housing and promote independent living to enhance the quality of life in Bermuda."

The vision statement of the Bermuda Housing Corporation is: "Every Bermudian will reside in an adequate and safe environment."

The Bermuda Housing Corporation's grant allocation of \$6,050,000 represents a decrease of \$1,390,000 over the 2014/15 budget of \$7,440,000, a 19 per cent reduction from the previous year. This reduced budget will be challenging for the Corpora-

tion, but the Bermuda Housing Corporation is confident that it will be able to manage the daily operations with stringent guidelines and fiscal prudence to navigate through these turbulent economic times.

In addition to the operating assistance grant the BHC is budgeted to receive a capital grant of \$2,160,000 for 2015/16 which represents an increase of \$360,000 over 2014/15, a 20 per cent increase from the previous year. This increase is necessary as a result of increasing interest rates over the prior year. The purpose of this Capital grant is to assist BHC with the financing costs associated with the BHC loan of \$36 million for the Grand Atlantic project.

The allocated grant will be used to subsidise the costs of repairs, maintenance and services to clients of the Corporation and for the continuation of the Hustle Truck Programme.

There are no other changes between the 2014/15 and the 2015/16 budgets.

Madam Chairman, the primary functions of the Bermuda Housing Corporation are to provide housing in Bermuda, to promote home ownership, to undertake and carry out housing schemes, and to undertake such other functions in connection with housing as the Minister responsible for housing may require.

The Bermuda Housing Corporation administers a number of programmes in pursuit of its mission including: Managing and leasing a large inventory of properties comprising houses, apartments and building blocks. Some of these properties are owned by the Corporation and others are leased from their owners. In previous years, the Corporation has added to its inventory of properties by purchasing and constructing dwelling units and by renovating and altering derelict properties. The Corporation had previously engaged with owners of derelict properties to restore and rent the properties as affordable housing units managed by the Corporation.

Mr. Chairman, the BHC manages 525 Government and private sector residential units Island-wide, and seven transitional homes comprising of 182 rooms.

The BHC also manages and controls the Helping the Unemployed Sustain Themselves with Limited Employment (HUSTLE) programme which has been in successful operation since 2007.

The Corporation has aggressively engaged in a comprehensive cost-saving programme over the last couple of years in order to generate positive cash flow savings. The cost cutting ventures were wide-ranging and included a reduction in office rent, telecommunications, maintenance, insurance premiums and a reduction in staff (head count) through retirements and natural attrition (voluntary resignations). These vacant posts were not refilled.

The Corporation continues to work with the lending agencies to help assist Bermudian clients to retain their homes by advising on best steps to man-

age mortgage payments under these current economic and financial constraints. The Corporation advises homeowners on creative ways to service their debt to respective lending agencies by either renting out homes or apartments or by providing helpful advice for refinancing their current loans.

The BHC is continuing to work through the due diligence process on the MOU for the Grand Atlantic Development with the Bermudiana Beach Resort entity which is expected to be completed by the end of the month. As you may recall, the plan is to repurpose the Grand Atlantic development into Bermuda's first condo hotel tourism entity, which in the long term will generate jobs, local and foreign investment and satisfied and gratified tourists to the Island. The development, consisting of 60 two-bedroom units and 18 three-bedroom units, is well positioned to become the newest addition to the hotel stock, thus generating renewed interest in Bermuda's tourism model.

Madam Chairman, the Bermuda Housing Corporation has a very good working relationship with the Police Service, particularly the Police Community Action Team (CAT). The Corporation has facilitated multiple area and town hall-style meetings with the CAT team in attendance. The meetings were designed to give guidance and advice to residents on methods they can incorporate to make Bermuda's neighbourhoods safer places to reside and wrest back control of their environment from anti-social behaviour.

The Bermuda Housing Corporation has empathy with many of its clients who have suffered a decline in their income through the misfortune of lost jobs or reduced work hours.

The Corporation has constant meetings with clients to help them navigate through these difficult social, economic and financial times. The Rent Geared to Income (RGI) initiative gives real relief to clients by assisting them with requested payment of only 25 per cent of their combined household income to be paid to the Corporation as rent, regardless of employment status of family members.

The Rent Geared to Income initiative has been a lifeline to clients of BHC. Clients have been able to become more disciplined in savings by depositing 10 per cent of their combined household income toward a savings plan. The ultimate plan is for the savings to be used as a deposit for qualified clients to take advantage of any potential opportunity to purchase their own home.

Madam Chairman, we are pleased to report that over the past year, one former BHC client has in fact purchased their own home. In addition, some clients have amassed savings of over \$10,000 in preparation for an opportunity that may be afforded them to become homeowners. The Rent Geared to Income programme has also allowed many clients to become more financially stable and to choose to transfer from

the BHC housing units into the private sector, thereby giving opportunities to others to become successful clients of the Corporation. The total number of clients choosing to become private sector tenants over 2014/15 totalled 87. This is a commendable work, Madam Chairman.

Ongoing Projects and Accomplishments: The BHC continues to operate seven rooming or transitional houses that contain a total of approximately 200 beds. The various houses are located throughout the Island and provide a safe habitat for BHC clients. The rooming houses cater to households that need immediate, safe or emergency accommodation.

At regularly held meetings in the Rooming Houses, the Support Services Manager and staff members listen to clients' concerns and impart information as appropriate. At the latest meetings held last month, clients felt free to voice their ideas on making their existence in these housing developments more fruitful and productive. The clients were reminded that the Rooming houses are intended for short-term residence, and that improvement in behaviour, attitudes and finances would ultimately result in a graduation to more traditional means of living. In the past year, over 20 after-hour house meetings were facilitated by the Support Services staff members, the primary purpose was to ensure clients understanding of compliance with BHC's Rooming House Policies. The secondary purpose was to listen to concerns expressed by residents and come to joint solutions to solve problems.

In order to better effectively manage the two larger rooming houses located at Southside, the satellite offices are manned daily by BHC personnel. A strong emphasis is placed on social components of clients' behaviours.

These staff members have myriad tasks and duties including interviewing clients, devising comprehensive plans for clients various areas of improvement and guiding them into their eventual transfer out of the rooming houses. The Support Services plans for rooming house residents include financial management, good housekeeping, sound social skills and conflict resolution.

The aim of the Corporation is to have clients graduate out from the rooming houses into more traditional modes of living, thereby ensuring that the rooming houses are short term transitional housing solutions only.

Gulfstream Housing: The Gulfstream multi-unit rooming house is comprised of 78 rooms and currently houses 123 people (72 adults and 51 children). The Gulfstream residents have become more socialised and have experienced many positive interactions with outside helping agencies which monitor and guide behaviours with the expected outcome that clients will more quickly relocate out of the rooming house locations into self-contained housing units.

Langley House: Langley House is a 61 rooming house facility, located at Southside, St. David's.

The rooming house is used specifically to house men in need of affordable, safe accommodation. The majority of men housed in Langley House work during the day and return at night to a safe and habitable environment. They are regularly counselled that illegal and anti-social behaviour will not be tolerated and if exhibited, are grounds for instant eviction from the property.

The Corporation has a qualified social worker based at the satellite office who is available to counsel and provide assistance to the residents on a daily basis. Assistance provided includes job advice, conflict resolution, communication skills and listening to residents' concerns.

Harmony Club: The Harmony Club property continues to be of valuable use to the Police Service to house its personnel. At present, there are 32 units occupied by overseas police officers. The location is centralised affording the officers to respond in a timely manner to all means of emergencies. In addition, The Harmony Club is also being utilised as office and training space and storage of equipment for the Hustle Truck programme, and as meeting rooms for the Paget Parish Council. The Corporation has also partnered with tennis professionals and offered the use of the tennis courts to neighbourhood children which enable positive after-school activities at the site.

BHC Staff: The Bermuda Housing Corporation has a supporting role to play in the well-being of Bermuda residents. To this end, the BHC has engaged in a social agenda to provide services that help clients better manage their daily lives.

The BHC assists in formulating payment plans that can help alleviate some of the financial stresses of clients. If a family has trouble coping with social issues, the BHC has a Support Services team that is responsible for interviewing them and recommending professional helping agencies that can assist the clients in becoming more productive members of society. The staff members are dedicated and loyal to the mantra of BHC of providing a safe and healthy environment for all to live in.

The Bermuda Housing Corporation's Head Office is located at the IAS Park Building, (East Entrance), 44 Church Street, in the City of Hamilton and presently consists of 45 personnel. Of that total, four Hustle Truck members operate from office space at the Harmony Club and four staff members under the Support Services Department direction operate off-site at a satellite office in the Southside complex.

The current structure of BHC consists of seven departments:

1. Project Management;
2. Property Operations;
3. Finance, Collections and Home Ownership Services;
4. Support Services;
5. Administration;
6. Human Resources; and

7. Hustle Truck.

Project Management: The Projects department consisting of three employees assists with advice regarding major repair work necessary on existing buildings owned by the Corporation to ensure longevity of the Corporation's assets. The department has recently been restructured with the Project managers overseeing the multiple dwellings that come under the BHC remit to ensure effective and cost-conscious maintenance programmes keep the units in safe and healthy states.

Property Operations: The Property Operations Department is responsible for the maintenance of BHC's housing stock—

Hon. Derrick V. Burgess, Sr.: Point of order, Madam Chairman.

The Chairman: Thank you.

The Chair recognises the Member from constituency 5.

POINT OF ORDER

Hon. Derrick V. Burgess, Sr.: Madam Chairman, this . . . the Bermuda Housing Corporation—

The Chairman: Is your [microphone] on?

Hon. Derrick V. Burgess, Sr.: Yes.

The Chairman: Sorry.

Hon. Derrick V. Burgess, Sr.: Head 53 has one page.

The Chairman: Yes.

Hon. Derrick V. Burgess, Sr.: And all it talks about is Grants and Contributions. And that is where the commentary should be—nothing else. You know, there is nothing here to address how many staff there, even though the information is great, he can give me that after. Just talk about the Grants and Contribution. That is the objective of this exercise and this [Budget] Book here.

The Chairman: Thank you very much, Member.

The Chair recognises the Minister.

Hon. L. Craig Cannonier: Thank you, Madam Chairman.

It is important that the public are aware of all of the things that are going on with these heads of departments so that they get information as well that they may not be aware of. And the reason we go through this exercise, Madam Chairman, is to ensure

that . . . and there are some people who are not aware of what is going on, and so as we—

Hon. Derrick V. Burgess, Sr.: Point of order, Madam Chairman.

The Chairman: Yes. Minister, have a seat.

The Chair recognises the Member from constituency 5.

POINT OF ORDER

Hon. Derrick V. Burgess, Sr.: Madam Chairman, we are here to represent the people of this country. If we cannot get that information in this [Budget] Book, and you say you are not really . . . what the Minister just said, he is not talking to us, he is talking to the public. We have a responsibility to them.

The Chairman: Mm-hmm.

Hon. Derrick V. Burgess, Sr.: And that is why this information, if we are going to talk about it, should be in the [Budget] Book. Some of it should be here so we can refer to it. That is what it is all about.

The Chairman: Thank you. Thank you, Member. Minister?

Hon. L. Craig Cannonier: I am sure some of those questions will reflect on information that is not in the [Budget] Book as well.

Madam Chairman, the Property Operations Department is responsible for the maintenance of BHC's housing stock of approximately 700 units including the rooming houses Island-wide. The department's responsibilities include the regular maintenance of buildings under the control of BHC and providing advice and assistance to clients of BHC on housing-related matters. The department is comprised of three Property Officers, six Maintenance Officers, and one Administrative Assistant.

Hon. Derrick V. Burgess, Sr.: Point of order, Madam Chairman.

The Chairman: The Chair recognises the Member from constituency 5.

POINT OF ORDER

Hon. Derrick V. Burgess, Sr.: Madam Chairman, I remember you last week in the Chair—

The Chairman: Yes.

Hon. Derrick V. Burgess, Sr.: And I got up to speak and you asked me what head, what cost centre am I talking about.

The Chairman: Yes.

Hon. Derrick V. Burgess, Sr.: That is what I want to know—what is the Minister . . . what head . . . what cost centre is he talking about?

The Chairman: Thank you.

From my understanding, and since you just asked the Chairman, it was from B-200 and it was line [item] 5301, General. That was my understanding. I could be . . . I would be more than happy to stand to be corrected.

Hon. Derrick V. Burgess, Sr.: But you see under General, it says “Rental Assistance Grant.” That is what it says.

The Chairman: Mm-hmm. Thank you.

Hon. Derrick V. Burgess, Sr.: And that is where he should be talking from.

The Chairman: Thank you, Member.
Minister?

Hon. Derrick V. Burgess, Sr.: Madam Chairman, let me say this here—

The Chairman: Sorry, sorry.
Minister, if you will take your seat.

Hon. Derrick V. Burgess, Sr.: Yes, you know—

[Gavel]

The Chairman: The Chair recognises the Member from constituency 5, sorry.

Hon. Derrick V. Burgess, Sr.: Yes, Madam Chairman, with all due respect, there has got to be one rule here, not one rule when I am talking . . . the other side, and one rule from that side. I am going based on what you said to me last week.

The Chairman: Thank you, Member.

Hon. Derrick V. Burgess, Sr.: And you were right.

The Chairman: Thank you, Member.

Hon. Derrick V. Burgess, Sr.: And let us . . . let it be fair.

The Chairman: Thank you, Member.
The Chair recognises the Minister.

Hon. L. Craig Cannonier: As I was saying, concerning the Property Operations Department, the housing

stock of approximately 700 units including the rooming houses Island-wide. The department’s responsibilities include the regular maintenance of buildings under the control of BHC and providing advice and assistance to clients of BHC on housing related matters. The department is comprised of three Property Officers, six Maintenance Officers, and one Administrative Assistant. The department conducts regular maintenance checks of buildings under the management of the Corporation and is responsible for small maintenance works along with coordinating more difficult tasks with trusted and able contractors.

During the 2014/15 year the property operations department completed a total of 2,815 maintenance requests, an increase of 297 requests over the previous year. They tackled everything from plumbing, electrical, water, sewage, roof repairs, landscaping, painting, flooring to major renovations.

In addition, the department had to deal with an additional 226 maintenance issues as a direct result of the two hurricanes Fay and Gonzalo that hit Bermuda late last year.

Finance Department: The Finance Department has a total staff of 11 employees consisting of one finance manager, and two assistant finance managers (one responsible for reporting and the other for IT); one accounts supervisor; two finance officers; one junior finance officer; one collections officer; one mortgage officer; one Information Systems Officer; and one cashier.

The Finance Department carefully monitors the Corporation’s spending and compliance, ensuring that policies and procedures are adhered to and that clients act responsibly in paying their bills in a timely manner.

The Finance Department fields questions of a financial nature, provides mortgage advice and assists clients with understanding their financial obligations to the Corporation.

Madam Chairman, let me say that the Bermuda Housing Corporation has a young creative workforce and is committed to provide the best service possible for the Island of Bermuda. They perform their duties with pride and energy as they actively seek solutions to the pressing problems and tribulations facing Bermuda in 2015.

Madam Chairman, I would like to thank the Board of Directors and the management and staff of the Bermuda Housing Corporation for their past services. In particular, I wish to thank the former Chairman of the Board, Mr. Charlton Dill, who has retired from the board after many years of sacrifice and wish his successor, Major Leslie Lowe, continued success with the Corporation.

With this, Madam Chairman, we now close Head 53.

HEAD 68—PARKS

Hon. L. Craig Cannonier: I would now like to take a look at Head 68, Parks, which we can find on pages B-201 to B-206.

The mission of the Department of Parks is:

- to develop and maintain public parklands, beaches and school grounds and to produce plants necessary for this purpose;
- to provide safe and aesthetically pleasing, active and passive recreational and educational facilities for the enjoyment of residents and visitors, and
- to promote the educational and cultural history relating to our environment.

In its day-to-day operations, the Department of Parks is responsible for the management and maintenance of 75 parks and 96 additional properties including Government House, Montpelier, LeFroy House, Sylvia Richardson, seniors residence, health clinics, post offices, 30 schools, and community area parks as well as many miles of roadside verges stretching throughout the Island and six sports fields under the Ministry of Youth and Sports. The scope of work spans enforcement, development, maintenance, education and administrative functions and keeps the team extremely busy.

The Department of Parks has had another incredibly active year working to maintain the wide variety of areas under its care. As everyone here is all too familiar with, the unprecedented back-to-back hurricanes we experienced last year created extensive damage Island-wide. In fact, 100 per cent of all properties under care of this department required, or are still in the need of, some level of rehabilitation. The department's dedication to completing this extensive job has been commendable and should be applauded. Going forward, we are planning numerous projects to enhance and preserve the beauty and function of our National Parks so as to ensure that they remain the jewel of our Island and the backbone of our natural environment.

Madam Chairman, before we discuss the finances and resources of the five programmes and multiple cost centres operating within the Department of Parks, I would like to outline the overall operational budget, structure and capital acquisitions for 2015/16.

The Department of Parks current account expenditure for 2015/16 as seen on Page B-202, is \$9,644,000, representing a 3 per cent reduction over the 2014/15 budget. The department has a complement of 143 staff, which you will find outlined on page B-204. Of the 143 personnel, 110 are industrial employees, 22 are civil service employees, and 11 are seasonal employees.

Salaries and wages total \$8.2 million. It is also important to note that currently there are 14 industrial post vacancies, seven funded and seven unfunded; and three vacant civil service posts in this department.

The Department of Parks Capital Acquisitions fund as seen on page C-12, has been financed with \$183,000 for the purchase and replacement of maintenance vehicles in their fleet that have become old and rundown. As this department relies heavily on vehicles to carry out Island-wide maintenance and storm cleanups, it is imperative that these vehicles be replaced immediately. It is anticipated that this new equipment, which will include trucks and mowers, will help speed up the responsiveness of the department to both routine maintenance and emergency services.

The Capital Development budget, as seen on page C-6, is \$3,350,000; which funds improvements to the National Parks such as renovations to forts, playgrounds, railway trails, and general improvements in other parks such as Robinson Bay, Shelly Bay and Horseshoe Bay. Additionally, construction of the Parks Maintenance and Mustering station also fall within this budget. Park Improvements budget, [cost centre] 75101, has been allocated \$500,000 for the renovations mentioned above, as well as for the upgrade of many of the restrooms in the national parks, while the Maintenance Yard Facility budget, [cost centre] 75234, has been allocated \$2,850,000 to complete the ongoing project in the upcoming fiscal year.

Total Revenue, as seen on page B-203, is projected to be \$48,000 in 2015/16, a drop in 81 per cent of revenue from the current year due to the suspension of the 2015 Bermuda Agricultural Exhibition from the government's—

The Chairman: Minister, can you help me again and give me . . . you just said [page] B-203?

Hon. L. Craig Cannonier: [Page] B-203.

The Chairman: And you mentioned a revenue?

Hon. L. Craig Cannonier: Yes, if you look down below there you will see Revenue Source, Revenue Summary.

The Chairman: I got it, thank you.
Please proceed.

Hon. L. Craig Cannonier: Okay.

For 2015/16, 50 per cent of the revenue will be generated from the Forts division. Approximately \$24,000 will be raised from admission fees from Fort St. Catherine, with camping fees contributing approximately \$15,000. The balance will be raised by:

- Concessions (\$3,000);
- Service fees (\$1,000);
- Horticultural Produce (\$4,000); and
- Facilities (\$1,000).

Madam Chairman, the department has five programme areas, each with a number of sub-programmes or cost centres, as shown on page B-202

of the Estimates of Revenue and Expenditure and they are:

- [Line item] 6801, Park Service;
- [Line item] 6802, Lifeguards;
- [Line item] 6803, Park Maintenance;
- [Line item] 6804, Administration—

Hon. Wayne L. Furbert: Point of clarification, Madam Chairman.

[Mrs. Susan E. Jackson, Chairman]

The Chairman: Yes, you may proceed.

POINT OF CLARIFICATION

Hon. Wayne L. Furbert: He said there was total revenue loss due to the botanical gardens exhibition. How much was that?

Hon. L. Craig Cannonier: That is a couple of pages back. I do not think we said that . . . not there.

Oh, sorry. The revenue for the current year is due to the suspension of the 2015 Bermuda Agricultural Exhibition from the government's remit. For 2015/16, 50 per cent of the revenue will be generated from Forts admissions, so we did not . . . I did not say anything about what we saved from the Ag Show, but we will get to it further on down.

- [Line item] 6805, Forts and Historical sites
- [Line item] 6801, Park Service

Park Service, [line item] 6801. Madam Chairman, the Park Ranger Service, line item 6801, is responsible for the enforcement of the National Parks Act 1986 and the National Parks Regulations 1988. To that end, the park rangers patrol the Bermuda National Parks and beaches, enforcing the regulations, and inspecting the amenities in the parks. Furthermore, they manage special functions in the national parks, and liaise with industry partners to maximise the impact of their duties.

Hon. Wayne L. Furbert: Point of . . . order, Madam Chairman.

The Chairman: Yes, your point of order?

POINT OF ORDER

Hon. Wayne L. Furbert: Yes, the Minister said in his statement that due to the suspension of the 2015 Bermuda Agricultural Exhibition, revenue is down by 81 per cent. So what was the revenue?

The Chairman: Thank you, Member.

Hon. L. Craig Cannonier: We will get to that answering later when you have your questions.

You go through the brief and then you get to ask your questions.

[Inaudible interjection]

Hon. L. Craig Cannonier: Madam Chairman, a budget of—

Hon. Wayne L. Furbert: Point of order, Madam Chairman.

The Chairman: Yes?

Hon. Wayne L. Furbert: The Honourable Member said that I will get to ask that question later on. I ask the question now, because that is what he read. I am saying that there is no figure that he actually mentions.

How much of the revenue is lost? He said 81 per cent drop, but I am asking, based on page B-203, which refers to . . . under [line item] 8253, as far as admissions, what is the revenue? Because he does not mention it.

The Chairman: Minister?

Hon. L. Craig Cannonier: Thank you, Madam Chairman.

As stated already we will get to those figures.

Madam Chairman, a budget of \$449,000 has been allocated to the Park Ranger Service for fiscal year 2015/16. This represents an increase of \$66,000 over the 2014/15 budget. This increase is necessary to ensure the provision of seasonal assistant park rangers to assist with beach patrols throughout the season. As it was noted, their continued and added presence on patrol has caused a steady decline of criminal activity on our beaches, which is critical to our tourism product.

Therefore, full-time equivalents for the cost centre 78000, page B-204, Park Ranger Service are seven. This represents an increase of one full-time employee as compared to fiscal year 2014/15.

Madam Chairman, I would now like to outline the performance measures of cost centre 78000, for fiscal year 2014/15 on page B-205. The total number of camping and special permits issued in fiscal year 2014/15 was 600. This number reflects the popularity of the National Parks as venues for social functions such as church and family picnics, weddings and family reunions. The economic climate may have an impact on these numbers as the parks provide an affordable venue for large events.

The total number of incidents managed in fiscal year 2014/15 was 100. Incidents ranged from armed robbery and illegal camping, to vandalism and accidents.

Total number of interpretive tours conducted was 15. Tours were carried out at Hog Bay Park, Cooper's Island, Fort Scaur and Spittal Pond.

Total tonnage of trash collected was 15. The vast majority of this trash was illegally dumped, particularly rubble from construction sites and abandoned vehicles, which included motorcycles and cars.

Throughout 2014/15, the Park Ranger Service was involved in numerous community projects such as:

- The End-to-End charity walk;
- Morgan's Point vegetation clearance for the PGA bus route;
- Tree cutting and prep of the old Club Med property as well as tours of the golf course with Bermuda Tourism Authority personnel;
- Assisted with infrastructure set up and staff management with the promoters of the annual John Lennon Peace Concert held in Botanical Gardens in September 2014;
- Assisted Bermuda Government with the Commonwealth Games relay handover at the Agricultural Exhibition, Botanical Gardens and at Government House, April 2014;
- Hurricane cleanup and landscaping Island-wide;
- Chewstick Foundation's Good Friday "Kite Fest" 2014 at Horseshoe Bay;
- Emancipation Day at Horseshoe Bay July 2014, the first day of the Cup Match holiday weekend.

Madam Chairman, it is important to note here that while Beachfest is organised by Chewstick, the Department of Parks, Bermuda Police Service and the Department of Transport are instrumental in ensuring that the event runs as smoothly as possible from a customer service and safety perspective.

We will now report on the Bermuda Lifeguard Service, [line item] 6802. The Lifeguard Service is responsible for the provision of lifeguards on four public beaches, as well as for the provision of water safety outreach services to the community.

Madam Chairman, \$524,000 has been allocated to this budget. This represents an increase of \$168,000 over 2014/15. This is due to the need to have adequate coverage on the four beaches where we plan to operate this year. These beaches are: Horseshoe Bay, John Smith's Bay, Clearwater and Turtle Cove. Therefore, the full-time equivalents for the cost centre 78010, Lifeguard Service, page B-204, are 12.

Madam Chairman, I would now like to outline the performance measures of cost centre 78010, Lifeguard Service, page B-205, for fiscal year 2014/15. We present the following:

- Total number of beaches patrolled in fiscal year 2014/15: Four.

- Total number of rescues: 27, a decrease over the previous year. While not definitive, explanations for this decrease in rescues may include more calm sea days attributed to a quiet hurricane season through September.
- Total number of visitor assists per season: 6,110. Visitor assists activities include basic first aid, answering questions from the public, helping find lost persons.
- Total number of preventative actions: 3,381.

Mr. Chairman, in addition to their daily life-guard duties, this year, the Lifeguard Service was involved in the following:

- Presented four water safety lectures in the community;
- Water safety coverage for the Bermuda Triathlon;
- Conducted first aid and CPR training for government departments;
- Rescue boat services and on water first responder services for the Bermuda Power Boat Association;
- EMO cleanup operations, assisting with Island-wide cleanup and other related tasks.

The Park Maintenance Division, [line item] 6803, page B-202. The Parks Maintenance Division is responsible for the landscaping requirements of all national parks and other government-owned lands. Trash removal, tree surgery and the like are performed in these areas.

Madam Chairman, a budget of \$7,075,000 has been allocated to this cost centre. This represents a decrease of \$83,000 as compared to the 2014/15 budget. This cost centre includes the budgets for Government House and Camden, Maintenance and Development, Eastern Parks, Tree Service, Western Parks, School Grounds, Botanical Gardens and the Railway Trail, and the likes.

Madam Chairman, the full-time equivalents for the cost centres 78015, 78020, 78030, 78035, 78040, 78045, 78055, and 78065 in the Park Maintenance section, on page B-204, is 109.

As far as the Performance Measures, Madam Chairman, referring to the forecast measures on [pages] B-205 and B-206 for fiscal 2014/15, we present the following:

Performance Measures for Tree Service, [cost centre] 78035:

- Total number of trees felled is 500. This significant increase is related to the removal of trees destroyed by Hurricanes Fay and Gonzalo.
- Total number of trees pruned is 300. This number is also still growing.
- Total number of woodchip truckloads supplied to schools is 100. This is due to the damage

wrought by Hurricanes Fay and Gonzalo, our attention was diverted from woodchip production as the Schools and Botanical Gardens crews were concentrating on hurricane clean-up.

Performance Measures for Tulo Valley Nursery [cost centre] 78055:

- Total number of bedding plants produced was 20,000 (a decline over the previous year). This decline in plant output is due in part to plant material propagated for autumn planting being destroyed by Hurricanes Fay and Gonzalo.
- Total number of one-gallon plants, three- to five-gallon plants and fifteen-gallon plants produced is 4,000.
- Total number of plants supplied to general public under the Ministry of Environment Plant Voucher Scheme for new development is 25.

Performance Measures for Botanical Gardens and Arboretum, [cost centre] 78065:

- Total number of seasonal bedding displays developed is 40.
- Total number of annual and perennial plants installed at Botanical Gardens and Arboretum is 50,000.

Madam Chairman, for our park crews, the busy 2014 spring and summer seasons were outdone by the exceedingly demanding 2014 autumn and winter seasons due to Hurricanes Fay and Gonzalo.

Our national parklands, which are the repositories for the majority of vegetation on our Island, sustained significant damage to the trees and shrubs, requiring many hours of attention before we were able to move on to the next park.

Madam Chairman, in addition to routine maintenance and hurricane cleanup, the landscape crews assisted with or completed the following projects:

- Tokio Millennium Kids Bicycle Series;
- The Argus Insurance Community Volunteer Programme;
- Work Initiative Programme;
- Prison Programme. We would like to take this opportunity to thank the Department of Corrections for their assistance throughout the year;
- Police Community Action Team (CAT) Initiatives;
- Government House Schools Garden Programme;
- The Railway Trail. Department of Parks staff teamed up with the Limbo Up Foundation, and Friends of the Bermuda Railway Trail to assist with the landscaping and installation of turf on

the trail near the new Railway Trail footbridge at Bailey's Bay;

- The landscaping and prep work surrounding the new restrooms at John Smith's Bay was carried out;
- Opportunity Work Shop. The crews removed invasive plant species from school grounds, installed a vegetable garden for the students and completed other beautification projects;
- East End Primary School Field. Much work was done there for slope and drainage;
- The crews also assisted our colleagues at Youth and Sport with cleaning significant hurricane damage.

Madam Chairman, we will now look at Administration and Planning, [line item] 6804, page B-202, which is responsible for the day-to-day operations of managing the parks team. Madam Chairman, the budget for cost centre 78050, Administration and Planning, as seen on page B-202, is \$1,201,000. This is a reduction of \$351,000 over 2014/15, mainly due to the suspension of the 2015 Agricultural Exhibition. The full-time equivalents for cost centres 78050 and 78110, as seen on page 8-204, are 10.

Madam Chairman, the Administration and Planning, [cost centre] 78050, in fiscal year 2014/15 [is] on page B-206. We present the following forecasts for the end of this fiscal year:

- Total number of payments to vendors processed within one week: 75;
- Total number of events in the Botanical Gardens: 60;
- Total number of tours and persons attending them in Botanical gardens: 100 tours and 800 attendees;
- Total number of park projects completed per year: 16.

The 76th Agricultural Exhibition held in April 2014, was successful in multiple areas such as record numbers in the horticulture, livestock and educational displays. In order to ensure the sustainability of the Agricultural Exhibition, the Department of Parks has partnered with agricultural and horticultural societies to host and sponsor visiting judges.

A little more information about this, the Government of Bermuda and the people of Public Works would really have liked to stage the 77th Annual Agriculture Exhibition this year. All of us remember the excitement we felt as kids when our exhibit entry won a prize and we would not want to deny that opportunity for young kids today. However, Bermuda's financial situation with the budget cuts for this Ministry just would not allow us to go forward this year. We were heartened to hear of the community wanting to come together to preserve the show in April, but circumstances also did not allow us to move forward with that option.

Madam Chairman, this year the Administration and Planning team were involved in the following projects of note:

- Footbridges in Hamilton Parish. A public/private partnership with Limbo Up and Friends of the Bermuda Railway Trail. Friends of the Bermuda Railway Trail raised over \$800,000 in donated funds to complete this project, which is, quite frankly, mostly in—

[Inaudible interjection]

Hon. L. Craig Cannonier: I am on cost centre . . . on page B-202, Footbridges, we are talking about, in your constituency actually.

[Inaudible interjection]

Hon. L. Craig Cannonier: Yes.

[Inaudible interjection]

Hon. L. Craig Cannonier: Yes, yes.

- Restroom Facility. The Planning Section diligently worked as the Project Leader for the construction of the public restroom and life-guard facility at John Smith's Bay, which was completed in July 2014.

Forts and Historical Sites: Madam Chairman, as our final cost centre, we now move on to Forts and Historical sites, [line item] 6805, on page B-202.

This section is responsible for the management and interpretation of the cultural resources that exist in the national parks. This includes the forts and batteries, as well as museums, and magazines, and the likes.

Madam Chairman, the budget for this cost centre is \$395,000. This represents a \$49,000 reduction over the 2014/15 budget. The full-time equivalents for the cost centre 78080, as seen on page B-204, is five employees, which is the same as the current fiscal year.

Referring to the forecast performance measures, page B-206, for fiscal 2014/15, we present the following forecasts:

Forecast Performance Measures for Forts and Historical Sites [cost centre] 78080:

- Total number of adult admissions: 2,500;
- Total number of children admissions: 1,000;
- Total number of school or senior tours: 40;
- Total number of interpretive tours conducted: 150.

Madam Chairman, as part of our UNESCO World Heritage Site, several projects were undertaken at Fort St. Catherine and other East End forts:

At Fort St. Catherine:

- Lights were added to the exterior walls of the gun floor. Light boxes within the fort and in the Haxo were also replaced, as they were over 30 years old.
- A ramp was added to the front of the restrooms.
- Thirteen rentals of the fort occurred for a variety of functions.
- There were 400 celebrations for Fort St. Catherine were held during the month of June 2014.

Training. Madam Chairman, the Department of Parks recognises the importance of having a trained and qualified team to equip them with the knowledge and skills necessary to be effective in the workplace. To this end, we are proud to share that the following has been achieved:

- Two superintendents graduated from the Institute of Leadership and management (ILM) module Team Member and Effective Team Leader course at Bermuda College.
- Three employees have enrolled in the Team Members Course at the Bermuda College.
- Twenty-four lifeguards were trained at the Royal Life Saving Society for the 2014 season.
- Mr. George Ogden, [horticulturist], held six modules on landscaping for the Department of Parks, which was attended by six Parks employees.
- The Rose Society is working with some of our team to train them in various aspects of rose care.
- The Fruit Growers Association held two seminars.
- After rigorous training, we are pleased to make known that two of our officers were certified as Playground Safety Inspectors by the United States National Recreation and Park Association. This will ensure that regular safety inspections of the playgrounds in national parks and public schools will be conducted at international standards.

Madam Chairman, as we prepare for the upcoming fiscal year, and launch into the peak season, the Department of Parks has planned to undertake the following projects:

1. Repairs and upgrades to South Shore Park restrooms from Chaplin Bay through to Warwick Long Bay.
2. Installation of directional and informational signage for the following parks: Botanical Gardens, Arboretum, Railway Trail and Southlands.
3. Installation of a new half-court basketball court at Chaplin Bay.

4. Summer/seasonal repairs and renovations to several parks/beaches: West Whale Bay, Elbow Beach, Shelly Bay (landscaping upgrades and the likes).
5. Various improvements to areas along the Railway Trail including, fencing and surfacing repairs and installation of benches that were destroyed during the hurricanes.

Madam Chairman, I am here to assert . . . and there is a slew of lists of other areas that we are upgrading and looking at, but I am going to skip forward here just to say that the men and women of the Department of Parks work hard to provide their services to the public and I take this opportunity to thank them for their effort. I thank the Director of Parks, Ms. Lisa-Dawn Johnston and her staff for their dedication and service, especially during those times when the hurricanes hit and we had two back-to-back, and the great work that Parks had undertaken.

HEAD 81—DEPARTMENT OF PUBLIC LANDS AND BUILDINGS

Hon. L. Craig Cannonier: Madam Chairman, I now move on to Head 81, Public Lands and Buildings, pages B-207 to B-210.

It is the responsibility of the Department of Public Lands and Buildings to ensure the optimisation of the government's lands and buildings to support the key business goals and objectives of the Bermuda Government.

This is important, quite simply, because without real estate government could not provide services to the public. That is why we are here, Madam Chairman, to ensure the services continue uninterrupted.

I will highlight throughout my presentation, the programmes within the department as well as the plans for the upcoming fiscal year that are designed to meet that responsibility.

With that said, Madam Chairman, I would like to provide the breakdown of the cost centres under Head 81 as follows:

- 91000—Department Administration Programme;
- 91001—Training and Apprentice Programme;
- 91002—Building Service Management Programme;
- 91003—Building Maintenance Programme ;
- 91004—Property Asset Management Programme;
- 91005—Insurance;
- 91006—Government Rentals;
- 91014—Property Asset Income;
- 91101—Property Programme Receipts.

The total budget allocated to the Department of Public Lands and Buildings is \$20,522,000 for fiscal year 2015/16, which represents a decrease over the

previous fiscal budget allocation of \$10,000, page B-207. Whilst the reduction in budget appears negligible, it follows a 10 per cent reduction in the budget from fiscal years 2013/14 to 2014/15.

It is no secret that the stock of government buildings, with the exception of the Dame Lois Browne-Evans Building, are dated and have not had the injection of capital investment needed. Whilst this has achieved savings on capital over the years, the result is an increase in costs on the repair and maintenance side.

Notwithstanding this fact, Madam Chairman, the Department of Public Lands and Buildings will continue to do their best to efficiently utilise these funds to manage government's buildings and lands. Madam Chairman, one of our key resources is our human resources—sorry. Madam Chairman, the Department is in the midst of developing—this is important information here—a property asset management plan for the government estate. This plan will set out how government's land and buildings are currently being used and provide a road map to more efficient utilisation of these assets in the future to help deliver the corporate priorities and services of the Bermuda Government going forward. However, the department has had all hands on deck since October 12th dealing with the aftermath of Hurricanes Fay and Gonzalo and this has delayed the delivery of the initial draft plan.

Madam Chairman, one of our key resources is in our human resources. The department has a total complement of 160 staff, page B-208, and the continued training opportunities that are provided benefits both the employer and the employee.

Madam Chairman, during the fiscal 2015/16, the Estates Section will continue to provide a property and land-related management service to all Government ministries. This section will also progress its work on the Government's Estate Management Objectives, which addresses such items as the regularisation of encroachments both on the Railway Trail and foreshore, and the implementation of a strategic initiative to minimise government's rental payments to third parties. I will speak more to the direction of this section when I discuss cost centre 91004 in a moment.

Madam Chairman, on [page] B-207 there are three main programmes for the Department of Public Lands and Buildings, namely:

- [Line item] 8100—Administration;
- [Line item] 8101—Buildings;
- [Line item] 8102—Estates.

I will now consider and comment on the department's three programmes in a little more detail.

Administration, [line item] 8100. Total budget: \$236,000. The Administration Programme is split between two cost centres, namely:

- 91000—Administration, \$236,000;

- 91001—Training and Apprenticeship, zero dollars.

Madam Chairman, the Administration Program whose objective is “to provide administrative support for the Estates and Buildings section” has a budget of \$236,000 split into two cost centres. When compared with the \$413,000 allocated during fiscal year 2014/15, this budgeted amount represents a decrease of \$177,000, or a 43 per cent decrease.

This cost centre comprises mainly the director of the department and one support staff. Under the director are the two main sections: Buildings and Estates. The Estates section is responsible for the management of the government estate and the Buildings section responsible for its maintenance and repair.

The Chairman: I would like to—

Hon. L. Craig Cannonier: The Administration, cost centre 91000—I am sorry.

ANNOUNCEMENT BY THE CHAIRMAN

HOUSE VISITOR

The Chairman: I am sorry, I would just like to take this opportunity to recognise the former Member of Parliament and Minister, Neletha Butterfield, who is in the House.

Thanks.

[Desk thumping]

[Committee of Supply on the Estimates of Revenue and Expenditure for 2015/16 continuing]

The Chairman: You may proceed.

Hon. L. Craig Cannonier: Okay.

The Administration, cost centre 91000, has a specific budget allocation of \$236,000 for fiscal year 2015/16, which represents a decrease of \$94,000, or 28 per cent. This compares to the \$330,000 allocated in the 2014/15 budget. These savings were made by reallocating two posts from this cost centre to the cost centre 91003.

The Training and Apprenticeship, cost centre 91001 has no budget allocation for fiscal 2015/16 as compared with a budget of \$83,000 for the year 2014/15. This has resulted in the loss of one post. The purpose of this programme is to recruit graduates to train as estates and building surveyors for succession planning in the department. Unfortunately, the programme has been unable to recruit graduates with degrees that were exempting degrees by the Royal Institute of Chartered Surveyors.

Exempting degrees would mean that the graduates would only require two years' work experi-

ence to achieve their professional designation. Without the exempting degree the graduates, who already have three or four years of college under their belt, were looking at another three years of college to get an exempting degree and then a further two years of work experience before gaining the professional surveying designation. This is quite a commitment to ask of anyone, basically asking them to start college all over again after just graduating.

Madam Chairman, the department recognises that the key is to get high school students at the S3 level to consider taking the exempting degrees as their first choice for college/university. To this aim the department is offering bursaries to any Bermudian student who takes an exempting degree. Unfortunately, we have had no applications for bursaries over the last few years. To combat this, a Bermudian estates surveyor and a building surveyor will be visiting schools to present to S3 students the advantages of a career in surveying including the financial assistance that government will offer.

Madam Chairman, interested students will have the opportunity to work during the summer holidays with government surveyors from a number of disciplines. Those that then apply and start an exempting course with a government bursary will be “adopted” by the department and assigned a mentor. We will work closely with that student ensuring employment opportunities during holidays and their development. This trainee budget will then be refinanced and the post reactivated as they near graduation to ensure that they have a position within the department on graduation. They will then be rotated through a number of departments to get a variety of surveying experiences to achieve their professional designation.

Madam Chairman, whilst the title of this cost centre includes apprentices, allocated funding for apprentices appears under cost centre 91003, which I will address in a moment.

However, at this juncture, whilst speaking to training and succession planning, it is important that I speak to the backbone of the department which is the trades. The department has a structured apprenticeship program for the trades to ensure succession planning in this critical area. These programmes include those pursuing certificates in electronics, carpentry, plumbing, and air conditioning at the Bermuda College.

I now move to programme [line item] 8101, Buildings. Total budget is \$10,027,000. The Buildings Programme is split between two cost centres, namely 91002—Services Management, \$1,046,000; 91003—Maintenance, \$8,981,000.

Madam Chairman, the Buildings Programme, has a mandate “to effectively manage the maintenance, repair and minor renovation of all government buildings.” It is lead by the buildings manager, Mr. Stephen Tucker, with a total budget of \$10,027,000.

Madam Chairman, when compared with the \$9,594,000 allocated during fiscal year 2014/15, this budgeted amount represents an increase of \$433,000, or 4.5 per cent. As mentioned earlier, the age and condition of our building stock means an increasing cost of maintenance. Despite this increase cost, savings have been made in other areas to keep the overall budget increase to a total of \$10,000 for the department.

Madam Chairman, these funds are used for the operational costs associated with the maintenance and repair work to over 800 government-owned buildings including government schools. The Buildings Section employs 142 staff and is also responsible for the preparation for major government events such as the opening of Parliament, [general] election polling stations, and award parades, and the likes.

Madam Chairman, the Service Management cost centre 91002, has a specific budget allocation of \$1,046,000 for the fiscal year 2015/16. When compared with the \$721,000 allocated for the fiscal year 2014/15, this budgeted amount represents an increase of \$325,000, or 45 per cent. This increase is attributed to the change in full-time equivalents for this section increasing from nine for the financial year 2014/15 to 13 for the year 2015/16. New posts have not been created but moved from cost centres 91000 and 91003 where they were previously budgeted against those cost centres.

Madam Chairman, the Maintenance cost centre 91003 has a specific budget allocation of \$8,981,000 for the fiscal year 2015/16. When compared with the \$8,873,000 allocated for the fiscal year 2014/15 year, this represents an increase of \$108,000, or 12 [sic] per cent.

The Building Section's total labour force of full-time employees in both cost centres stands at 142. This represents a net reduction of one post for the cost centre which was the result of an agreed freezing of some vacant posts to make the required budget savings.

[Inaudible interjection]

Hon. L. Craig Cannonier: Twelve per cent? No, no, no, no, on cost centre 91003. Let me just get it here—

[Inaudible interjection]

Hon. L. Craig Cannonier: [It is] 1 per cent. Thank you. (Let me just write that down; that was an error there.)

By balancing the workforce across all trades, ensures that each work unit has sufficient tradesmen to deal with the various maintenance requests that the Depot receives on a daily basis.

Madam Chairman, whilst our "in house" workforce will continue to be the first choice for works, they will continue to be complemented by a wide-ranging

group of private contractors. These contractors provide services such as: general maintenance, painting, asbestos abatement, plumbing, cleaning, and fire alarm inspections, to name a few. This supports the government's ongoing commitment to provide opportunities for local companies as well as maintain a minimal lean workforce to meet our needs.

Madam Chairman, in times of national emergency it really brings home how important it is to have our own work crews. As daylight exposed the destruction caused by both hurricanes Fay and Gonzalo, the staff of Public Lands and Buildings did not stay home to take care of their own. They immediately attended government buildings to survey the damage, secured the buildings and started—

[Inaudible interjection]

Hon. L. Craig Cannonier: Sorry?

—and started works to ensure that they would be open for business. With the exception of government schools, all government buildings were open for business on the next business day and schools followed shortly thereafter.

Can you imagine if post Hurricanes Fay and Gonzalo we had no in-house work teams but were reliant on outside contractors who were inundated with other clients' calls? Where do you think the government work would fall on their list of priorities?

[Inaudible interjections]

Hon. L. Craig Cannonier: Thank you very much.

Madam Chairman, the Buildings Section staff has a complement of two Building surveyors, who assist with the creation of schedule of conditions of our buildings with the goal of improving the maintenance programme. The condition of our buildings provides a significant challenge to our limited resources. Prioritising works and a preventative maintenance programme is key to success in this area and to the property asset management plan.

Madam Chairman, just to move along here . . . I now move to [line item] 8102, Estates. Total budget of \$10,259,000. The Estates programme is split between three cost centres, namely:

- 91004—Property Asset Management, \$3,751,000;
- 91005—Insurance, \$6,436,000;
- 91006—Government Rentals, \$72,000.

Madam Chairman, the mandate of the Estates Programme is to effectively manage the government estate, to provide insurance cover on all government buildings and to facilitate and secure office and residential accommodation for government departments as needed. This section is lead by the senior estates surveyor, Ms. Sudell Joseph.

Madam Chairman, the Property Asset Management, cost centre 91004, together with the Insurance, cost centre 91005, and Government Rentals, cost centre 91006, have a total allocation of \$10,259,000 for fiscal 2015/16. When compared to the \$10,525,000 for fiscal 2014/15, this budget represents a decrease of \$266,000, or 2.5 per cent.

Property Asset Management, cost centre 91004, has a total allocation of \$3,751,000 for fiscal 2015/16. When compared to the \$3,775,000 for fiscal 2014/15, this represents a decrease of \$24,000, less than 0.5 per cent.

Madam Chairman, the Estates team has been hindered in the past by not being fully staffed and as a consequence having to be reactive rather than proactive in their work. However, the Section has had three new professional staff join the ranks this year with another, a Bermudian, about to start. The result of this is a section that is properly staffed for the 2015/16 fiscal year and able to be proactive. This proactive work will include the property asset management plan currently being compiled which will enable rationalisation of the government estate and further cost savings.

The property asset management plan that is being developed comprises a number of elements. Government-owned buildings are audited to ensure that the existing occupiers are the most suitable occupier for the space, and that they are making the most efficient use of the space. A similar exercise is carried out for properties that are rented from the private sector. The goal is to maximise the efficient use of real estate, minimise our footprint and thereby lowering the cost of renting space from the private sector. To this aim, the rent roll for the [2015/16] year was reduced from \$11,000,468 to \$9,717,587. On [pages] C-27, C-28 and C-29 this was achieved through a combination of reducing the amount of space rented and renegotiating rents to current levels of market value at rent review and lease renewal.

Madam Chairman, what will a successful property asset management plan look like? It will follow the international best practice guidelines of the Royal Institute of Chartered Surveyors and will:

- prioritize property asset management at a senior level and install a senior executive as property asset “champion”;
- link the property asset management plan to government’s corporate vision and policies;
- link property asset management with all corporate strategies and work across internal and external organisational and authority boundaries to appropriately align all property asset management strategies to produce aligned partnership asset strategies where appropriate;
- review the arrangement for capital asset planning to ensure that they fit business and property asset strategies;

- consider all practical options for financing of new property assets; and the list goes on and on and on.

I am going to move through here as I have given the brief to the Honourable Member and he can see where these others are that are being covered.

Madam Chairman, there are over 30 government-owned buildings that stand vacant and in various states of disrepair. These include Teucer House, the Old Hamilton Police Station and the Bishop Spencer School, amongst others. Part of the rationalisation of the government property portfolio through the property asset management plan will be to bring properties that are needed back into use and to dispose of those properties that do not meet our current or future needs.

Excuse me just a second, Madam Chairman. I am cognisant of the time, so I am trying to move along here.

Madam Chairman, the Royal Institute of Chartered Surveyors defines facilities management as: “The effective management of place and space, integrating an organisation’s support infrastructure to deliver services to staff and customers at best value whilst enhancing organisational performance.”

This is to be the guiding ethos of the Department of Public Lands and Buildings and the director will be held responsible for delivering on it. The department is properly staffed and budgeted to live up to this ethos and must now deliver. To improve this facilities management component, I have directed that the Estates Department move from its current location in the Government Administration Building to physically merge with the Maintenance section at the Prospect depot. The cost of this move will be minimal as they will be able to fit into existing space. In addition, the Estates Department must lead by example in the efficient use of space. The days of large personal offices and individual demarked space are a relic of the past and are not efficient use of the limited resources we have. We must reduce our footprint and make meaningful savings in the process.

Madam Chairman, the offices of the London Borough of Kensington and Chelsea are a good example of the way we need to think. They do not provide individual offices but large tables for staff to work from. There is only enough space for 70 per cent of the staff on the basis that on any given day 30 per cent are either on leave, sick, or out on appointments. Staffs, including managers, do not get individual offices or even an assigned desk. Come to work, find a vacant space, sign on, and get working. There are break areas for meetings but other than this the offices are completely open plan, something that maybe we might want to consider.

[Inaudible interjection]

Hon. L. Craig Cannonier: Madam Chairman, \$6,436,000 under, [line item] 8102, is allocated to cost centre 91005, for the provision of insurance coverage for fiscal 2015/16. When compared to the \$6,737,000 from the fiscal year 2014/15, this amount represents a decrease of \$301,000, or 4 per cent. The insurance paid for out of this cost centre includes buildings, marine fleet, vehicle fleet and the general public liability coverage. The insurance book of government consists of 30 policies and the department has worked closely with the Ministry of Finance in reviewing the policies and putting both the brokerage and the insurance book of business, which is placed in the local market, through a comprehensive request for proposal process. This will result in a premium savings of over \$4,000,000 on the insurance book from 2013/14 as compared to year-end 2015/16. This reduction in costs is without any change in coverage or risk but reflects a softer insurance market coupled with the effects of an open bidding for business.

Madam Chairman, Government's Rental Budget, cost centre 91006,—

Hon. Derrick V. Burgess, Sr.: Point of order, Madam Chairman.

The Chairman: Yes, your point of order?

POINT OF ORDER

Hon. Derrick V. Burgess, Sr.: Yes, the Minister indicated that there were savings of \$4 million on insurance. Well, it is not in this book because we were paying \$8.5 million, now we are paying \$6.4 million—that is not \$4 million difference.

The Chairman: Minister?

Hon. L. Craig Cannonier: Thank you, Madam Chairman.

It has been noted. We will answer that.

Madam Chairman, Government's Rental Budget, cost centre 91006, has an allocation of \$72,000 for fiscal 2015/16. When compared to the allocation of \$13,000 from fiscal year 2014/15, this represents an increase of \$59,000, or 450 per cent.

The significant increase in cost is not owing to any change or increase in the number of properties being rented, but to more accurately reflect the costs. Traditionally, the department would rent properties for contract workers and recover the rents from their salaries. However, this did not always result in the budget balancing out, for a number of reasons. Some officers would leave before the lease had expired, leaving Government to pay the balance. Often, the properties would be secured before contractors had arrived, and therefore the Government would be responsible for the first month's rent.

This is clearly not the way forward. And the department has changed its policy so that it no longer enters into leases and then sublets to the contract officer, often resulting in the department being out of pocket. This system was a legacy of the days where it was a landlord's market and there was no Internet. Now, contract officers can view online properties and enter into lease themselves, without the need for the department to be the middleman. The department will still provide advice and assistance to contract officers in their search for accommodations, but will not take on the lease. This should result in a significant reduction in this cost centre in the financial year of 2016/17, as the department reduces the number of leases it holds.

Madam Chairman, I now move to capital expenditure estimate. We go to capital expenditure estimate. The total budget amount of . . . (Sorry. Let me just go to it myself. I didn't write it down; should have.)

[Pause]

Hon. L. Craig Cannonier: Sorry. Get there in just a sec.

[Inaudible interjection]

Hon. L. Craig Cannonier: No, it is not on [page] C-6. No, capital expenditure estimates, [cost centre] 75112.

[Pause]

Hon. L. Craig Cannonier: Sorry about that. I do not see the brief. Ah, there we go, yes. Let me just mark that. That should have been marked; my apologies.

[Cost centre] 75112 . . . Sorry, let me go back.

[Capital Expenditure Estimate Total Budget],

the total is \$4,050,000. The programme has six cost centres, namely:

- 75112, major building upgrade, of \$2 million;
- 75298, GAB/GPO bathrooms upgrade (hang on), \$150,000 (sorry; it is not lined up quite right here);
- 75309, all school maintenance, \$1.5 million;
- [75327], Horseshoe Bay Beach bathrooms upgrade, \$200,000;
- 75330, Allenhurst, old Hamilton police station, \$100,000;
- 75331, recycling plant development, \$100,000. (Just highlight that right there for me real quick; thank you.)

The capital expenditure estimates for the Department of Public Lands and Buildings can be found on page (there you go) C-6 of the Estimates of Revenue and Expenditure for the fiscal year 2015/16. As we said, it was \$4,050,000. This represents an overall increase \$1,350,000, or a 50 per cent increase.

The capital expenditure for the major buildings upgrade cost centre 75112 has an allocation of \$2 million for the fiscal year 2015/16. When compared to the allocation of \$1.5 million for fiscal year 2014/15, this represents an increase of \$500,000, or 33 per cent. The capital expenditure for all school maintenance, cost centre 75309, has an allocation of \$1.5 million, when compared to the allocation of \$1 million for fiscal year 2014/15, this represents an increase over the fiscal year 2014/15 of \$500,000.

Whilst the capital projects for the 2014/15 fiscal year were interrupted by the hurricanes, a number of projects were completed or are ongoing. Some were necessitated by damage caused by the hurricanes. These include the installation of new windows at the General Post Office Building in Hamilton, the refurbishment of the Valerie T. Scott building for occupation by the PATI Commissioner, new windows at Dame Marjorie Bean [Hope Academy], a new roof on the Catterick Building in St. George's, a new roof on the restaurant at the Light House, a new roof at the Public Transportation Headquarters, and painting the exterior of the Bermuda Aquarium Museum and Zoo.

Madam Chairman, works planned for the fiscal year 2015/16 will include the sealing and painting of the exterior of the Government Administration Building and General Post Office Building in the City of Hamilton, as well as plumbing upgrades. Global House will be receiving new plant, and the Cabinet Building will be sealed and painted externally and new windows installed to match the old. Sylvia Richardson [Care Facility] will be painted internally and externally, and also receive plant upgrades. This very house will receive some much-needed attention, as will the Supreme Court No. 3 building on Front Street, where new windows are currently being installed. These are just a few of the many projects being planned for the next year, Madam Chairman.

Madam Chairman, the capital expenditure for the proposed bathroom upgrades at the Government Administration Building and General Post Office has been given an allocation of \$150,000. When compared to the allocation of \$200,000 for fiscal year 2014/15, this represents a decrease over the fiscal year 2014/15 of \$50,000, or 25 per cent.

[Inaudible interjection]

Hon. L. Craig Cannonier: We will work it in. Let us have a chat. We will work it in. You have got your Railway Trail, so we have got to work on the bathrooms some.

[Inaudible interjections and laughter]

Hon. L. Craig Cannonier: That was a Christmas present.

The bathrooms on the third floor of the General Post Office and Government Administration Build-

ings are being renovated as we speak. The works will be completed in this financial year, and then works will begin on the second-floor bathrooms, and so on, until the buildings are complete. It is necessary to do the works systematically, floor by floor, so that the occupiers are not unduly inconvenienced.

Madam Chairman, three capital accounts are allocated capital funds this year that were not allocated funds in fiscal year 2014/15. These include \$100,000 each for the Allenhurst building (75330), formerly used as the Hamilton Police Station; and the Devon Springs plant (75331) in Devonshire. The funds will be used to complete design drawings and planning applications to begin the process of bringing the properties back into use. Madam Chairman, \$200,000 has been allocated for works on the Horseshoe Bay Beach House (75327) to install a new pit and carry out plumbing upgrades and refurbishment of the bathrooms.

With the two capital expenditures for the major buildings upgrade, cost centre 75112, and all school maintenance, cost centre 75309, the buildings team shall continue to enhance its planned and preventative maintenance plan to counteract the costly measures associated with a reactive approach. Besides the cost benefits of a planned approach, there is the added bonus of minimising the disruption to the occupants.

The importance of properly planned maintenance has been highlighted by ongoing discoveries of mould. Most major government buildings were constructed at least 30 years ago. Over the past 20 to 30 years, many of our facilities have received only basic re-active maintenance and no planned or programmed maintenance. This practice has resulted in a portfolio of buildings that are currently facing major refurbishment needs, with their physical plant and major systems having reached the end of their life cycle. The evaluation as to whether such buildings should be refurbished or even demolished will be assessed through the property asset plan being prepared by our Estates Section, which will guide us through future maintenance decisions.

During fiscal year 2015/16, the Buildings Section will utilise cost centre 75309, or the all schools maintenance vote, to complete many projects that demonstrated our varied abilities and skill [sets]. The Buildings Team will continue to work closely with the Ministry of Education to develop a planned maintenance programme by identifying and prioritising works based on safety and health. (I will skip over, Madam Chairman.)

The Ministry of Public Works has the responsibility for the maintenance of some 30 schools including pre-schools, primary and middle schools. Ensuring that schools are ready for the new school year in September is not just limited to the buildings, as there are a number of other departments/sections responsible

for items such as the IT, grounds [parks], cleaning (custodians), materials and supplies.

Madam Chairman, the—sorry. Hold on a sec.

[Pause]

Hon. L. Craig Cannonier:—Madam Chairman, the scope of work and tight time frame require talking about planned works where there was extensive work needed to be done by our crews, our electricians, our plumbers and carpenters, masons, and painters. The scope of work and tight time frame required additional resources to assist in this project. As such, contracts were awarded to companies to paint the interior and exterior of T. N. Tatum, Harrington Sound, and Dellwood Middle School. In addition, our own crews painted both Gilbert Institute and Prospect Preschool.

Whilst \$1 million was budgeted for school works for fiscal year 2014/15, the total cost of works on the schools was \$1.7 million. As the works were essential to ensure that the schools were open for the new school year, savings were made in other capital accounts. The goal was to ensure that critical works were completed before the start of the new school year and that no school would be unable to open for the new school year owing to the maintenance issues. That goal was met.

As stated, the school works project for 2015/16 has already begun, with the department working with the Ministry of Education in identifying the priority works. Schools identified to be cleaned and painted internally and externally include Clearwater, Dame Marjorie Bean [Hope], Francis Patton, Lagoon Park Preschool, Lyceum School, Northlands Primary, Paget Primary, Port Royal Primary, Somerset Primary, and Southampton Preschool.

Madam Chairman, unfortunately, following this summer's school works we were hit by the first of two hurricanes on the 12th of October and then again on the weekend of the 18th of October. Of the 860 properties insured and directly managed by Estates, over 500 suffered some form of damage. This ranged from the minor, to major roof damage that meant the building could not be occupied until it was repaired. Complicating matters was the number of asbestos roofs that were damaged, requiring specialist asbestos abatement.

Madam Chairman, I cannot say enough about the response of the staff of Public Lands and Buildings to this challenge. Within a week, all 860 properties had been inspected. Works began immediately on key government buildings to ensure they were open for business on the next working day. Also, Madam Chairman, to date, over \$11,500,000 has been advanced by the insurers to carry out these repairs across the Island. These works are ongoing and have taken the department away from the planned capital and maintenance work for the year.

To put this in perspective, 120 staff from the depot worked flat out on hurricane repairs from Hurricane Fay right through to December. Some have now had to be reassigned to other work, but a sizeable portion of the depot crews still remain on hurricane works and will continue until they are complete.

Madam Chairman, revenue for the 2015/16 fiscal year can be found on page B-208 and is conservatively estimated at \$1.5 million. This is made up of \$1,025,000 in rent roll from government properties that are let out, and the balance being foreshore licences for new marinas and docks. This reduction of \$380,000, or 20 per cent, is to reflect an anticipated drop in marina and dock applications.

Madam Chairman, the 2015/16 fiscal year will present many of the same challenges as the previous years. The primary objective of this year will be to complete and begin implementation of the property [asset] management plan. It is *to ensure the optimisation of the Government's lands and buildings to support the key business goals and objectives of the Bermuda Government.*

Madam Chairman, as I conclude the Budget Brief for Head 81, the Department of Public Lands and Buildings, I would like to take this opportunity to thank the team at Public Lands and Buildings for doing just that—getting the job done. (I am beginning to lose my voice now.)

Thank you, Madam Chairman.

HEAD 82—DEPARTMENT OF WORKS AND ENGINEERING

Hon. L. Craig Cannonier: I will now move to Head 82, the Department of Works and Engineering. Madam Chairman, the Department of Works and Engineering is responsible for the provision of essential services to the Bermuda public and the maintenance of highly visible major elements of the government infrastructure, which are extremely important to the way Bermuda functions as a civilised and modern society. The range of varied and unique activities covered by the department includes garbage collection and disposal, road maintenance and repairs, bridge maintenance, government vehicle maintenance, as well as safe water extraction, treatment and distribution.

Services such as disposal of hazardous substances, disposal of vehicles and construction materials, recycling, composting, the maintenance and repairs of the government's infrastructure, which includes roads, bridges, docks and street lighting, are also carried out by this department. The importance of the department was highlighted during Hurricanes Fay and Gonzalo in October when, in conjunction with the Department of Parks and the Bermuda Regiment, the road infrastructure was opened up within hours so that Bermuda could demonstrate to the international com-

munity its robustness in coping with such emergencies and to keep functioning as usual.

The professionalism and commitment that the staff and workforce demonstrated not only during these times, but also throughout the rest of the year, needs to be applauded, and I would like to take an opportunity to recognise the men and women of the Department of Works and Engineering.

Madam Chairman, there are seven operational sections of the department:

- Highways;
- Structures;
- Electrical/Mechanical;
- Solid Waste;
- Water/Wastewater;
- Tynes Bay Waste-to-Energy Facility; and
- the Quarry Facility.

All of them are critical to the effective operation and maintenance of the government's infrastructure.

It is within this framework that I present the Budget Brief for the Department of Works and Engineering's Budget for fiscal year 2015/16. The mission of the Department of Works and Engineering is: *To ensure the effective and prudent management of all operations and engineering services relating to the construction, erection, improvement, maintenance and repairs of Government infrastructure.*

The services provided by the Department of Works and Engineering include:

1. structural, electrical and mechanical professional services;
2. highways development and maintenance;
3. water production and distribution, and sewage disposal;
4. solid waste education, recycling, garbage collection and disposal and composting;
5. vehicle and equipment repair services;
6. transport and equipment support services.

I now turn you to pages B-212 through to B-213 of the Approved Estimates of Revenue and Expenditure, [line items] 8200 through to, successively, 8205, quarry products, to 8206, water and sewage. On page B-213, the operational budget for the Department of Works and Engineering for the coming fiscal year is \$30,165,000, which represents a decrease of 5 per cent from the 2014/15 budget level.

[Line item] 8200, administration, provides for the senior management team of the department. In the past, this included the Chief Engineer and the Assistant Chief. The mandate of the senior management team is the efficient management of the seven sections of the Ministry, which we mentioned earlier.

Madam Chairman, a \$162,000 budget has been allocated for fiscal year 2015/16. This represents a decrease of \$11,000 as compared to the 2014/15 budget. This is due to the reduction in budget allocat-

ed for training and only leaves sufficient budget for the Chief Engineer position, with some administrative supplies only.

Referring to the performance measure on page B-215, for fiscal 2014/15 the total number of personal injury accidents that have taken place in the department currently is 29. This means that the all accident frequency rate for the department is currently 6.4. Although this is slightly above target, this still represents a good safety record, as it covers all injury accidents, not just lost time incidents. The average number of training days per managerial staff member is forecast to remain as five in the new fiscal year. Madam Chairman, the full-time equivalents for cost centre 92000, page B-214, administration is one. This is the same as fiscal 2014/15.

[Line item] 8201, engineering, on page B-212. The mandate of the Engineering Services Programme is to provide quality electrical, mechanical and structural engineering services. A \$2,064,000 budget has been allocated for this programme. This represents a decrease of \$670,000 as compared to the 2014/15 budget. This programme includes cost centres 92001, electrical and mechanical management; cost centre 92002, electrical support; and cost centre 92003, structures.

The electrical/mechanical management and electrical support, [cost centres] 92001 and 92002, manage the provisions of planning, design, construction, installation and maintenance services for electrical and mechanical systems associated with the Government's facilities. Cost centre 92001, electrical and mechanical management, has decreased by \$152,000. This represents a reduction of 26 per cent from fiscal 2014/15. The decrease is due to an increased allowance for capital works recharges. Unfortunately, the Principal Electrical Engineer position is vacant again.

This section provides support on electrical and mechanical issues to other sections and departments, which although can be small scale in nature, are nevertheless very, very important. For instance, the team was responsible for managing the electrical upgrade in this very House, and provided a recommendation for the upgrade of the fire alarm system in Westgate.

Madam Chairman, referring to the performance measure on page B-215 for cost centre 92001, electrical and mechanical, the percentage of hours billed to projects for other government departments is forecast to be 30 per cent for fiscal 2014/15, which is more than that originally forecast. This demonstrates the importance of the section in providing a service to others. Also on page B-214, cost centre 92001, electrical and mechanical, this is one more than the estimate for fiscal year 2014/15 and allows for the provision of an extra electrician.

Cost centre 92002, electrical support, is mainly used to provide the budget for street lights. Cost

centre 92002, electrical support, has been reduced by \$495,000, following a rationalisation of charges incurred for the provision of energy and maintenance of street lights. It is anticipated that more energy-saving lights will be incorporated into the street light network, which should help to further reduce this budget in the long term.

On page B-215, referring to the performance measure for cost centre 92002, electrical support, the number of new street lights to be installed in fiscal 2014/15 is forecast to be 30. There are a significant number of lights being installed—for instance, on the Riviera estate in Southampton, which it is hoped will help the community in this area.

Page B-214, again cost centre 92002, electrical support, full-time equivalents, Madam Chairman. All personnel in the electrical section are coded under cost centre 92001. The structural engineering services, cost centre 92003, manage the provision of structural inspections. Madam Chairman, the budget for cost centre 92003 is \$398,000, which represents a decrease of \$23,000. Regrettably, the structures team has continued to operate through 2014/15 with a lack of resources. There are currently only two professional engineers in the section, and unfortunately, one of them will be leaving at the end of March 2015. In the past, there have been up to seven professional engineers. The Ministry has been unsuccessful in recruiting specialist local engineers, and attempts to recruit overseas engineers in the past three years have been unsuccessful due to better benefits being available elsewhere.

[Inaudible interjection]

Hon. L. Craig Cannonier: I will have to check on that.

Despite using local engineering firms, there is still a significant backlog of routine maintenance work that needs to be carried out.

Madam Chairman, the work that the structures team carried out following the hurricanes is reflected in the performance measure (page B-215) in that seven inspections have already been carried out on bridges and fourteen on docks during the year to date. Mr Chairman, the full-time equivalents for cost centre 92003, structures, is seven (found on page B-214). This is the same as the estimate in fiscal 2014/15, and again there is the hope that recruitment will be successful in the next fiscal year.

[Line item] 8202, highways, on page B-212. Madam Chairman, the mandate of the Highways Programme is to develop and maintain the public road infrastructure to ensure the safe passage of motorists and pedestrians. This entails all work associated with the planning, design and construction of road schemes and includes activities such as resurfacing, drainage, signage, road markings, retaining walls, and bus shelters.

I will go on over to, Madam Chairman, to say that a \$3,705,000 budget has been allocated to this programme. This programme has decreased by \$264,000 as compared to the 2014/15 budget. Madam Chairman, the department has been fortunate to secure the services of a new Principal Highways Engineer in November of 2014, which means that the highways team, for the first time in several years, is now fully staffed. Madam Chairman, I am also pleased to report that one of the highways team, Ms. Tina Beer Searle, who is a Bermudian, attained her professional engineer status during the course of the fiscal year. So, cost centre 92004, management, has a budget of \$586,000, which represents a reduction of \$132,000. Most of this reduction is a result of the charging of salaries against relevant capital projects, something that has not been done in previous years.

Under cost centre 92004, highways management, page B-215, [the performance measure] indicates that the amount of communications received by the team from members of the public during fiscal 2013/14 was 1047, and the [revised] forecast for 2014/15 is to be 1,000. (I think I am reading that wrong here, actually—2015/16.) This is reflective of the scope of the work and number of issues that this section deals with. Highways [workforce] had an accident frequency rate of 4.3 in fiscal 2013/14, which represents a good adherence to safety practices. Let me say this, that considering the actual working hours and increased risk of working that was performed during the hurricane cleanup of operations, this is still a commendable safety rate, of 9.4, which this is the current accident frequency rate from the 2014/15. Madam Chairman, the full-time equivalents for the cost centre 92004, highways management, page B-214, is nine. This is an increase of one from fiscal 2014/15 to accommodate a young Bermudian Trainee Civil Engineer.

Cost Centre 92005, road asphalt and signs, budget is \$896,000, which represents a reduction of \$108,000. This reflects a greater proportion of the work that is carried out under capital schemes. Cost centre 92005, asphalt and signs, on page B-215, shows that the amount of road centre line that has been marked out during fiscal 2014/15 is likely to reach 23 kilometres. The forecast for the road resurfacing is five kilometres, the shortfall against target being due to the downtime on the asphalt plant because of unplanned replacement of parts damaged during Hurricane Gonzalo. Extensive improvement has been carried out on the Ministry's asphalt plant during the year, which, it is hoped, will make this piece of equipment more reliable in the future. Madam Chair—Mr. Chair (changed up on me), the full-time equivalents for the cost centre 92005, asphalt and signs, page B-214, is 17.

[Mr. Walton Brown, Chairman]

Hon. L. Craig Cannonier: This is a reduction of two when compared to fiscal 2014/15 originally estimated and is a result of members of the team leaving and not being replaced.

The budget for cost centre 92006, public roads maintenance, \$469,000, which represents a reduction of one \$103,000 when compared to the 2014/15 budget. This decrease is due to a reduction in the amount of overtime and a reduction of materials and outside contractors. This cost centre mainly accommodates the crews clearing drains and fixing fences and minor masonry work. Mr. Chairman, the performance measure for cost centre 92006, public roads maintenance, page B-215, shows that it is anticipated that there will be two new bus shelters placed during fiscal 2014/15. Most of the new sidewalks in fiscal 2014/15 will be associated with the Blackwatch Pass roundabout. Mr. Chairman, the full-time equivalents for the cost centre 92006, road maintenance, page B-214, is 25. This is the same as estimated for fiscal 2014/15.

The budget for cost centre 92007, public road cleaning, is \$1,754,000. This has been increased by \$79,000 as a result of the loss of the allowance being taken for the furlough day. Cost centre 92007, public road cleaning, indicates that in fiscal 2013/14, some 13,200 kilometres of public road was cleaned by mechanical means. As the reliability issues with the mechanical road sweepers improve, it is anticipated that more roads will be cleaned by this way during fiscal years 2014/15 and 2015/16. Mr. Chairman, the full-time equivalents for the cost centre 92007, public road cleaning, is 25. This is the same as fiscal 2014/15.

Mr. Chairman, the budget for cost centre 92008, private roads, remains unfunded. The performance measure for cost centre 92008, private roads, indicated that the number of private roads on the waiting list for improvement under the Private Roads Improvement Act [1969] is 35. In fiscal 2014/15, drainage work was carried out in Melville Crescent to help minimise the risk of future flooding similar to what happened following the storm in February 2014.

[Line item] 8203, waste management. The mandate of the waste management programme is to arrange for the collection and safe disposal of Bermuda's solid wastes. The aim of the Waste Management Section is to serve the people of Bermuda by providing a comprehensive waste management programme, utilising the best technologies for disposal, recovery of materials and energy resources, protecting public health, and safeguarding the environment. Mr. Chairman, a \$15,907,000 budget for fiscal 2015/16 has been allocated to this programme. This represents a reduction of \$1,415,000 as compared to the 2014/15 budget.

Mr. Chairman, the budget for cost centre 92009, management, education and enforcement, is \$355,000, which represents a reduction of \$5,000. To compensate for the increase in salaries due to the

loss of the furlough allowance, there has been a further reduction in the amount of advertising and marketing. This means that this section will not be able to carry out as many advisories in the public forum as in previous years. The performance measure for 92009, solid waste management, is forecast in fiscal 2014/15 to have carried out some 55 educational lectures during the year. The Solid Waste Section is also forecast to place 1,496 radio and 61 print advertisements. All promotional activities such as radio advertisements, interviews and print advertisements are targeted specifically for waste-related events such as eWaste Recycling Day and special waste drop-off days. Mr. Chairman, the full-time equivalents for cost centre 92009, solid waste management, page B-214—this is the same as fiscal 2014/15.

The budget for cost centre 92011, recycling, is \$168,000, which is a reduction of \$975,000 when compared to fiscal 2014/15. Mr. Chairman, despite fears to the contrary, I am pleased to be able to say that the recycling operations will continue as normal. It will be necessary to make budget savings to this cost centre to facilitate the continued operation. To ensure that the plant can operate, budget will be switched from other cost centres to accommodate the shortfall. The performance measure for cost centre 92011, recycling, page B-216, indicates that the amount of recycling materials picked up in a month for fiscal 2014/15 is still estimated to be 100 tons, and the amount of e-waste picked up in the year will be around 40 tons. The full-time equivalents for the cost centre 92011 are two. This is three less than the estimated for fiscal 2014/15 and is a result of the allocation of labour to other cost centres.

The budget for cost centre 92012, airport disposal facility, is \$1,073,000, which is an increase of \$24,000. Most of this increase is due to the loss of the furlough day, although the increase has been offset by the reduction of overtime and the loss of one vacant position. The performance measure for 92012, airport disposal facility, shows that it is forecasted that 20,000 loads of materials will be delivered to the airport disposal facility, and the number of cars scrapped will be around 800 during fiscal 2014/15. Mr. Chairman, the full-time equivalents for the cost centre 92012, airport disposal facility, is six. The estimate for 2014/15 was four.

The budget for cost centre 92013, composting operations, is \$1,557,000, which represents a reduction of \$287,000 when compared to fiscal 2014/15. This decrease is a result of not filling the vacant positions and limiting the hire of external equipment and overtime. The performance measure for [cost centre] 92013, composting operations, does not reflect the increased volumes from the two Hurricanes Fay and Gonzalo. In the two weeks following the storms, the team at Marsh Folly were required to deal with a phenomenal amount of horticultural waste—often, up to 1,200 deliveries a day. Mr. Chairman, for the cost cen-

tre 92013, compositing operations, the full-time equivalents is nine. This is one less than the estimate for 2014/15 and is a consequence of not filling the vacant position. The extra personnel from the airport disposal facility will be redeployed here if necessary.

Cost centre 92014, special and hazardous waste, has a budget of \$1,083,000, which represents an increase of \$8,000. This is a particularly valuable service, which is why the budget is almost unchanged. The team, led by Clarkston Trott, is often unheralded, but is always available to clean up hazardous material spills and to remove contaminated materials from the Island. The performance measure for cost centre 92014, hazardous waste, is found on page B-216—

The Chairman: Honourable Minister.

Hon. L. Craig Cannonier: Sorry.

The Chairman: This is a four and a half hour debate. And I was just wondering if you—

Hon. L. Craig Cannonier: Over an hour?

The Chairman: I was just wondering if you actually intend to have a debate on this, on these heads.

Hon. L. Craig Cannonier: Yes. I did say to the Member I would at least give him an hour.

The Chairman: An hour?

Hon. L. Craig Cannonier: Yes.

The Chairman: Thank you, Honourable Minister.

Hon. L. Craig Cannonier: The performance measure for cost centre 92014, hazardous waste, the fiscal 2014/15 forecast, 50 twenty-foot containers will be exported overseas; to date, 30 have been exported.

The budget for cost centre 92029, collections, is \$4,332,000, which has increased by \$159,000 when compared to fiscal 2014/15. The performance measure for cost centre 92029, page B-217, indicates, on average, 400 tons of domestic waste continues to be collected during the week. The full-time equivalents for the cost centre 92029 are 58. This is four more than the estimate for fiscal 2014/15 and includes personnel who were working at the recycling centre and will be used to augment the collection team to help the reliability of the service.

Mr. Chairman, I am going to move over so we can move a little more quickly through some of these here. So give me just a second, because I know time is running out.

[Pause]

Hon. L. Craig Cannonier: And I will be able to answer some of those questions, but I wanted to get us to something important.

I want to move to [line item] 8204, on page B-212. So I have moved over a few of those areas. And that is the quarry transport and [line item] 8205, quarry products. Let me say on page B-212, [line item] 8204, \$7,765,000 was budgeted, and \$5,200,000 rechargeable budget for vehicle rentals and maintenance has been allocated to this programme for 2015/16. This budget has reduced by \$139,000. For the quarry administration, cost centre 92019, \$522,000 has decreased by \$233,000 as a result of the reduction in electricity charges, security costs and materials. The full-time equivalents for [cost centre] 92019 is two. This is the same as 2014/15.

Cost centre 92020, quarry vehicles and equipment operation, is \$2,911,000 which has increased by \$350,000. This increase is due to the loss of the furlough allowance and the necessity to safeguard all jobs.

I am going to move over a little more so we can move the time here. The Honourable Member does have the brief, as he reads through.

I will now move on over to page B-213, [line item] 8206, water and sewage. I did want to just highlight some things here. This mandate of the water and sewage programme is to provide planning, design, construction, and operation and maintenance of government water extraction; to also produce potable water on a cost-recovery basis to meet demand. If you go down, Mr. Chairman, you will find that a \$5,716,000 budget has been allocated to this programme. This represents an increase of \$707,000 as compared to 2014/15.

The budget cost centre for 92025, water and sewage administration, is \$1,163,000, which is an increase of \$522,000 as a result of the need to provide sufficient funds to purchase water from other organisations if necessary. On page B-217, cost centre 92025, performance measures, the Honourable Member can see them there. The administration area within the section has so far achieved 100 per cent response within 24 hours.

I now move to [cost centre] 92026, water supply and treatment, for which \$3,339,000 has been allocated, which is an increase of \$98,000. This will ensure that there is sufficient allocation to pay for contractors who were supplied control systems and to pay for the electricity associated with various pumps.

And then, Mr. Chairman, I will move on over to the cost centre 92027, water storage and distribution. Allocated funds of \$935,000 are a decrease of \$38,000 as a result of the loss of one vacant position.

Let me move to cost centre 92028, sewage collection. This is \$279,000, which has been increased by \$125,000 to ensure that there is sufficient budget allowance to pay fees to the Corporation of Hamilton. The performance measures for cost centre

92028 can be found on page B-217. (And in the interest of time—as I said, the Honourable Member has the brief—I will move over those.)

Staff. Staffing levels within the Department of Works and Engineering are shown on page B-214. I am pleased to be able to announce that, despite the budgetary challenges, no redundancies have been required. Indeed, employee numbers for 2015/16 budget of 339 is an increase of five when compared to those of 2014/15. This increase is to accommodate apprentices and trainees, which further shows the commitment of the Ministry to train young Bermudians.

Capital projects—and I will highlight some of these. The overall 2015/16 capital expenditure plan for the Department of Works and Engineering is \$25,780,000. And the details can be found on pages C-6 and C-7. You will see there that roadwork has a cost centre of \$5 million. (I will skip on over.) Water projects—

The Chairman: I am sorry, Minister. What page reference is that?

Hon. L. Craig Cannonier: I am sorry. Go over to C—

[Inaudible interjection]

Hon. L. Craig Cannonier: Yes, pages C-6 and C-7.

The Chairman: Thank you.

Hon. L. Craig Cannonier: Sorry. In the interest of time, I just want to make sure that they have time, so I am trying to move through quickly here.

Water projects. This programme is planned, and unforeseen small to medium water and sewage projects, including a requirement in every year to provide equipment and general facilities, upgrading to meet ongoing treatment. The cost centre has been allocated \$800,000.

Improvements in street lighting has been allocated \$200,000, cost centre 75046. And cost centre 75048, bus shelters, has been allocated \$50,000. You will see also it goes down further. St. George's Sewage Plant, \$150,000; private road street lighting, allocation amount of \$25,000. (And as I said before, he has my brief, and it is also in the book there. So I will move fairly quickly through here.) Of those cost centres that you can see the amounts for, it is quite an extensive list. (Excuse me and give me just a second.)

On page C-12, if you look over on page C-12, I would now like to provide you with a summary the status of the major acquisitions being managed by the Department of Works and Engineering, which can be found on page C-12 of the Approved Estimates of Expenditure. The quarry, for vehicles and equipment to be replaced under the 2015/16 budget, are those that have reached their economic target age and are in

poor condition. Now, the finances, for 2015/16 estimate for this annual allocation is \$1 million.

Mr. Chairman, I have only been in the Ministry of Public Works for a couple, or two months now, and have found the staff and workforce to be extremely dedicated and committed. The work that they carry out is often not understood or appreciated until situations like hurricanes arise. The Department of Works and Engineering carries out such a large range of activity, some of which are most interesting, most of which are vital to maintenance a civilised way of life. The Department of Works and Engineering has risen up and conquered many challenges in the past and will continue to be faced with many challenges in the future. However, I can reassure the public and the people of Bermuda that the professionalism and dedication demonstrated by the staff and workforce of the Department of Works and Engineering is first-rate and Bermudian. And we can be sure and assured that the knowledge that they bring to the tables leaves us in safe hands.

With this quite comprehensive overview, the Department of [line item] 8201, I want to thank all those within the Department of Works and Engineering.

HEAD 97—DEPARTMENT OF LAND SURVEYS AND REGISTRATION

Hon. L. Craig Cannonier: I now move to my last budget brief, Head 97. Mr. Chairman, this can be found on pages B-218 to B-221. It gives me great pleasure to present this budget for Head 97. The mission is, To build a sustainable future for Bermuda by effectively managing land through land title registration, land surveying and mapping. Mr. Chairman, the total current expenditure for the department is estimated to be \$1,371,000, and this represents a decrease of approximately 18 per cent, which is \$250,000.

The Survey Section consists of two cost centres, 107010, land surveys management, and 107020, mapping. Mr. Chairman, the Survey Section has a broad and demanding land surveying responsibility to the Bermuda Government and this great nation. This team provides traditional and specialised land surveying expertise and guidance for the Bermuda Government; for example, they establish, maintain and update a national control monument network across Bermuda, ensuring that private land survey companies have a standardised and internationally compatible, coordinate system to utilise. They perform and advise on hydrographic surveying and survey projects pertaining towards the global positioning system, which includes modelling the gravity field under Bermuda. A total of 22 individual land surveying requests have been performed this fiscal year, equating to 28 per cent of this section's total accomplishments, with the engineering tasks requiring multiple return

visits for each phase of development, including some weekends to ensure deadlines are met.

Mr. Chairman, the Survey Section has an increasing demand for mapping products and geographic information system (GIS) data. To be able to support the Bermuda Government and the nation's mapping needs, this small team must collect, analyse, quantify and disseminate all types of spatially related data. Examples range from a specific request for all public road drains and soakaways to be mapped for a maintenance schedule; to collect sewer system data for the Town of St. George's, which is just one dataset component for a national waste management initiative; to update previous map datasets with the newest topographic map data, collected in 2012.

Mr. Chairman, there is nothing pretty about this type of work; it is slow, it is tedious, and the demands this year have been high. Forty-eight government mapping tasks alone have been accomplished this fiscal year, equating to 72 per cent for this section's total accomplishments. For example, the justice system requested the most mapping, pertaining to increased penalty zones and major court cases, which involved murders and the like. These cases then required the Senior Land Surveyor to attend court and testify to their validity, a further demand of the section's precious time. Based upon the Department of Public Prosecutions, these map products contribute greatly towards convictions. Another example was a custom map book requested by the Bermuda Regiment. The overall outcome of this product became a joint operations field reference, to be used during times of emergency, and to enable all agencies to work from a common data source.

Mr. Chairman, the Survey Section is looking to increase efficiency and effectiveness by utilising geographic information system-based software to reduce processing time and increase the availability across government and out into the public. Mr. Chairman, the Survey Section has been allocated \$261,000 for [cost centre] 107010, land surveys management, and \$4,000 for [cost centre] 107020, mapping.

The Land Title Registry Office has one cost centre, which is 107030, land title management. Mr. Chairman, one of the biggest challenges to good management of land in Bermuda is the lack of title registration, but a project to create a land title registry for Bermuda is well advanced. The land title register will be a transparent, accessible and effective land and property information system that will underpin an efficient land market in Bermuda. In keeping with international best practice, it will establish security of tenure for owners and others with rights over the land.

The strategy for introduction of land title registration commenced with the voluntary registration of the Government's estate. Registration will be extended to privately held land once the legislation is in place. Taking this approach has allowed for a thorough in-house testing of systems and procedures

ahead of extending registration of title to include private property. The fees for this work will make the Land Registry Office financially self-sufficient, as it is estimated that land registration could earn up to \$8 million in revenues. The Land Title Registration Section will be moving to become operational this year, and the budget for this coming year reflects this increased activity and demonstrates that we are delivering on our Throne Speech initiative. The land title registry has been allocated a total budget of \$832,000.

It has one central departmental cost centre, 107000, administration. This cost centre has been allocated \$274,000. This represents a reduction of \$149,000. This reduction was achieved through the loss of the director post for this department. This cost centre also carries funding for the administrative running costs of leasing Milner Place. The department's manpower will be reduced from 11 to nine for the forthcoming fiscal year. The Land Title Registry Office staff level will be reduced from eight to six, and the Survey Section staff level will be reduced from four to three.

The Land Title Registry Office has carried out extensive research into the staffing levels required to provide a professional service to the public. By reducing the staff levels, this will have a negative impact on the projected revenue. However, the office's revenue is forecasted to greatly exceed the budget expenditure; thus, to reduce two fee-earning posts, which is, in effect, a reduction in operational cost by 40 per cent, would inevitably result in lower productivity. This will inevitably result in a net loss far greater than the savings of the salary costs. The Survey Section is down to three staff from four; one member is currently training towards his professional designation, which will occur in 2017.

Revenue. The Land Title Registry Office's projected revenue for the fiscal year is a minimum of \$1,400,000; however, with the addition of the proposed projects, it could be as much as, as mentioned earlier, \$8,000,000. The Land Title Registry Office in the past year undertook and achieved the following performance measures:

- 100 per cent of all routine new addresses were assigned within two weeks;
- the Land Title Registry Office is not operational; therefore, it was unable to commence registering private land.

The Survey Section's output measures were to inspect and maintain 33 per cent of the national surveying monuments, maintain broadcasting of the Government's global positioning system for 90 per cent of the time, perform 24 land surveys and support 30 GIS projects.

These objectives have been achieved except for the number of land surveys. There has been a decrease in requests from other government departments.

Major achievements: The Survey Section continues to review and update the 2012 topographic mapping database and is continuing to amend it with attribute data. As each data layer is amended, it will be published to the central database for usage. Building on top of this newer mapping data, new software is being utilised to rejuvenate older-style web-based maps that will be easier to maintain in-house rather than through outsourcing methods.

The Land Title Registry Office, in consultation with its major stakeholder, has reached an agreement to the amendments of its Act and regulations. It has also extended its system to create a new register which will allow the office to register real estate assets and Supreme Court judgments which attach to land; this will allow, over a period of time, for all land information to be held at the Land Title Registry Office.

Critical to the success of this initiative will be the enactment of the Land Title Registration Act. During the coming year, the Land Title Registry Office will work with the Attorney General's Chambers to amend the legislation. This legislation will be presented later in the year in order that the Land Title Registry Office can become fully operational.

The Survey Section continues to support the entire Bermuda Government with regards to mapping data and traditional land survey practices and expertise. It is hoped that, with the newly rejuvenated public map websites, other departments will request similar websites to visualize and display their own data and, eventually, the Government will become more streamlined and efficient with the usage of one system.

Mr. Chairman, in conclusion, it remains for me to thank Debbie Reid and Sean Patterson, heads of the Land Title Registry Office and Survey Section, respectively, for their leadership of the department over the past year, and their staff working very hard. As I said, Mr. Chairman, I started I would end. Because this is a massive department, Ministry, with many heads, with 700-plus employees, lots of work is being done, it is important that we allow and let our employees know that they are doing a wonderful work to get us back after two hurricanes to where we need to be. This is not easy, but I want to thank Thomasina Hassell, of Head 36; Diane Elliott, of Head 49; Major Barrett Dill, of Head 53; Lisa Johnston, Head 68, Parks; Christopher Farrow of Head 81; Peter Havlicek, Head 82; and Debbie Reid of Head 97.

With that, Mr. Chairman, I conclude the brief for the Department of Public Works.

The Chairman: Thank you, Honourable Minister.

Is there any other Member who wishes to speak to these heads?

The Chair recognises the Honourable Member from constituency 35, the Shadow Minister for Public Works, the Honourable Dennis Lister.

Hon. Dennis P. Lister: Thank you, Mr. Chairman.

Mr. Chairman, let me start by just addressing the issue that has been going back and forth all night around the time, as an intro. A lot of the good stuff that the Minister delivered today is stuff that can be released in Ministerial Statements so it can get fully discussed individually. It is stuff that can be released in press statements so that the public can get a full piece of it. To sit here and go through, over and over, repetitive stuff on different heads just makes a mockery of the whole exercise. I do not care if we had given six hours, he would have read a five-hour brief. I do not care if we gave him two hours. Do you know what I am saying? We could better manage the time here so this [can be better appreciated by] those who are listening to get a proper debate by those who are participating.

As it is now, Mr. Chairman, the notes that I have . . . I have basically closed my notes and I am just going to throw some questions based on some of the points I scribbled onto this estimate book, because it really is not time to get into the full presentation.

On another note on that same line, Mr. Chairman, you look around at all the department heads who are sitting up here. It is a waste of their time when we do it in this manner. It is a waste of their time because by the time we finish, there is no time for a real question-and-answer where, had we had about a better allotment as far as a shorter presentation and questions flowing, the department heads here could have carried out their duty to be here by responding to proper questions, Mr. Chairman.

Mr. Chairman, this exercise is basically, or this comment on this exercise is basically to try and get us to appreciate a better process that we do this in, not just for this Ministry, but for all ministries. And this is the last Ministry that is being debated under this head, and this is not the only Ministry that this has happened under. So I am taking this opportunity to say that we need to rethink the process as we go forward.

The Chairman: But, Member—

Hon. Dennis P. Lister: But with that, Mr. Chairman—

The Chairman: You understand.

Hon. Dennis P. Lister: I thank you for your leniency. With that, Mr. Chairman, I will move forward.

Mr. Chairman, just going through the Budget Book and making notes as the Minister was speaking . . . and let me also apologise. In speaking to the time of having the heads sitting here, I should acknowledge the service of the department heads who are here. As a former Minister of that Ministry I know the degree of dedication, the degree of work that is called upon on those individual members. And it is only because of their efforts in making sure the

ship sails as well as it does that we get the type of response that we do.

So, Mr. Chairman, the Ministry Head 36, the Minister in his opening remarks went through the cost centres. He went through the head office, administration. He went through the finance account, purchasing, telecommunications, human resources, and the architectural design. My quick notes, sitting here, Mr. Chairman, are that the human resources was the saviour in there. Because as I was making notes, just scribbling here in his introductory, all of those departments basically had reduction of staff, positions moved up, positions not filled.

But when we came to the human resource, the human resource really uplifted that there. And they talked about the . . . was it BEFAST? Is that the right pronunciation of the abbreviation? BEFAST? They talked about the work development programme. They even talked about the programme that they are doing with C.A.R.E. Learning Centre to upgrade their employees and trying to recruit and train, [doing] those things. But it was almost a conscious feeling to what was said earlier, when he made reference to the positions that were not being filled or lost in the earlier area. So it was uplifting to hear that the human resource piece was at least addressing the need to make sure that we had Bermudians employed, Bermudians being upgraded and continuing to advance their skills and technology.

Mr. Chairman, I am going to move on and come back and forth as I am doing this, if you do not mind. When we look at the performance measures, under [cost centre] 46040, architect and design, the Minister, whilst on his feet, praised the last—

The Chairman: I am sorry. What is your page reference?

Hon. Dennis P. Lister: It is page B-196, [cost centre], 46040, architect and design.

The Minister on his feet praised the last of his two performance measures in that unit. He praised the second one in saying that it is the one in reference to holding regular meetings of project managers to ensure objectivities are being met and ensure prescribed services are effectively delivered. He praised it. He talked about the 80 per cent that they achieved in this past year. But then, if you look to the target for this coming year, it is "N/A." No target has been set. I would have thought that if you stood up and praised it, you would have at least given some understanding or clarification as to why there is no percentage, why no target has been set for this coming year if the programme was worth being mentioned whilst on your feet, and given praise as you did.

Mr. Chairman, I am going to ask for leniency to flip back and forth if I need to, because I am going through . . . as I said, I am just going through the notes that I made as he was speaking.

On the next head, Head 49, land valuation, a lot of comment was made around the website, Mr. Chairman, that you use for land valuation. And I can say here, Mr. Chairman, as someone who has spent some time in the real estate industry, it is one of those websites that does have a lot of use. It has been excellent in the information that you can gain from it. It is a great tool for the industry, in a sense, to be able to find out information. And the Minister listed the many different values that it brings to other government departments.

He indicated also that for the staffing of it . . . and maybe it was a typo error in your brief, Minister. You indicated that there is a complement of seven staff. The Estimate Book actually has eight. And there are eight all the way across and showing no change. You had indicated that there were seven. It may have been a typo.

Performance measures for the Head 49, land valuation, under the [cost centre] 59080 (which is on page B-199, Mr. Chairman). The Minister made reference to two sections here. He made reference to the unit, the amendment evaluation list for all changes within 20 working days. And the target there was 100 per cent originally, but they only achieved 58 per cent. He did give an explanation as to why that was not accomplished. The other one, though, was to provide valuation advice to Tax Commissioner within 20 working days. Their target had been 100 [per cent] for the previous year. They only reached 60 per cent, roughly, and there was no explanation given. I was wondering if there was an explanation could be given as to why you did not reach the target.

My point here, though, Mr. Chairman, is that last year's forecast had both of those to be 100 per cent achievable. Neither one reached that mark. One was given an explanation; one was not. But the results for this year's target, instead of being 100 per cent, to try and reach that mark, the target for this year has been reduced significantly in that it is not a target at 100 per cent of the gain. So that is the type of answer I would have liked to have heard from the Minister in his full explanation as he gave as to why they could not see setting the target as it had been set originally, even though they did not meet it this year, this past year. Maybe instead of lowering the target, give a good reason why you could not achieve it, and then maybe you could go about achieving it, knowing your reason why.

[Inaudible interjection]

Hon. Dennis P. Lister: Mr. Chairman, as I am moving along quickly and coming back to stuff, with your leniency, later, the next head is the Head 53, Bermuda Housing Corporation. The announcement this week-end of the further movement of the developer at the Grand Atlantic, Mr. Chairman, is one that, you know I have stood in this House before and actually praised

the original Minister Scott when he announced the intention by Government Housing Corporation to look at alternative use. So I cannot stand here and bang that because I have been on board from the beginning of praising Government for taking the initiative to look that way.

Now that it seems to be moving in the right direction. The last update that we were given in this House, Mr. Chairman, was that the lone family who was still onsite was to be relocated at some point in the near future. That last update was back in November/October of this past House sitting. Is there any clarification as to whether or not that family is still onsite? Because if this property, this development is now moving forward at the speed that it is moving at, we would want to know that there is not a hindrance to some degree because the relocation of that family has not been accomplished yet. So it would be nice to know that.

Mr. Chairman, the other question that I have in regard to that is that part of the capital grant that goes to the Housing Corporation from Government through the Ministry of Works and Engineering is to assist with the loan for the Grand Atlantic, the \$36 million loan. I would like to hear some update from the Minister as to the movement of this transition to the developer of the site. How does that affect that loan in the long term as a commitment from Government? The loan that the Housing Corporation has on their books right now in regard to the development at Grand Atlantic—is it something that will be removed once this deal is done with the new tourism developer at that site? Is that a purchase arrangement or something, or he just takes or they take over the responsibility for that loan? Or does it stay on government's books?

Those are the types of questions that have not yet been addressed as we have moved forward with this discussion with the new developer. Again, [we] support the effort; think it is the right move. But these types of questions need to be exposed and answered as we move forward so we are all aware of what is happening.

Mr. Chairman, the next head is Head 68, which is Parks. A quick question that I noted. Under parks comes the lifeguard services. Mr. Chairman, we note in the Estimate Book that there is an increase in funding for the lifeguard service. The manpower in the lifeguard service is going to stay at the same estimate from last year, cost items have gone up. But here is my question, Mr. Chairman. If you look over at the business unit for lifeguard services, the actual outcome for 2013/14, the original forecast for 2013/14 was six beaches that would have the lifeguard services. The target for this year, Mr. Chairman, is four beaches. So almost 50 per cent fewer beaches are going to be covered with lifeguard services. But the cost for lifeguard services as a cost centre has gone up by . . . It has actually gone up by 47 per cent, Mr.

Chairman—a 40 per cent increase, almost a 50 per cent increase. And we have almost 50 per cent fewer beaches that will be serviced by the lifeguard services. So I think that requires some type of explanation, Mr. Chairman.

Mr. Chairman, also on the Parks, under tree service I notice that the budget for tree service has remained the same consistently for the last three years that are shown, the two years that are shown here. I was expecting, actually, to see that there would have been in the revised estimate, in the revised cost for last year, it may have been an increase as the result of the hurricane. We know the amount of foliage damage, horticulture damage that was done up and down the Island. The Minister when he was on his feet made reference to the excellent work that was done by the men in Works and the departments in Works and Engineering in getting on top of the hurricane damage in short order.

But we all know that that resulted in a major increase in trees down, trees having to be trimmed, hedges, all sorts of horticultural waste having to be removed. You do not notice it in the actual expenditure. That is one area I anticipated that we would have seen some increase there.

Mr. Chairman, here is an interesting one. And it is interesting because I am from the West End and the representative for the West End. I am just seeking clarification on this. It may be a simple answer. It may be a very simple answer. But when we look under the performance measures for Parks, Head 66, on page B-205, they have Government House as a site. They have Eastern Parks and the Western Parks. In each of those three categories of business centres, business units, Mr. Chairman, there is a line that says, "the total number of plants installed."

We look at Government House, Mr. Chairman, there were originally cast 7,000 to be installed; ended up being 4,000. This year's target is 7,000. You look at the Eastern Parks, last year it was targeted at 7,000; they had 7,000. They did only 100. But this year it is being targeted at 5,000 again. Now when we come to the Western Parks, Mr. Chairman, the target last year was 100; what was installed was 6. And the target this year is 100 again. The difference between Government House getting 7,000, the East getting 5,000, and the West getting 100.

Now, the Minister is there just smiling. He is an East End boy, you see. He is an East End boy. But it may be a simple answer that takes a one-word response, Mr. Chairman, or a short response. I am sure it would not be a one-word response. But it would be interesting to find out why the great discrepancy. I was trying to figure it out. I know there are some 75 parks within the Parks system that they maintain. And I was trying to put a handle on, what is the differentiation between the number of parks compared to the number of parks in the west, et cetera? Mr. Chairman, so it could be a very simple explanation in that regard.

Mr. Chairman, again as we look at, under Parks, on page B-202 where it makes reference to Government House, I see another point here. Of the cost centres there under [line item] 6803, it is an even split almost between who got decreases and who got increases of the different cost centres, Mr. Chairman. There is one cost centre, though, that got a small increase, but I am going to question the increase in that the increase is to Government House, Mr. Chairman.

In this time when the Government is squeezing pennies everywhere it can, so to speak, out of its workers, and trying to cut back on services, I would have thought that Government House would have been one of those places that could share some of that sacrifice and a decrease or, at least—at the very least—no increase. But as part of sharing, at least be prepared to take a decrease rather than an increase. It is a small increase. The Minister when he was on his feet could not give a brief explanation. It is not a large increase, but it is an increase at the same time, Mr. Chairman, when we know that other areas are being cut back and squeezed back for every penny that they can.

Mr. Chairman, when you look at the capital projects for the Parks Department, there is funding put in place for the improvement of bathroom facilities. That actually leads me to another conversation, Mr. Chairman, with regard to the fact that we are in this process of having the America's Cup on our shores in a short period of time. The increase of tourists who are expected to be floating through Bermuda during that period of time, or visiting our beaches and the amenities that we offer, there has always been a concern, Mr. Chairman, about the condition of our bathrooms at the facilities, at the beach facilities. So I am pleased to see funding going into that. It would be nice to know that, in addition to upgrading the facilities that are there, that we can look to increasing the number of facilities at other beach locations, because there are a limited number of beaches that actually have facilities.

On that same note, Mr. Chairman, I think it is time for Government to give thought to the fact that we need to free up some of the activities that take place at those beaches and allow other amenities to be put at those beaches. We have the facility at Horseshoe Bay, but there are other beaches that could accommodate similar activities, Mr. Chairman. And this may be a time for a relaxing of the mindset to start looking and accommodating. How can we provide some of those other type of amenities at our beaches rather than trying to keep them pristine, just sand and water? I think our tourists are actually looking for more these days as we attract a new class or type of tourist.

Mr. Chairman, another item under the performance measures for Parks, on page B-206, there is a [cost centre] 78055, it is actually Tulo Valley operations. There is a line here, Mr. Chairman, that reads,

“The total number of plants applied to the general public under the Ministry of Environment Plant Voucher Scheme for new development.” Based on what I see in front of me, I would say that that scheme is not promoted enough.

The target for this year is 10, Mr. Chairman. [Does that mean] 10 plants to be given out? Is that 10 to 10 individuals, or 10 plants per homeowner who comes to get plants? That is [the] clarification I am seeking]. If it is 10 per homeowner who comes seeking a request that I have just got a new development I am going to put some plants around, and a voucher provides me with 10 plants, okay. But if it means that they are only anticipating giving out 10 plants during that period, I think we need to do a lot more to promote that scheme and inform the homeowners in the new properties and the new developments that they can go to the Tulo Valley under the voucher scheme and seek some plants.

Mr. Chairman, I am going to actually skip on out to Head 81, on page B-207. The Minister, while he was on his feet, gave an explanation under the general summary for cost centre under the Estates, [line item] 8102, cost centre 92006, about government rentals. He gave an explanation. At that point, I was not following in the book; I was trying to listen to him. And I actually lost what he was trying to explain as to why that cost centre went up in reference to how we are going to manage the lease now. Because the increase in that is actually a 454 per cent increase over what was allotted this fund before compared to what is going to be allotted as funding for that cost centre this particular year.

I will read through the brief over that section again and try and maybe get a better understanding of it. So hopefully, that will give some clarity. But if it does not, shortly I would have to come back to the Minister at another time in a question, hopefully privately, and hopefully I can get an answer.

Mr. Chairman, on the revenue source for public lands, Head 81, under the Works and Engineering property rentals, the Minister indicated that the estimate for this year is a conservative \$1.5 [million] down from \$1.8. He said it was a conservative estimate. He made reference to the fact that it was down because of the anticipated reduction in marine and dock applications. He said it, but there was no explanation as to why. Why are you anticipating that there will be less? Are all the docks now registered? Are all the marine facilities that you would have earned revenue out of that section, are they all down? Or is it a percentage or was a total percentage that you were always going after and you have hit your mark on that percentage? If we can get some explanation as to why, he can indicate why that section is down.

Mr. Chairman, under the performance measures for the business centre, 19000 to 19001, on page B-209, the reference to the vacant government buildings. Mr. Chairman, there are inspections that will

take place on these buildings; they are anticipating six this year. I believe the number of vacant buildings is roughly in the area of 30. What I am trying to find out, Mr. Chairman, is that, how many of that stock of vacant government properties are actually buildings that are derelict, abandoned and in need of or beyond their use, because they have been abandoned and derelict for so long? The inspection that is given here, Mr. Chairman, does not sort of indicate that, and the Minister's comments did not indicate that.

On that same section, Mr. Chairman, it makes reference to the number of government buildings that are going to be sealed this year. It says there are two buildings that will be sealed. My question again, Mr. Chairman, is, How many buildings in the fleet of buildings in government's stock of properties have the issue with water, mould, and mildew? And is two a reasonable number to be targeting in one year?

Mr. Chairman, I ask this question because 2006/07, around that time was when we had the problem with mould in our schools. And I can remember the conversation that took place back then that it was an issue that, similar to what the Minister has said today, was one that was of grave concern back then. Plans that the Minister spoke of today were plans that were discussed back then, Mr. Chairman, to put in place to address the Government's approach to getting on top of that problem, Government's approach to trying to find a way to better manage the maintenance of our properties. And, Mr. Chairman, to hear now that same sort of conversation all this time later just makes me scratch my head as to what happened in between now and then. Mr. Chairman, so, it is more of a question of, What was the downfall all those times?

Mr. Chairman, moving on to Head 82, the Minister made reference, under the water (on page B-213, under the [line item] 8206, water and sewage), the Minister spoke to it. My question here, though, Mr. Chairman, is, seeing the amount of trenching that was done in the West End to provide the water service up in the West End throughout, knowing that it was done by a private concern, I would like to have gotten more information from the chairman as to where the relationship with that private contractor is. Are they going to be the one providing full water service throughout Somerset and through the West End area? Or is it a combination, relationship between Government and the private concern?

The Minister made reference to the increase . . . (I cannot find it right now. I remember the comment.) He made reference to the increase that they were expecting out of that. The performance levels, I think, indicate that there are 500 pipelines that were (there we go)—500 linear feet anticipated being laid this year. Is that all part of that expansion? And is it a relationship that is going to see Government and the private sector take over the operation, or will it totally be a private operation once the system is up and running?

Also, Mr. Chairman, under the cost centres, the business units, rather, for Head 82, the quarry products, the Minister made reference to quarry products. But when you look at the quarry products projected for this year, there are none. The actual section has been deleted. So the curb stone, the benches, the other concrete products that were done at the quarry will no longer be done at the quarry? Simple question: Has that been tendered out, privatised? Or have they found another source of providing that?

Again, still under Head 82, business units, under the performance measures on page B-216, and the technicals may be able to say whether this is a typo in some regard, Mr. Chairman. I will read it out to you. It is the business unit for the quarry vehicles and equipment. It says, "Average amount of vehicles of the Government fleet expressed in percentage per week, not operational." So, that means out of service, and it is being expressed in a percentage if I am to interpret it correctly. You are not in your head, so I am assuming you are interpreting it the same way.

The target, Mr. Chairman, for this coming year is 75. Meaning 75 per cent of vehicles? Seventy-five per cent of vehicles will be non-operational on a weekly basis? Surely, they cannot be correct. So, some explanation is required as to the meaning of that particular business unit, under the performance measure, because that logic just does not give that that is correct, Mr. Chairman.

Mr. Chairman, the other issue that I think the Minister needed to have given more clarification to whilst on his feet is the actual recycling plant. When you look at the particular numbers in the book, they are all sort of positive with regard to the performance. The history, so to speak, Mr. Chairman, is that the recycling centre has helped to change the mindsets of Bermuda, Bermudians, Bermudian residents participating in it. Mr. Chairman, if—if—if there is more to be done to try and encourage more Bermudians to get on board, more residents to get on board, I think we need to put our heads together and come up with how that can be approached rather than simply shutting down the facility.

And I say it in those terms, Mr. Chairman, because when you read the public responses and listen to the public responses in regard to the Minister's attempt to close the recycling centre, the partners that you would have thought would have been involved in such a decision were just as shocked as the general public to know that the facility was being closed down. You think of a KVB and those types of persons, Mr. Chairman, who have done an outstanding job in working with Bermuda and Government in regard to environmental issues and bringing conversation to the table about how we can continue to improve the package. So, my comment to the Minister here is, you need to bring the stakeholders in the room and talk to the stakeholders about how we can improve the product there.

Mr. Chairman, there is a conversation that could be had around a bottle Bill. That is the one that we banged around for a while, Mr. Chairman. I can remember as a youngster when we used to take the mineral bottles back to the store and get . . . I cannot remember the amount we used to get.

[Inaudible interjection]

Hon. Dennis P. Lister: No, less. It wasn't shillings; it was not that much. It was like a sixpence. You only got about a sixpence back then. But that type of conversation should be a conversation that should be taking place, rather than just simply shutting down the facility, Mr. Chairman. There is much room, Mr. Chairman, for movement, I think, in that regard for going forward. But it is not to be done in a vacuum. It is not to be done in isolation with just the Minister saying, without consulting stakeholders, that that is where to go.

Mr. Chairman, in regard to the park lands, the Government use of park land, we have up in the West End the 9 Beaches facility. And I know that some government expenses still go to maintain that facility. I know, Mr. Chairman, that it is an issue that one would have thought by now would have seen a different operator. One would have thought by now it would have seen Government move forward from the operator that is there, Mr. Chairman. And let me put it in this context, Mr. Chairman. The recent article that came out in regard to this, in response to a comment that was made in this Chamber, the response from both parties was one that did not address the financial concern that has not been addressed in this matter. And the other part, Mr. Chairman, was that the BLDC's [Bermuda Land Development Company] response, basically, was that they are looking at the legal side, the legal proceedings.

Mr. Chairman, as a former Minister for this department, this Ministry, and as a chairman under that Ministry for that particular facility, I was the chairman. I was the chairman of the facility who started the legal proceedings against that particular individual. And I make issue of it because . . . and I will bring the individual in a minute. But I make issue, Mr. Chairman, because I know the process was started because I started it. That was back when we were Government. So, to hear that they are just looking at it must mean that Government decided to walk away from doing anything, try to find favour with the individual, which I do not think is the right way.

I almost caution myself when I say that, because there was a former Minister in this Government when they came in who had long conversations with me about making sure that those proceedings continued, because he recognised that it needed to be moved on from the relationship. And I bring the relationship in now in that the person who owns, or currently has rights to 9 Beaches, we all know, is Mr.

Dodwell, who is the Chairman of the Tourism Authority.

Mr. Chairman, the fact that he is the Chairman of the Tourism Authority, who is not living up to the obligation that he has to develop that site, is the wrong message for the Chairman of the Tourism Authority to be sending out there to any developer who is looking at developing any of our sites, in that if I get the contract to develop a site and I do not live up to it—I do not provide the funding, I do not do what I am supposed to do—I can just hold onto the contract and do nothing. That is not the message that you want to send, but that is the exact message that is being sent when we continue to allow the Chairman of the Tourism Authority to be the one, Mr. Chairman, to sit there without any address or redress being taken towards removing the relationship that they contractually have there, because he had not lived up to the obligation of that contract financially. And I will not go down that road, because I am privy to the numbers that are involved. But I will not go down that road; they are major numbers, Mr. Chairman.

The contract has not been lived up in any regard. And it is time for Government to stand up and say, *The line in the sand has been crossed*, as we decided (what was that?) three years ago when I was chairman of that particular facility, Mr. Chairman.

Mr. Chairman, the other areas I am dancing along are the road works on Marsh Folly, Palmetto Road, Perimeter Lane. Mr. Chairman, the Minister, the current Minister responded last week or so in regard to comments that were made by the MP for that area in regard to the delay of the works there. And I am going to . . . Minister, my comments are to give you food for thought (put it that way). Your response was purely off base, in that your response . . . Mr. Chairman, the Minister's response was that, *Now that I am the Minister, it is going to get done*. Two things can be taken out of that: One, you are saying that the former Ministers were incompetent and that is why it did not get done. And I am sure that is not the case. But that is the message that you sent out, because simply when you say, *Because I am the Minister, it is going to get done*, so the other Ministers did not have the ability to get it done.

The response that we were looking for from the Minister was to give the technical reasons as to why it has not been completed. Because the former Minister has stood in this place on numerous occasions and presented Ministerial Statements, going back to as far as Minister Moniz and on forward to Minister Gordon-Pamplin as to timelines, Mr. Chairman, timelines as to when the Palmetto Road, Perimeter Lane, Marsh Folly stretch would be repaired. I think it began in February 2013, it first got washed out. It got washed out again in February 2014. It just got washed out again here in February 2015. In February 2016, are we going to stand here and be having the same conversation? That is what we do not want.

So to get there, Mr. Chairman, we need the Minister to be able to come here and give technical reasons, not [say] that *I am the Minister. I am the man. I am going to fix it.* You are not the one who is going to fix it. There are technical questions that need to be . . . It is technical responses that are required from these types of questions so that we can give satisfaction to us and to the listening public as to, *Yes, it can be accomplished. Why it has not been accomplished thus far?* And that is just food for thought. Minister, you can laugh and chuckle at it; or you can take it to heart and understand the right response that is required. Okay?

(Mr. Chairman, I feel like I am in a dance hall and I am turning the music down, and I am going to get a new dance going, trying to jump through here right now.)

[Pause]

Hon. Dennis P. Lister: Yes, I have got it. I have got it. Yes.

Mr. Chairman, I am cognisant of the fact that a colleague of mine actually wants to have a couple of minutes in the debate as well. As I have been dancing through, . . . I know the other one that I want to make some comment on, the land title registration, Mr. Chairman.

Land title registration is one of those that started under the PLP Government. It has a long history. I was actually Minister of that project twice, when it was in Environment and when it was in Works and Engineering. So I am pleased to see it move along.

To be honest with you, Mr. Chairman, I never anticipated that it would take this long to move along. But I am pleased that it is finally moving along. I think it would be good for the country to get the system up and running. I think it is one of those things that, when Government are up and running with it, which I understand it will be later this year, there should be a good promotion campaign that goes along with it to give the positives of it and the real value to why we should be supporting it as private land owners, signing up and coming on board. But I think it offers a lot of value. But the right campaign has to be put with it so the people see it in the right light and not in a negative light.

The Minister when he was on his feet made reference to the fact that, as originally was intended, the Government would start putting their properties in there as the system was being created. My question here is, What percentage of government properties are currently in? Are we at a point where we have got most of the government properties in the system now? As indicated by the Minister, we should be operational later this year where the private sector can also come on board. So, just a quick question as to how many, what percentage of the government properties are actually signed up and registered in the programme?

Mr. Chairman, again when we think of the up-and-coming America's Cup, I think Works and Engineering plays a major role in the readiness for that. Our infrastructure, Minister . . . as we go up and down our highways and byways, we can find numerous areas of concern, a lot of it as a result of the hurricane. But a lot of it is also equally prior to the hurricane, when we look at our road conditions, our road surfacing. I would like to think that, as we ready Bermuda for that up-and-coming event, that a priority will be given to making sure that our infrastructure is up to speed and looking presentable, as we would like to be. The surfacing of our roads, and there are many problems in that regard up and down the Island, particularly in the West End. We understand why the West End was delayed, because we were having the trenching done for the pipeline. Now that that is done, we would like to see that that is corrected as far as the surfacing, likewise the walls up and down the country, Mr. Chairman, that have been damaged.

My last pet peeve, Mr. Chairman, before I take my seat, because I would like to leave time for the Honourable Member from Hamilton Parish, Mr. Burgess, who would like to make a few comments. My last pet peeve, Mr. Chairman, is the fact that privately owned roadside properties that have shrubbery, hedges, seem to be the care of, in so many cases, Works and Engineering or Parks. The landowner who owns property inland, off the road, takes care of his own hedges, whether he cuts it himself or hires somebody to do it. But we drive along so many times up and down this country, and there is nothing new that has been going on. It was a pet peeve that I had when I was Minister, Mr. Chairman.

But it is one of those pet peeves that I think it is high time we find a way to address and get the landowner to appreciate that they have a responsibility. If it means government is going to continually be the ones coming along and trimming those hedges, then they should be picking up the cost for that. And maybe the [government] cost would be one that is higher than the private sector, so that they would then get a private contractor to just take care of it so it does not become an eyesore to us. Because many of the problems, when we look up and down the highways, when we are looking at the infrastructure and trying to ready us for this America's Cup, a lot of our hedging along the roadside is an issue—overgrown, pushing it into the roadway. And those types of things, Mr. Chairman, are things that we need to get on top of.

Mr. Chairman, without having opened my notes and just going to questions that I was marking as the Minister was speaking, I think I am going to take my seat at this point and allow some time for my colleague, Mr. Burgess, in the last 15 minutes or so that we have left. Thank you.

The Chairman: Thank you, Honourable Member. You will appreciate, of course, that it is the Chair's prerogative who he decides to recognise.

[Crosstalk]

Hon. Dennis P. Lister: Well, I could stay on my feet if you are not going to recognise . . .

The Chairman: The Chair will recognise the Honourable Member from constituency 5, the Honourable Shadow Minister Derrick Burgess. You have the floor.

Hon. Derrick V. Burgess, Sr.: Yes. So kind, Mr. Chairman.

Mr. Chairman, first of all, let me acknowledge the young lady, Ms. Hayward. I remember when she came to us when we were in the Ministry. She was a single mother. And she started in the Ministry, I think washing cars and something like that. Now, she is a qualified engineer. She took on a challenge, and with perseverance, look what we have. I mean, I am so proud of that young lady.

Mr. Chairman, let me get to some real pertinent stuff. On page B-192, [line item] 3614, architects and design. It was forecast at an original budget of \$232,000. It increased, revised, to \$462,000, a \$232,000 increase. Why was that? Mr. Chairman, on B-193, professional services had an original budget of \$595,000, increased to \$2.233 million, a 275 per cent increase.

Mr. Chairman, on the recycling plant, on the recycling plant, there is under this budget plants that have closed down. We want to know what is going to happen to the recyclables when this plant is closed down? In little Bermuda, when we advertise Bermuda as beauty and serenity and all that stuff, you are going to close down that facility. In fact, it was in the essay that that civil servant wrote to the SAGE committee.

And let me just quote from there. It says, "Waste management. Speak to Vanessa Flood-Gordon millions (see estimate) between \$3 and \$4 million can be saved with better waste handling and disposal management." She probably needs to speak to the Minister, because if she is the professional there, then she needs to do that.

Mr. Chairman, on the insurance, our insurance has been decreased—and I am glad it has—from \$8.5 million to \$6.4 million.

The Chairman: Where are we on that?

Hon. Derrick V. Burgess, Sr.: That is page B-207, [line item] 8102. And, Mr. Chairman, that is great. But I want to know why such a decrease? It is 25 per cent. Have our buildings been de-valued? Tell me something. You do not normally get insurance de-valued that much. Also, I would like to know, how many claims were made to this insurance company during

these two hurricanes that visited us last year? How much in claims were put in, in dollar value, and how much have we received from those claims, Mr. Chairman?

The asphalt plant, Mr. Chairman, we had many problems with that plant.

The Chairman: Honourable Member, can you guide us to the appropriate—

Hon. Derrick V. Burgess, Sr.: Yes, Head 82, page B-215.

The Chairman: Page B-215?

Hon. Derrick V. Burgess, Sr.: Performance measures, [cost centre] 92005.

The Chairman: Okay.

Hon. Derrick V. Burgess, Sr.: Only five kilometres were resurfaced this year. That is down 50 per cent. Is it because of the breakdown of the plant? Because I see it is \$190,000 has been allocated. Is that to repair the plant? Now, that plant is a hot-mix plant. Before we got that plant, we had a cold-mix plant. There is a big difference, right? And this plant has got many hundreds of moving parts. And we had problems from day one. And I do not think they can fix it, to tell you the truth. Maybe we should be looking at replacing that plant, Mr. Chairman.

The Grand Atlantic, it was mentioned under Housing Corporation (whoever has it) . . . We want to know, how much has that been sold [for] to the developers today. We need to know, what the agreement is. How much was it sold for? What are the arrangements on the containment of that particular plant?

Also, Mr. Chairman, under Parks, I see under railway you have for the west . . . You have 21 employees out there in the east. You have, I think it is 15 or 14. And, Mr. Chairman, I would like to know, how many acres are covered by the west? How many acres are covered by the east? That would make sense to me with the difference in the demand that they have working in the parks.

Mr. Chairman, Professional Services, page B-213, they are to increase by \$532,000, an increase of 9 per cent. Why that increase, when they are supposed to be cutting back on the consultants and all of that? And is that money that can be spent on overseas consultants or local consultants, Mr. Chairman?

Mr. Chairman, hang on. Let me just . . . Waste Management. Last year we had numerous days that we did not have any collections. And the budget will increase by 4 per cent. That is page B-212, Head 82. The original budget for 2014/15 was \$4,173,000. The actual expenditure was \$4.6 million—\$454,000 overspend. We would like to know the reasons for that. And also, do they have a record of the number of days

that there was no trash collection? Because the former Minister blamed it on the size of the trucks.

Let me say this, Mr. Chairman. Those new trucks that were bought are 10 cubic yards, and the old ones were 11. And we did not have any problems in 2012 and 2013. But last Cup Match, we had problems, and that was the answer that was given.

The Tynes Bay project, I see that we are budgeting for more revenue for selling electricity to the electric light company. I am just wondering, has the new turbine been installed where you can use more steam to make more electricity? So, Mr. Chairman, we would like to know that.

Oh, maybe I should sit down so I can at least get a *good evening* from the Minister.

The Chairman: You have about eight minutes left.

Hon. Derrick V. Burgess, Sr.: Yes. Let me sit down. Let me give the Minister . . . Because I do not want to go on just to hear myself.

The Chairman: Thank you, Honourable Member.

The Chair will recognise the Honourable Member from constituency 6.

Hon. Wayne L. Furbert: Yes, thank you, Mr. Chairman. Just one question.

The Government has said that it costs \$400,000 for the agriculture show. In the budget, it is only \$331,000. They raised \$200,000 in admissions. So the real cost to the Government was \$131,000. And they should tell the country the real truth about what actually is the cost. The agriculture show does not cost \$400,000. It is \$331,000 in the budget they had budgeted for from last year. And they are raising \$200,000. The real cost is \$131,000. So somebody is misleading this country. Thank you.

The Chairman: Thank you, Honourable Member.

The Chair will recognise the Honourable Member from constituency 5. You have the floor.

Hon. Derrick V. Burgess, Sr.: Mr. Chairman, the swing bridge. Last year a Ministerial Statement was made, or a statement to the press, that the swing bridge would be repaired in the 2014/15 Budget. It is still not repaired. We would like to know when will that operation be complete. When will they start working on it? Because it is going to be another year and no swing bridge. Thank you.

The Chairman: Thank you, Honourable Member.

The Chair will recognise the Honourable Member from constituency . . . in Pembroke. Honourable Michael Weeks, you have the floor.

Mr. Michael A. Weeks: Thank you, Mr. Chairman. I know time is not on our side, but I only have one question.

Minister, it is about Grand Atlantic. Has that one tenant, that person who bought a property, are they still there? If not, when will they be moving?

The Chairman: Thank you, Honourable Member.

The Chair will recognise the Honourable Member, Lawrence Scott, from constituency in Warwick.

Mr. W. Lawrence Scott: Thank you, Mr. Chairman.

The former Ministers of Works and Engineering made a promise back in November, actually, November 14th, 2014, and the Minister before that was September of last year, to consult the constituents of constituency 24 when it comes to Grand Atlantic prior to moving forward.

It seems as though we are moving forward with Grand Atlantic. We have not talked to the constituents. And I am wondering why that has not happened, as I was in talks with the former Minister to set up a town hall meeting. I was just wondering if and when that is going to happen.

The Chairman: Thank you, Honourable Member.

Is there any other Member who wishes to speak?

The Chair will recognise the Honourable Member from constituency 6.

Hon. Wayne L. Furbert: Yes, thank you, Mr. Chairman.

I remember that the former Minister said that she repaid back some money with regard to the Works and Engineering for fixing her roof. Can the Minister tell us [under] which head that was included?

The Chairman: Thank you, Honourable Member.

Is there any other Member who wishes to speak to these heads?

None?

The Chair recognises the Honourable Minister for Public Works. You have about five minutes.

Hon. L. Craig Cannonier: Okay.

Yes. There were a lot of questions.

I just want to say that my team has collated all of these questions, and I am going to, once we are done with this, make sure all of the answers are put down. And I can send them to the relevant Shadow Minister so that we can get these answers out there.

But I do want to touch on one or two very important areas that were brought up. One of them, certainly, was the recycling plant. In my statement, I said that we would be suspending that particular operation. Upon looking at it thereafter, we know that there was a lot of concern about the facility actually closing.

Well, we were not going to completely close down the plant where nothing was getting done. My concern, as we found out more information, was that just in Bermuda we are not producing the recyclables in the quantities that kept that machinery going like it should be going.

We have a first-class recycling plant. And I commend those who built it. It is a first-class plant. What we now need to do is sit down and really talk about what it means to recycle so that we can get Bermuda on board. The recyclables are there, but we are not getting them in the quantities that we should. And so, they are holding onto the recyclables until they get enough to be able to make it worthwhile to ship away. So if you go down there, you will see stockpiles of stuff because it is not cost-effective for us to send, you know, a ton or two away, because again, it is not cost-effective.

So we are going to sit down. I gave the promise that we would sit down, listen to interested parties to see how we can start moving forward, seriously, about recyclables in Bermuda and how we can make it an effective programme. And all kinds of ideas, of course, have come out since we announced that it would be suspended. So maybe it was a good thing, because now everyone has come forward with all kinds of ideas that we can model behind. I have given the promise that I will continue to look at that. But the recycling plant will continue to do some works. Our problem is getting enough recyclables to keep all of the employees there engaged. And that was a real challenge for us.

I also know that garbage collection came up. And we said that we are looking at a GPS system that would allow us to start mapping out more efficient routes and the like. And I do understand. When I came into the Ministry there were some challenges with getting to some zones on the day that they particularly should have been picked up. But what we have been able to do is ensure that all areas are getting picked up, even if they do not get to it completely within . . . On the Monday, say, for instance, there is normal trash pickup; they follow up on the Tuesday and get there the following day.

We have had challenges with numbers of trucks that are down. We have had challenges, as was mentioned [with] some of the newer trucks, in talking to the guys down there, where parts were broken, and so, trying to get those parts in. We have a great team down there who actually were making parts, quite fascinating to watch them down there, metal parts. So it is an ongoing challenge. We do have some outstanding trucks, garbage trucks out there, five or six. We have got to seek how we can get those repaired in a timely fashion because the fleet needs to get back up to par so that we can ensure that trash is picked up on the day that it should be picked up.

There were a number of things . . . Oh, Grand Atlantic. I did want to speak to that. I do not know how much time I have. But Grand Atlantic, it was asked about the family.

The Chairman: You have one minute.

Hon. L. Craig Cannonier: Yes. It was asked about the family who is there. Bermuda Housing Corporation has done a fantastic job. There was a bit of a hiccup where the deeds for where they would be moving had been lost. Anyhow, we found those deeds. And Bermuda Housing Corporation is working with them to ensure that they are comfortable and that they do move out. And probably it will happen within the next week or two that they will move out of Grand Atlantic.

One of the other things with Grand Atlantic, we will be talking to the Bermuda Housing Corporation as to their commitment, and to the bank and what kind of agreement they will be seeking out with the bank as far as interest and the likes is concerned. But it is a plus that is a positive that is happening up at Grand Atlantic.

So with that in mind, I will give to these questions to ensure that we get back to—

The Chairman: Thank you, Honourable Minister.

Minister, is there a motion you would like to make?

Hon. L. Craig Cannonier: I would like to, Mr. Chairman, move Head 36, Head 49, Head 53, Head 68, Head 81, Head 82, Head 97 of the Ministry of Public Works. Thank you.

The Chairman: Thank you, Honourable Minister.

It has been moved that Heads 36, 49, 53, 68, 81, 82 and 97 be approved.

Are there any objections?

None; agreed to.

[Gavel]

[Motion carried: Heads 36, 49, 53, 68, 81, 82 and 97 were approved and stand part of the Estimates of Revenue and Expenditure for the year 2015/16.]

The Chairman: Honourable Minister? Honourable Finance Minister?

Hon. E. T. (Bob) Richards: Thank you, Mr. Chairman.

Mr. Chairman, I move the following heads be approved as printed: Heads 1, 2, 5, 63, 85, 92, 98, 14, 43, 51, 84, 96, 59, 33, 18, 13, 45, 32 and 42.

The Chairman: Thank you, Honourable Minister.

It has been moved that the aforementioned heads be approved.

Are there any objections?
None; agreed to.

[Gavel]

[Motion carried: Heads 1, 2, 5, 63, 85, 92, 98, 14, 43, 51, 84 96, 59, 33, 18, 13, 45, 32 and 42 were approved and stand part of the Estimates of Revenue and Expenditure for 2015/16.]

Hon. E. T. (Bob) Richards: Mr. Chairman, I move that the Current Account Estimates, the Capital Development Estimates and the Capital Acquisition Estimates be approved.

The Chairman: It has been moved that the estimates be approved as mentioned.

Are there any objections?
None; agreed to.

[Gavel]

[Motion carried: The Current Account Estimates, the Capital Development Estimates and the Capital Acquisition Estimates were approved and stand part of the Estimates of Revenue and Expenditure 2015/16.]

Hon. E. T. (Bob) Richards: Mr. Chairman, I move that the Estimates of Revenue and Expenditure for the Financial Year 2014/15 *[sic]* be approved.

The Chairman: It has been so moved.
Are there any objections?

Hon. E. T. (Bob) Richards: Yes, 2015/16; excuse me, be approved.

The Chairman: It has been so moved.
Are there any objections?
None; agreed to.

[Gavel]

[Motion carried: The Estimates of Revenue and Expenditure for Financial Year 2015/16 were considered by a Committee of the whole House and passed.]

Hon. E. T. (Bob) Richards: Mr. Chairman, I move that the approval of the estimates be reported to the House.

The Chairman: It has been so moved.
Are there any objections?
Approved as printed, Honourable Minister.

Hon. E. T. (Bob) Richards: Yes, approved as printed.

The Chairman: As printed.
Are there any objections?

None; agreed to.

[Gavel]

House resumed at 10:08 pm

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2015/16

The Speaker: Honourable Members, the Estimates [of Revenue and Expenditure for the year 2015/16] have been approved.

I would like to ask for all those in favour . . . Honourable Member, if you would just make your presentation, the Minister.

INTRODUCTION OF BILL

APPROPRIATION ACT 2015

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.
Mr. Speaker, I am introducing the Bill entitled the Appropriation Act 2015, with the Governor's recommendation signified.

BILL

SECOND READING

APPROPRIATION ACT 2015

Hon. E. T. (Bob) Richards: I move, in accordance with Standing Order 28(5)(1) that, under the provisions of Standing Orders 41(12) and 42, the remaining stages of the Bill entitled the Appropriation Act 2015 be taken forthwith. I also move that the Bill entitled the [Appropriation Act 2015](#) be now read the second time in the House.

The Speaker: Thank you.
Are there any objections to that?
There are none.

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.
I move clauses 1 to 6, inclusive, together with Schedules A, B and C, as printed.

The Speaker: Thank you, Honourable Member.
Any objections to that?
Minister.

Hon. E. T. (Bob) Richards: Mr. Speaker, I move the Preamble.

The Speaker: Thank you. The Preamble is moved.
Any objections?
There are none. Minister?

Hon. E. T. (Bob) Richards: Mr. Speaker, I move that the Bill entitled the Appropriation Act 2015 be now read the third time by its title only.

The Speaker: Are there any objections to that?
There are none. Minister.

THIRD READING

APPROPRIATION ACT 2015

Hon. E. T. (Bob) Richards: Mr. Speaker, I move that the said Bill do now pass.

The Speaker: Are there any objections to that?
The Appropriations Bill is now passed.

[Motion carried: The Appropriation Act 2015 was read a third time and passed.]

Hon. E. T. (Bob) Richards: Mr. Speaker, I now move that the following message be sent to the Senate.

The Speaker: Carry on.

MESSAGE TO THE SENATE

APPROPRIATION ACT 2015

Hon. E. T. (Bob) Richards: "To the Honourable President and Members of the Senate: The House of Assembly has the honour to forward herewith the under-noted Bill for the concurrence of your House, the Appropriation Act 2015. Copies of the Estimates of Revenue and Expenditure for 2015/16 are also forwarded for the information of your House."

The Speaker: All right. Thank you, Honourable Member.

Any objections to that?
There are none.

Honourable Members, just before we move on to the orders . . . we are going to move now to the Orders of the Day, but I just want to remind our Members that all Members in this House do have the right to be heard on a point of order, just to make it clear for all Members who are sitting in the House.

We move now to Order No. . . . (I do not have the Orders marked off here.) Which one are you doing first?

[Inaudible interjection]

The Speaker: Order No. 5? All right.

Order Nos. 2, 3 and 4 are carried over. And we recognise now the Honourable Minister . . .

[Inaudible interjections]

The Speaker: You are doing Order No. 4? All right.

[Pause]

The Speaker: Okay. Then we are now moving to Order No. 4. Order Nos. 2 and 3 are carried over. Order No. 4 is consideration of the Supplementary Estimate No. 1 for the Financial Year 2014/15, in the name of the Minister of Finance.

Minister of Finance, you have the floor.

BILL

SECOND READING

SUPPLEMENTARY ESTIMATE (NO. 1) FOR THE FINANCIAL YEAR 2014/15

Hon. E. T. (Bob) Richards: Thank you, Mr. Speaker.
Mr. Speaker, in accordance with Standing Order 43(4) and 43(5), I move that the Supplementary Estimate No. 1 for the Financial Year 2014/15 be approved and committed.

The Speaker: Thank you very much.

It has been moved, indeed, that the Supplementary Estimate be committed.

Are there any objections to that?

There are no objections. So, therefore, I ask that the . . .

[Inaudible interjections and pause]

House in Committee at 10:14 pm

[Mrs. Suzann Roberts-Holshouser, Chairman]

COMMITTEE ON BILL

SUPPLEMENTARY ESTIMATE (NO. 1) FOR FINANCIAL YEAR 2014/15

The Chairman: Thank you. Members, we are now in Committee of the whole for further discussion on [Supplementary Estimate No. 1 for Financial Year 2014/15](#).

I call on the Minister in charge. Minister, you have the floor.

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

Madam Chairman, the Schedule that Honourable Members have before them identifies nine items

totalling \$22,783,794 to be included in Supplementary Estimate No. 1 for 2014/15.

The Chairman: Thank you very much.

Hon. E. T. (Bob) Richards: Made up of \$17,907,149 on the Current Account and \$4,876,600 on Capital Account.

Honourable Members will note in respect of the total \$22.7 million supplementaries, \$10.8 million is anticipated to be a technical supplementary. A technical supplementary indicates that the requirement for additional funding can be met within the original appropriated estimates. However, it cannot be transferred, since they are appropriated within another ministry and/or capital account.

Honourable Members will recall that the criteria for determining debatable supplementary estimates requires all items on current account to be debated if the total current account spend of a ministry shows an increase of greater than 10 per cent, or \$250,000, when compared to the original estimate. All capital items are debatable.

Supplementary Estimate 2014/15 No. 1 is a combination of above-budget and unanticipated expenditure items. Of the total supplementary request on the current account, \$5.2 million relates to uninsured costs associated with Hurricanes Fay and Gonzalo; \$5.6 million in support of Financial Assistance; \$1.4 million for the Ministry of Home Affairs in order to cover legal costs associated with the Corporation of Hamilton waterfront lease; \$3.3 million for the Department of Airport Operations airline revenue guarantees; \$750,000 to provide for additional legal aid costs. Also included in this amount is a \$1.6 million grant to support the hosting of the America's Cup in 2017.

Total current account spending for 2014/15 is forecast to be \$955.1 million, or \$9.4 million, or 1 per cent higher than the original budget of \$945.8 million.

On the capital account, the \$4.9 million relates to grant funding to support infrastructure costs for hosting the America's Cup, the \$3.1 [million], and Bermuda Housing Corporation's loan repayment for the Grand Atlantic development, \$1.8 million, in which funding was originally appropriated in current account and is now being correctly reclassified to capital account. Total capital account spending for 2014/15 is forecasted to be \$59.4 million, or \$2.6 million. That is 4.3 per cent below the original budget of \$61.9 million.

Applying the criteria that I have just described, all seven items on the current account and both capital account items are debatable. I would therefore move approval of the items as follows: current account, 1 through 9, all debatable; capital account, 8 and 9, all debatable.

I will go through them individually, Madam Chairman.

Item No. 1, Ministry of Legal Affairs, Ministry Headquarters, Head 87, current account, Legal Aid, \$750,000;

Item No. 2, Ministry of Tourism Development and Transport, a total of \$3.274 million, Airport Operations, Head 31, current account, the same number, \$3.274 million, and that is airline guarantees;

Item No. 3, Ministry of Public Works, Ministry Headquarters, Head 36, current account, \$4.130 million, Hurricanes Fay and Gonzalo;

Item No. 4, Ministry of Community, Culture and Sports, Financial Assistance, Head 55, current account, \$5.6 million. That is Financial Assistance;

Item No. 5, Ministry of National Security, Defence, Head 06, current account, \$792,000, Hurricanes Fay and Gonzalo. Also, fire services, Head 45, that is \$301,000, that is for Hurricanes Fay and Gonzalo;

Item No. 6, Ministry of Home Affairs, Ministry Headquarters, Head 93, legal fees for waterfront lease and Bermuda Economic Development Corporation loan guarantee, a total of \$1.479479 million;

Item No. 7, Ministry of Economic Development, Ministry Headquarters, Head 95, America's Cup, \$1.58 million. That is a subtotal of \$17.907149 million;

Item No. 8, Bermuda Housing Corporation, Head 65, Bermuda Housing Corporation capital grant, \$1.8 million;

Item No. 9, Economic Development Headquarters, America's Cup, \$3.076600 million, capital account \$4.876600.

Total current and capital accounts together, \$22.783749 million.

The Chairman: Thank you very much, Minister.

We will do one at a time. So I will call on the Minister responsible for the Ministry of Legal Affairs. Minister, you have the floor.

Hon. Trevor G. Moniz: Madam Chairman, with respect to the Ministry of Legal Affairs, in November 2014 Honourable Members were requested to approve a supplementary estimate for the Ministry to provide for total legal aid fees estimated at \$3,375,000 for fiscal 2014/15. In December 2014, \$750,000 was granted to satisfy that request. We recognised that additional funds were needed; therefore, we requested an additional \$625,000 in February 2015 with the intention of making efforts to find savings from other departments before year-end. As per our most recent performance reports, the Ministry is ahead of target, and cost savings can be foreseen.

Madam Chairman, with respect to the Legal Aid Services budget, as at March 31st, 2014, actual expenditures were \$3,619,000. Outstanding invoices for Legal Services amounted to approximately \$527,000. The requested additional allocation for Legal Aid also takes into account budget allocation of \$2

million for 2014/15 and possible budget virements from other ministerial departments before year-end.

Madam Chairman, it is necessary to keep in mind that Legal Aid payments are statutory payments. Due to inherent unpredictability, the scheme is typically budgeted below actual expenditure at the beginning of each fiscal year in anticipation of supplemental budgeting. Fiscal 2014/15, the initial budget was at \$2 million; the estimated actual expenditure is approximately \$3,375,000, with the intention of some of the funds being facilitated in part by budget virements from other ministry departments. This underscores the fact that there were no resources available to fund actual expenditure from within the Ministry.

Madam Chairman, it is noteworthy that actual Legal Aid expenditure was \$2,491,546 for fiscal period 2008/09 and has ranged between \$3,435,735 for 2009/10 to \$3,619,359 for 2013/14. This represents an increase of approximately 27 per cent from 2008/09 to 2009/10, and a 5 per cent increase year over year from 2009/10 to 2013/14. The bulk of that increase has resulted from an escalation in funding for criminal matters. This increase comes as no surprise, given the correlation within all jurisdictions between the rise in crime and the corresponding demand for legal services on one hand and the downturn in the national economy on the other.

In addition, the average cost of each Legal Aid matter increased from \$4,407 in 2012/13 to \$8,063 in 2013/14. This reflects increased multiple-defendant matters, particularly in respect to serious offences such as murder and importation of drugs.

Madam Chairman, this correlation is also evident with respect to the unwieldy demand on Legal Aid pertaining to civil matters. For example, during the challenging fiscal years between 2008/09 and 2009/10, that demand rose as much as approximately 65 per cent in terms of the number of applications granted. This trend has remained steady. Fiscal challenges are further exacerbated by the relatively limited cost recovery of contributions from Legal Aid clients. This amounts to less than 1 per cent of the annual expenditure year over year during the examined time frame. This should not be surprising, given that parties who apply for legal assistance usually have very limited plans for resources, which diminishes the chances of the Legal Aid scheme being reimbursed.

Madam Chairman, another crucial contributory factor to the yearly increase in Legal Aid's budgetary demands is the fact that there is no way to . . . It is difficult to control the demand for legal services, especially in light of the legislative obligation to process applications. Furthermore, in some instances, there is a mandate to grant assistance as of right.

Madam Chairman, it is against this background that the request for the supplementary estimate for Legal Aid was made for 2014/15.

Thank you, Madam Chairman.

The Chairman: Thank you.

Are there any Members who would like to speak to Item No. 1, Ministry of Legal Affairs, Head 87?

The Chair recognises the Member from constituency 36, Sandys North, Shadow Attorney General. The Honourable Michael J. Scott, you have the floor.

Hon. Michael J. Scott: Thank you, Madam Chairman.

Madam Chairman, to the Attorney General, what were the principal areas of savings? What were the principal successes of savings to which the Attorney General referred? That is the first question.

If there were savings, why was it necessary to rely on virements during the operative periods that the Attorney General is asking about?

And I would like to understand, given that there were only 15 trials listed in the supreme court advice of outputs, how many of them were multi-handers, multi-defendant matters that would have impacted these figures of \$3 million and the amounts that we have heard the Attorney General say are required, was required historically? What was the relationship between these multi-hander trials in terms of impact on the Legal Aid fund?

So those three questions, I would be grateful.

The Chairman: Thank you.

The Chair recognises the Attorney General.

Hon. Trevor G. Moniz: Madam Chairman, the fact is that the budgeted amount is so far below the actual expenditure each year that there is no way you could make sufficient savings to make up for that huge difference. So even though you make savings, it does not get away from the necessity of seeking supplementaries.

With respect to the number of trials and the number of them that were multi-handers, I would offer to get back to the Honourable Member on that. I do not have those figures. I do not have those figures to hand, but I know . . . I have asked the Ministry to analyse those; I know I can produce them for him.

Was there another question? I am sorry.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 87?

The Chair recognises the Member from constituency 29, Southampton East, Shadow Minister of Tourism, the Honourable Zane J. S. De Silva.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

Minister, you said that you had approximately \$527,000 in outstanding receivables. What are the age of those receivables? Can you give like an esti-

mate of how old those are? And what is being done to collect them?

And the other question I had was, the receivables . . . not the receivables, sorry, what you owed. In other words, there was \$427,000 what was owed to lawyers for their work for Legal Aid.

[Inaudible interjections]

Hon. Zane J. S. De Silva: Sorry. I said *receivables*. I meant the other way around. Yes, what payables? How old are they?

I know that, certainly in the past, there were lawyers who were doing legal work, and they seemed to take forever to get paid. And so, I would like to know if that is sort of . . . out of this \$527,000, how old is it? And we know that, you know, there is only a small band of lawyers, unless it has increased in the last two years. But it is a small band of lawyers who actually do legal aid, and I know that in the past, the lawyers who were doing it, you know, were not CD&P [Conyers Dill & Pearman], AS&K [Appleby Spurling & Kempe]. And, you know, the lack of cash flow hurt them.

I certainly know that that happened under the Progressive Labour Party Government. So I do not know if they have managed to do a better job in paying some of these lawyers who do a lot of work for less pay, and they just seem to wait a long time to get paid.

The second question I had for the Minister was, he said that the estimates are so very low as opposed to how it . . . you know, the actuals at the end of the day. And of course, I sympathise with him, in a way, in that I had the same issue when I was in Health when it came to the hospital subsidy because, you know, it is a moving target. You never know what it is going to be. And quite frankly, in most years, it increases.

So my suggestion would be, if the Minister has not done it, maybe he could certainly consider it in the future so he does not have to come back with a supplementary, is up his budget from the get-go.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 87?

The Chair recognises the Attorney General.

Hon. Trevor G. Moniz: Yes, thank you, thank you, Madam Chairman.

Yes, I see the figure there, \$527,000 outstanding invoices for legal services. I think we are in a much better position now than we were a couple of years ago. I do not know the exact figures on that. I do know I have not had people breaking down my doors saying that they have not been paid. And I know a couple of years ago, I was having people—

[Inaudible interjection]

Hon. Trevor G. Moniz: No, I was having people breaking down my doors. But again, it is a matter I can look into. It is a good question. And hopefully, it has improved, the payment of outstanding invoices. I quite agree that they should not be outstanding for long periods. And it did bother me that, you know, there was a delay when you have to go for a supplementary. And we ended up at one stage, I wanted to wait till the end of the year to get one supplementary, and it was decided, *No, you had better go early for one and then go later for another*. So, I will look into that. Thank you, Madam Chairman.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 87?

If not, then I call on the Minister to actually have the head approved.

Hon. Trevor G. Moniz: Yes, if I could move the Head of Ministry of Legal Affairs, Madam Chairman.

The Chairman: It has been moved that Head 87 be approved as printed. That is a Supplementary Estimate No. 1 for the Financial Year 2014/15.

Are there any objections to that?

There are no objections to that motion.

Agreed to.

[Gavel]

The Chairman: We will now move to Item No. 2, Ministry of Tourism Development and Transport, which is going to be Head 31.

I call on the Minister in charge. Thank you. Please proceed.

Hon. Shawn G. Crockwell: Thank you, Madam Chairman.

Madam Chairman, the requirement for supplementary estimates, more often than not, indicate unforeseen challenges a ministry or department of government has to meet in any given year. However, this particular supplementary tends to be an annual expenditure for the Ministry of Transport for some time.

The Ministry of Tourism Development and Transport has one department included in Supplementary No. 1 for the Financial Year 2014/15. The Department of Airport Operations, Head 31, the unbudgeted sum is in the amount of \$3,274,109.

Madam Chairman, a total of three minimum revenue guarantee (MRG) agreements were entered into between the Bermuda Government and the commercial airlines serving Bermuda. The first agreement, covering the period April 2014 through October 2014, was approved by Cabinet in accordance with Cabinet

Conclusion No. 30-12-5 and is subject to a supplementary estimate when a payout becomes necessary.

Mr. Chairman, historically, new airline routes have taken three years to become financially viable. However, with reduced capacity and the lure of more attractive routes elsewhere, airlines are loath to continue allocating aircraft and resources to an underperforming or low-profit route. As such, MRG agreements have become a prerequisite of sort for leisure routes, with airlines increasingly calling upon vacation destinations throughout the Caribbean and North America to share in underwriting the financial risk. While there has been positive growth in revenue performance, the flight covered under the first agreement has yet to reach the profit levels realised by the airline elsewhere throughout its route network.

The airline, for the terms of the agreement, has invested approximately \$300,000 worth of promotional activity over the period designed to support the Bermuda service and has, in the past, committed to creating incentives for local travel agents to book passengers on its flights.

Madam Chairman, despite the efforts of this Ministry and the Bermuda Tourism Authority to increase visitor traffic, Bermuda's air services are dependent on the strength of three core passenger market segments—namely, leisure, business and residential. While the latter two have weakened somewhat due to the softened economy, the residential market segment specifically has been hardest hit due to the decline in expatriate workers who largely helped to drive traffic on certain routes through trips back home and ensuing visits to the Island by their friends and family members.

It is anticipated, however, that once all three travel market segments are strengthened and the service covered under the first agreement realises its performance target in any one given year, the airline will not see Government's participation in an MRG agreement for the respective following year. In the meantime, Bermuda remains a non-profitable destination for the respective airlines in the absence of financial support by the Bermuda Government, thereby rendering the service at-risk without a minimum revenue guarantee in place. The Ministry's objective of having a mixture of low-cost and legacy carriers competing on routes to and from Bermuda is critical to ensuring that airlines remain affordable.

Madam Chairman, the second minimum revenue guarantee agreement was entered into per Cabinet Conclusion No. 17-4-14-10 and is subject to a supplementary estimate should a payout become necessary. For the period November 14th, 2013, to November 13th, 2013, a payout to the airline was required.

Madam Chairman, it has long been a primary objective of the Bermuda Government to secure direct air services that would open up convenient connections to destinations throughout the United States and

the region, thereby satisfying an often-stated need for both leisure and business travellers. To mitigate the financial risk involved in commencing a new service, the airline requested an MRG agreement whereby, if the total revenue for any given year fell below the minimum revenue requirement, the Bermuda Government would be liable to compensate the airline for the shortfall.

It is expected that, with the benefit of an MRG agreement, the service will continue to provide convenient connections to numerous destinations, thereby making it a critical air service that supports our standing as a tourism and international business jurisdiction.

Madam Chairman, a third minimum revenue guarantee agreement was entered into per Cabinet Conclusion No. 614-3 and is subject to a supplementary estimate should a payout become necessary. For the period November 2013 through October 2014, a payout to the airline was required.

Madam Chairman, the 2014/15 supplementary estimate for Head 31 is \$3,274,109. Madam Chairman, that concludes my presentation on the Supplementary Estimate No. 1, 2014/15, for the Ministry of Tourism Development and Transport. Thank you.

The Chairman: Thank you very much, Minister.

Are there any Members who would like to speak to Head 31, Ministry of Tourism Development and Transport?

The Chair recognises the Member from constituency 6, Hamilton West, the Shadow Minister of Economic Development. The Honourable Wayne L. Furbert, you have the floor.

Hon. Wayne L. Furbert: Thank you, Madam Chairman.

Madam Chairman, minimum revenue guarantee has been in existence for a while, to such a degree we are probably for the last (I don't know) maybe 15–20 years, maybe, going back that far. So when you consider the amount of money the Government has paid out over that period of time, she could be running somewhere between \$20 [million] and \$30 million over that period of time.

And the question comes down to . . . And I know what the Minister is saying, as far as getting cheaper airlines here. But I am not sure how cheap they are nowadays anyway, because the price . . . it seems like they come in here, they go right back up to the regular price. But it comes down to competition. And are we at a stage right now that we look, based on the Minister's talks about the Bermuda Tourism Authority . . . you say they are going to get all these numbers of people here. It is not based on that flight, but based on all the things that they are planning to do, whether we should be looking at minimum revenue guarantees going forward, in future contracts.

I am sure that the Minister . . . It was the third aircraft that they have now put MRG on, and I can almost guess which one it was, because they got them back. Before they did not even have that airline have the minimum revenue guarantee because they were making some money. Okay? And they had larger, larger aircrafts out there.

So, larger aircrafts, they were making money, and so the Government had to come in and guarantee any funding. I tell you, one of their airlines which flies a long distance, where most of us know what a long distance that one is, does not have a minimum revenue guarantee. They are the sole competition out there, and sometimes whether we are at a stage right now whether that is where we need to be going, I am asking the Government to look at it. And I am sure that when we get back in in the next two years, we will have to look at it ourselves.

But it comes down to whether the Government is doing what is right. Every time I stand up here every year, I say to them that they are under-budgeting air operations. Every year, every, every, every Government from time and eternity has never budgeted for MRG. Because all of a sudden, they think it is going to appear that we are going to be paying this money, but it does not happen. It does not happen. And with all the economic crises we went through since 2006, you know, our numbers went down. As you know, airlines, the number of arrivals went down this year. And so, it may come down to . . . And I drove by, for some reason, I looked last night or yesterday afternoon, I was looking . . . Remember when we had these large aircrafts, large ones. Now we have got these little small things, I can probably fly them.

[Inaudible interjection]

Hon. Wayne L. Furbert: But they are so . . . There is just so . . . They are tiny.

So my point is that we may have to look at, if the Government is [going to] be signing these agreements . . . in other words, they are not confident their plan is going to work. Their lines are not, the individuals are not going to come here, so I have got to guarantee it. If they are confident that the BTA is going to attract new airlines . . . not airlines, new arrivals by airlines, then we do not need a minimum revenue guarantee. So they do not either believe in their plans, or it is just crazy.

So, the only way they got back at certain airlines, because a certain airline had the minimum revenue guarantee, so I can guarantee they ran over to a certain location and said, *Listen. We'll give you minimum revenue guarantee back also.* I can write the script (all right?) already. That is how certain individuals got back here. And so, they are losing. Everybody is losing because the competition is not there. And so, what we need to do . . . And now that the Government

has put up departure tax up to \$50.00, they are causing the rise in arrivals. And when a leisure individual decides whether they are flying to Bermuda or flying to some other destination with a little more sun, a little more other things, activities, the question comes down to the cost. All right?

So, we either . . . I mean, I remember having a discussion with British Airways when I was the Minister of Tourism. They considered Bermuda a business destination. But it is a shorter flight from London to here than from London to Barbados and the Bahamas, and it is cheaper to fly over. But yet it is cheaper to fly that distance, and they want to charge us more.

Everybody thinks that Bermuda is rich. We are making all this money. We have got all these businesspeople coming over. And so, we need to probably look at, you know, say, *Look. The good old days are not like they used to be.* And maybe we need to, at the end of the day, get back to competition based on air arrivals. And I know that the Minister is . . . I know, we have been there; we understand the situation.

So, all I am saying is that the Government's budget for 2015 is under-budgeted for minimum revenue guarantee. They should put the supplementary in right now for next year, because we know that they will need \$2 [million] to \$3 million more. All right? And I heard the Minister say last time during the debate (and I am not reflecting, but we are talking about the supplementary) that the Minister of Finance has said to put it in. Well, it just makes common sense. Because every year we are going to come back here and say, *\$2 [million] to \$3 million, \$2 [million] to \$3 million, \$2 [million] to \$3 million.*

Well, he will be back, because even the load factors are not going to be that great to get that thing back. And based, like I said, we all know . . . Well, some of us know where those particular routes are. All right? So all I am saying to the Minister, that it is here. The 2015 is under-budgeted. We all know. The Cabinet knows. We had to come here approve the appropriation right now; they know it is under-budgeted.

We are lying to the people, lying to ourselves . . . or, sorry, *misleading*. I should not have said *lying*. I do not want anybody standing on a point of order. We . . . they are misleading the country, because we are under-budgeted for in so many aspects.

So, all I am saying is that we may have to consider longer terms as far as getting back to competition, because, like I said, there are certain airlines that we have now given MRG to. It has now been given because the competition . . . We put the competition in, and the price . . . we are not getting more load factor. We have not increased our load factor from that certain location, maybe a couple of percentage points. But if BTA is telling me they are going to work, then I do not need the minimum revenue guarantee. The only guarantee I need is to make sure that [Hanbury] does not get his bonus based on his revenue,

his guarantee that is getting numbers in. That is the guarantee that we should be putting on the BTA.

Thank you, Madam Chairman.

The Chairman: Thank you, Member.

Are there any other Members who would like to speak to Head 31?

The Chair recognises the Member from constituency 15, Pembroke East, Shadow Minister of Public Safety. Mr. Walter H. Roban, you have the floor.

Mr. Walter H. Roban: Thank you, Madam Chairman.

Perhaps the Minister could disclose how many airlines are benefiting from the \$3.2 million. I do appreciate there may be some issues of disclosure. If he could let the House and the public know how many are benefiting. And if he can, how this is apportioned. He does not have to say who the airlines are. I know that may be delicate. Oh, but I did not hear the Minister say. I am just asking so he could repeat it for the benefit of us all.

The Chairman: Thank you.

Mr. Walter H. Roban: Thank you, Madam Chairman.

The Chairman: No problem. Thank you.

Are there any other Members who would like to speak to Head 31?

The Chair recognises the Opposition Leader, from constituency 26, the Honourable Marc A. R. Bean.

Hon. Marc A. R. Bean: Thank you, and good evening, Madam Chairman.

The Chairman: Good evening.

Hon. Marc A. R. Bean: A question to the Minister that my colleague just asked. I was listening to your brief, and you mentioned that there are three MRGs in play. And two have been called on; correct?

[Inaudible interjection]

Hon. Marc A. R. Bean: It was two out of the three; right.

For strategic reasons, we understand why we usually do not make public who we have these MRGs with. I mean, it would be good for the edification of the taxpayer, but then it has to be balanced with the strategic considerations, because we know that there would be other airlines, if they were to hear that their competitor was getting what amounts to a subsidy, then they would complain and come back and knock on the Minister's door and demand the same. Okay? And it becomes a domino effect.

But it speaks to a challenge underlying our tourism industry, period. And that is that our tourism industry is overly subsidised. Now, ultimately, it would be excellent to eventually see competition on many of the routes. We already have competition on the New York route. Some would say New York is over-saturated. And some can say the same with our only gateway into Canada.

But it is also remarkable that I know, I am pretty certain, that we have paid out this MRG for a route that is actually the opposite direction, more south west of Bermuda. And again, I am being coy, while I hope people can pick the bones on it.

Now, there is . . . Personally, I hardly ever travel south west and see the aircraft with very low loads. But even with very low loads, we all know they have very high fares. So load factor alone does not determine whether or not a route is profitable. Because if you do not have any competition, then you can apply upward pricing pressure on your route, because there is no competition. We also see that same type of pressure coming from our singular provider to the north east on that long flight, where they seem to have us—

An Hon. Member: A stranglehold.

Hon. Marc A. R. Bean: Oh, not a stranglehold, but they have the power of the market behind them.

[Inaudible interjections and laughter]

Hon. Marc A. R. Bean: Again, it is strategic.

The Chairman: Very good.

Hon. Marc A. R. Bean: So, you know, I am not going to speak as to who or what. But I think persons in this country would know what south west is and what north east is.

The point is that we have to transition away from these MRGs. And this is something that I thought we needed to do when we were Government. And I would encourage the current Government to look into it. And there will be some risk of losing some routes. Because there will be some airlines who are going to say, *We are not doing it unless we are subsidised.* But, you know, on most routes that these airlines fly to, they are not working under that environment or condition. They have to compete. There are no MRGs available. The only place we see MRGs in play is in small island states in the Caribbean, where you have one or two operators. Every other country has multiple airlines, fifth Freedom Airlines, and first and second Freedom Airlines, meaning origin and destination airlines flying into their country.

So, until we can actually make this long and, I think, painful transition of moving away from MRGs and forcing carriers to compete on their own merit

based on price and service, then we will find ourselves in a revolving door between a rock and a hard place. Because we have given them no incentive to lower fares if they know that, regardless of what happens, they can always go and get a proverbial bailout for a route in an industry where they know, as airline executives, that in the real world, outside of these small island states, they have to compete using every aspect of their management skill and ability.

So, I would ask the Chair to ask the Learned Minister, Do you foresee a movement or a transition away from MRGs; and also do you foresee an addition of competition from the south west? Again, finding that balance, knowing that we are saturated in New York, but at the same time we do not want to find ourselves in a monopoly position, because Lord knows most residents and locals in this country are absolutely tired of the service levels or fare levels of that carrier that takes us south west or north east. And we yearn for some form of competition on those routes.

The Chairman: Thank you, Member.

Are there any other Members who would like to speak to Head 31?

The Chair recognises the Member from constituency 36. Shadow Attorney General, the Honourable Michael J. Scott, you have the floor.

Hon. Michael J. Scott: Thank you, Madam Chairman.

Madam Chairman, would the Minister of Tourism and Transport kindly remind the House about the split of revenues for the three market segments that he has referred to in his speech—leisure, commercial and residential? Which of those market segments has the most . . . Which of those market segments has the highest levels of revenue, historically, is what I am asking? Thank you.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 31?

The Chair recognises the Member from constituency 29, Southampton East, Shadow Minister of Tourism, the Honourable Zane J. S. De Silva.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

Well, first of all, I hope that my colleague from constituency 6, Mr. Furbert, is wrong.

The Chairman: Do not mention the name. You almost got that.

Hon. Zane J. S. De Silva: Yes, yes, yes.

I hope that he is wrong with his comment with regard to, you know, *We will be coming back next year*. And I know that the Minister is with me on this. And I am hoping that, you know, the Tourism Authority, the Minister and all of us here in this House and

Bermuda can do our part to make sure that we up our visitor numbers. Because that means that we will not have to pay, you know, any of these minimum revenue guarantees.

But one of the things I wanted to ask the Minister to look into, if he can . . . I mean, Madam Chairman, I was supposed to leave here tomorrow to go to Costa Rica. And I was supposed to come back within a couple of days. As you may know, there is a volcano that erupted there last week, and a lot of the flights have been delayed, cancelled, changed and all that stuff. And one particular business associate of mine who is there was supposed to come back Saturday. He might come back Wednesday. So I decided that I was going to cancel my trip.

But the reason I mentioned that particular trip, Madam Chairman, is that had I left tomorrow, I had inquired about changing my flight to see if I could come back a day early. Supposed to come back on Friday; I was going to try to come back on Thursday. The agent told me this: *Well, Mr. De Silva, there is going to be a \$200 change fee and an \$1,800 penalty*. I already paid a first-class ticket—hear me now. I have paid for a first-class ticket. I have a change fee of \$200 and a penalty of \$1,800 to come back one day early! Now, Madam Chairman, this is not the first time.

Now, also, a friend of mine who is in Mexico (been there for five, six weeks) . . . I said, *Look. I'll do my best during budget. Maybe I can slip down for a couple of days to see you* . . . called up and said, *Look*.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Yes, yes, the Honourable Member asked if I am taking my wife. Yes.

I called up and asked the agent, *Look. I would like to get one ticket for myself and one for my wife to fly from here to Mexico through Florida*. She comes back with the quote, \$2,600 for one ticket, \$3,600 for the other.

Now, Madam Chairman, see, my point is, right . . . my point is . . . and some of my colleagues can tell you that with these minimum revenue guarantees, I understand—we all understand—why we have them. But we have got to somehow monitor these airlines and what they are charging. Because they may only . . . Look, we know how it works. Look. If you have got a plane, because a lot of people may not know what it is, so let us break it down.

You have a plane that has 200 seats. The minimum guarantee might be 100. So we say to the airlines, *Look. If you don't reach 100 seats on an average for the time period under discussion, we will pay you for "X" amount of seats or for a full plane, or what have you*. So, you end up paying . . . I think we had three, yes . . . It is the revenue, revenue generated. But that is my point. Are we really watching, keeping our eye on the revenue numbers? Now, the Minister

should be able to tell me, *Look, I could tell you exactly what we know. We had so many economy, we had so many first-class, we had so many that were booked, you know, closer to the time frame so the time . . .*

I am just hoping we are monitoring it because I do fly south quite often. And, Madam Chairman, the prices have slowly risen substantially over the last few years. And I know that that particular route did receive a minimum guarantee cheque. So my point is . . . And I am with the Opposition Leader. We have to somehow see if we can get away from MRGs. We know why we have them, and we may have to take a little roll of the dice on this one. But, you know, competition . . . I remember when one particular airline came from the UK to give that other fellow a little competition. And the prices were, I think, about 40, 50, 60 per cent less, Madam Chairman.

[Inaudible interjection]

Hon. Zane J. S. De Silva: Right? But the market increased substantially, about 20 [per cent] to 25 per cent, I am told. So, you see, this is what can happen. So this is what we may have to do.

And we all know that it is . . . And to use a phrase from the Premier, what we really want is heads in beds. Okay? And we always hear—I always hear, I am sure all of us in this House have heard, one time or another, our people say—*Man, you know what we need to do? Drop the price of our airlines! That would get people here to Bermuda*, not knowing that we have these guarantees in place. But it does not seem to work, does it, Madam Chairman?

But yet, as I said last week, you have people flying past Bermuda to go to the south of us. And we have got to get that under grips. So, Madam Chairman, we know the Minister has got a tough job on his hands with this one, because we have been there, done that. We know that. But we have to try and maybe do something a little different, and maybe that is where the Minister is heading. And maybe that is where the CEO is going to earn his wage, and we will see those in the numbers in the next year or so. Maybe we will see. I hope so, for all our sakes.

But, Minister, I think you said one of the airlines had invested about \$300,000 in advertising. I think you said that in your brief. And maybe that is another area that we could negotiate a little better with the airlines. If we are going to be paying out these millions of dollars for empty seats or for the revenue that, you know, they did not get, maybe we can look at advertising. Are they advertising in the right areas? Are we looking closely at where and what they are advertising?

We know that the Tourism Authority is heading towards social media. They are following on a lead that I think the Honourable Member from constituency 6 started when he was Minister. And I see they are trying to ramp that up. From what we have been told,

the results are certainly . . . The prediction is that the results from that campaign are going to bear fruit. Again, let us hope that it does.

So, are we talking to our airlines about using similar advertising methods? Are we going to, you know, put more money into . . . or tell our airline partners to maybe, *You should put some more money in this particular area, or maybe add to the . . .*

If one airline is putting \$300,000 in advertising, why not see if we can get them to increase it, to try to get . . . you know, more heads in beds is what we want.

So, Madam Chairman, we know that the MRGs are costing us. And again, I think when it comes to budgeting, I think that, as the Honourable Member from constituency 6 said earlier, I think that is what we have to do, as I told the Honourable and Learned Attorney General, that we . . . You know, if we are going to come back every year with a supplementary, why do we not up our budget? Okay? It sounds good when we keep our expenses down and our expenses are low when it comes to budget. But we might as well try and let us see if we can have a more realistic number when we present that budget to this House for approval, year by year. Thank you.

The Chairman: Thank you, Member.

Are there any other Members who would like to speak to Head 31?

There are no other Members.

The Chair recognises the Minister of Tourism and Transport.

Hon. Shawn G. Crockwell: Thank you, Madam Chairman.

I appreciate Honourable Members' contributions. The only way to reduce costs is by competition. And the conundrum we have is that the only way to introduce competition is via MRG. And, particularly when you are trying to introduce a new airline into a new gateway, or we are trying to get an airline from a new gateway . . . back in 2010/11, there was a new airline from a . . .

Hon. Wayne L. Furbert: Just point of order.

The Chairman: Sorry.

The Chair recognises the Member from constituency number—

Hon. Wayne L. Furbert: The Honourable Member is misleading the House.

The Chairman: Ah! Wait a minute. The Chair recognises the Member from constituency 6. You have the floor.

POINT OF ORDER

[Misleading]

Hon. Wayne L. Furbert: The Honourable Member is misleading this House. He says *the only way—the only way*. If there is great demand, you can guarantee aircrafts will come in a hurry. So it is not the only way, by having the minimum revenue guarantee; it is not true.

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. Shawn G. Crockwell: Yes, thank you.

I am talking about our current situation. That is what we are talking about. We are talking about the environment in which Bermuda is operating in at our current economic situation. Okay? And so, the only way for us to bring competitive airlines here, the only way we can get their attention is if we can provide an MRG. And we saw this in 2010/11, when the previous administration brought in a new airline. And we saw a reduction in the air fares to that particular destination—a substantial reduction, because there was competition!

But we would have never gotten that airline here if we could not provide them with a guarantee that, *Yes, we know that we have lack of demand. But by you coming here, you might help us increase that demand.* So it is a very tricky situation. And the reality, Madam Chairman, is that this Government has actually reduced our MRG liability, not by a lot. But we have reduced the MRG liability.

The Honourable Member asked, how many payouts? We have three agreements, two payouts for this particular year. So we are happy that we did not have to pay out on all three. But the fact of the matter is we have to get the demand up. And right now, airlines are very encouraged by the fact that we have the America's Cup coming. Clearly, they understand that is going to equate to volume. When we discussed with them the potential for development, but obviously, we want to get the shovels in the ground, but [they were] very happy with what is happening at Fairmont Hamilton and the like.

When they see these types of activities happening in the jurisdiction, if we can get new brands in the jurisdiction, that will drive more traffic. And then they would come to the Island without worrying about MRGs.

The fact of the matter is that, you know, we lost a particular major carrier during the winter of this past year. And they reduced their capacity. And I took some stick from the Opposition over that, because it was the first time they have reduced their capacity. Now, what is interesting about that particular airline is that they were performing rather well. They were performing at around a 70 per cent load factor, which, historically, is not a bad percentage. But the fact is they could do better during the winter months in other jurisdictions. So they can get 90 per cent in another jurisdiction; it just comes down to business. It is down

to economics. So obviously, they wanted an MRG. We do not have the finances to just enter into all sorts of new MRGs. And so we had to allow the market to do what it had to do.

But I have heard from the Opposition Leader tonight, and I am grateful. I have heard from the Shadow Tourism Minister tonight, and I am grateful. They said we have to move away from MRGs. And the Opposition Leader said, *even if it means a reduction in service*. So, in the event that we do that, and there is a reduction in service, I appreciate that I do not get stick for it!

[Inaudible interjections and laughter]

Hon. Shawn G. Crockwell: Because we all understand the dynamics that we are working in here.

So, I hear what the Opposition is saying. We will be back here next year, more than likely, Madam Chairman. I heard what the Honourable Member from constituency 6 said. But he also said, quite rightly, that this has been going on for 15 to 20 years. And so, the justification for putting it in the budget is not new. And as I said during the substantive debate, the Finance Minister really made it clear that we understand that this is . . . Although it is a contingent liability, the contingency has come to pass every year. And so, the likelihood is that we will be back. But going forward, we intend to include it in the budget.

The Honourable Member from constituency 36 asked which has historically been the best-performing. And that would be the business segment, to the Honourable Member, from an historical perspective. And that is part of our challenge. We want to now shift to augment our leisure travellers to Bermuda. I believe, based on what we are seeing now, that we are going to have a good year this year. The BTA is working very hard. All the hard work that we saw them do last year in the market, we will see the benefits of that this year.

In terms of the advertising, I can say that the head of marketing has already entered into some brand new marketing agreements which we have never seen before. For example, with one carrier, whatever we spend on marketing they have committed to spend. And so, we have made a commitment to spend, I believe, \$300,000 in marketing in that particular area, and that airline is going to match it with \$300,000 in marketing. So in total, we are getting \$600,000 in marketing. And so, we have seen some very innovative agreements.

So, we understand the challenge. Which comes first? We need to get the demand up. And I think if we do that . . . And it was wonderful to hear them say, *Let's all work together to do it*. If we get it done, then it will benefit the country as a whole.

So, Madam Chairman, I move Head 31.

The Chairman: I am just going to . . . We are going to confirm whether anyone else wants to ask further questions.

Thank you. The Chair recognises the Member from constituency 29. You have the floor.

Hon. Zane J. S. De Silva: Yeah, not so quick, Minister. You are on a nice roll there. Let us just keep sharing the love.

Minister, you just mentioned that with one airline you made a deal that you were going to share the marketing 50/50. Now, see, this is where—

Hon. Shawn G. Crockwell: Point of clarification. I did not say 50/50. I said—

The Chairman: The Chair recognises the Minister of Tourism.

POINT OF CLARIFICATION

Hon. Shawn G. Crockwell: Thank you.

The deal was that whatever we spend on marketing in that region, they would match it. So it is not a 50/50. It is a matching arrangement. And the Honourable Member could appreciate that if we are spending \$300,000 in one destination, the airline benefits as well.

The Chairman: Thank you.

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Got you, got you. And, okay. Same thing, but different. I got you. It is okay. I understand that.

This is where, you see, Madam Chairman, I was very vocal with my objection to the budget of the Tourism Authority being cut by \$1.5 million and \$5 million last year. Can you imagine, Minister . . . and this is why I cannot understand the Finance Minister's logic. Right? As the Finance Minister and you have both said how critical tourism is to Bermuda, how critical it is. But we cut our budget in the last two years by \$6.5 million. And the Minister just said that they struck a deal with an airline, if we spent \$300,000, they will spend it, and vice versa. Can you imagine if we had a couple of million dollars more that we could put into advertising?

As I said during the Budget Debate Madam Chair—

The Chairman: And we are not going to reflect on it. It has already been said.

Hon. Zane J. S. De Silva: No, I am not going to reflect on it, no. But as I have said constantly since I have been Shadow Tourism Minister is that we need more money in marketing. We need more heads in

beds. The only way we are going to do that, Madam Chairman, is if we increase our marketing budget! Do you know the Minister and the Finance Minister and maybe some others in the OBA have bragged about, this is the lowest budget that the Tourism Ministry has had in like 20 years! Right? To me it is like what I said the other day—donkey-backwards.

And here we are. We are saying that tourism is *critical*. Not my words, the OBA's, the Finance Minister's and the Tourism Minister's words—it is *critical*. But we cut our budget. I feel sorry for the Minister having this budget cut by that much. Because here we are, we want to increase visitors. The only way to increase visitors is to do more marketing. Ask anybody who is in business, unless you have a monopoly like—

The Chairman: Now, now. Let us stay to this.

Hon. Zane J. S. De Silva: Yes, unless you have a monopoly, then you do not have to advertise so much. But we know that that is how it works. You see? So this is my concern with the budget that has been cut. And, you know, I wish the Minister all the best of luck. But this is where, when we talk about what monies are spent, when we start loaning out to people \$180,000 to fix a tent, how much advertising could we get on the Golf Channel or CNN or ABC, CBS if we took that \$180,000, said, *Let's advertise Bermuda?* You see?

So this is the type of thing that we feel that cut visitor arrivals to Bermuda. And maybe if we got those types of volumes . . . and not *maybe*, we *know* we will not need the minimum guarantee payouts. We will not need them. So let us pay out on the front end, because we know if we do not pay out on the front end, we will pay out on the back end. So, these are the things that we have got to, we should be looking at.

The Chairman: Thank you, Member.

Are there any other Members who would like to speak to Head 31?

The Chair recognises the Member from constituency 8, the Government Whip, Mr. N. H. Cole Simons.

[Inaudible interjections]

The Chairman: Ah. Yes, he forgot he was standing. Thank you.

The Chair will now recognise the Minister.

Hon. Shawn G. Crockwell: Thank you, Madam Chairman.

Madam Chairman, we had this debate previously. I certainly appreciate the Honourable Member's sympathy. Since he does so much travel, maybe he wants to make a donation to the BTA. We will certainly take all the help we can get, Honourable Member.

Hon. Zane J. S. De Silva: Point of information. I do that on a regular basis. But I just do not tell you about it, Minister.

Hon. Shawn G. Crockwell: Okay. Well, I appreciate it. It is good to know.

Certainly, we have not been bragging that this is the lowest budget. But we have made . . . I have made the statement that I believe the Bermuda Tourism Authority is working well with a very restricted budget. We would all like to have a lot more money to spend on this. And as I have said previously, the BTA is rolling up its sleeves to come up with alternative methods of raising revenue. And I have seen their plan, and it looks sound. And I believe that they will be able to make the shortfall for this budget.

I recall a former Tourism Minister in 2008 reducing the tourism budget by \$5 million. These things happen. And, you know, that Honourable Member said during that last debate . . . I do not want to reflect on it too much, but I remember he got up and he said, *You know what? No one knows where Bermuda is.* He kept saying, you know, *People do not know where Bermuda is.* And I took a look at a calculation, and when you calculate from 1998 to 2012, the amount of money spent on tourism was over \$500 million. We have spent \$500 million from 1998 to 2012. And for the statement to be made that people do not know where Bermuda is is extraordinary, because that is a lot of money. It is a lot of money we have spent on tourism.

So, I think that I agree with the Honourable Member that, obviously, you have got to invest in it. And the BTA, they want more money so that they can market more. And as I said, we have some innovative ways to raise funds. But I look forward to the end of this year. I hope that we all can get up and say it is has been a good year and that we can start turning tourism around and turn the economy around as well, Madam Chairman.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 31?

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

Just a note, because the Minister said we have spent \$500 million in 14 years. I think that is about \$35 million a year, on average, if my numbers are correct. So if you divide 14 into that, you get \$35 million. So, Minister, I do not think that number is correct; cannot be. Thirty-five million every year from 1998 to 2014, did you say? I do not think that is right. I do not think that is right. I mean, if you look at the Budget Book alone, going back to 1998 right through, I do not think that number is right, and I think the Min-

ister needs to correct that. Well, he did say he was a better lawyer than a mathematician. So maybe that will come.

But, Minister, you did say that you would be back here next year. You know you are going to be back here next year. So my question is, I guess you have not put it in the budget. And we can make maybe make a little sort of bet. We had two airlines that pulled out, one for the first time in our history. If you have not budgeted, and I venture to guess you have not budgeted because you said you were going to be back here next year, you will probably find that you are going to be coming back for maybe a couple million more than the lot you have now.

Let us hope I am wrong. Let us hope we have all the numbers coming and we will not have any. And I did say that earlier. But with those two airlines pulling out here, and one of them for the first time in our history, it does, you know . . . If I am the Minister, I am thinking that, *Gee, if I do not get my numbers up and they come back, maybe the minimum guarantee is going to be on the negotiating table when they come back.* So we had better be aware of that.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 31?

There are no other Members. Minister, please have the heads moved.

Hon. Shawn G. Crockwell: Yes, thank you.

Madam Chairman, the exposure is roughly the same, just over \$3 million for next year. I want to just clarify that no airline pulled out. An airline reduced its service over the winter months. There is a difference [between] pulling out and reducing its service. There is a difference.

[Inaudible interjection]

Hon. Shawn G. Crockwell: They will be starting back up during the . . . I think in May they start back up. But they reduced their services during the winter.

Now, Madam Chairman, I would like to move the heads, unless others want to—

The Chairman: Are there any other Members who would like to speak to Head 31?

Hon. Shawn G. Crockwell: Madam Chairman, I move Head 31, Supplementary Estimate No. 1 for Financial Year 2014/15, for the Ministry of Tourism Development and Transport.

The Chairman: Thank you.

It has been moved that Head 31, Supplementary Estimate No. 1 for Financial Year 2014/15, Ministry of Tourism Development and Transport, be approved.

Are there any objections to that motion?
No objections; agreed to.

[Gavel]

[Motion carried: Head 31, Ministry of Tourism Development and Transport approved.]

The Chairman: Thank you.

We will now move to Item No. 3, Ministry of Public Works, which is Head 36. I call on the Minister in charge to take the floor. Minister?

Hon. L. Craig Cannonier: Thank you, Madam Chairman.

The Ministry of Public Works provides a highly visible and essential service to the Bermuda public and government's internal customers. Essential services such as garbage collection, waste disposal and management, safe disposal of hazardous substances, recycling, maintenance of the government vehicles and equipment fleet, water treatment and distribution are carried out by the ministry's departments.

Additionally, the maintenance and repairs of government's infrastructure, which includes buildings, parks, beaches, roads, bridges, docks, and street lighting are also handled by the professional staff in our department.

Madam Chairman, the original budget for 2014/15 for Head 36, Ministry of Public Works Headquarters, was \$5,679,000. The department requires a budget supplement of \$4,130,000 for work required due to the destruction caused by both Hurricanes Fay and Gonzalo in October of 2014. The supplement is for work performed by the ministry that was not covered by insurance, such as cleaning up roads, the beaches, the parks, the management of horticultural waste at Marsh Folly site, and damaged vehicles.

Madam Chairman, the importance of the Ministry was highlighted during Hurricanes Fay and Gonzalo when the Works and Engineering Department, in conjunction with the Department of Parks and the Bermuda Regiment, had the roadway and key government buildings open within hours. This demonstrated to the international community and Bermuda itself our robustness in coping with such emergencies and our ability to keep functioning as usual. The staff of Public Lands and Buildings attended immediately to government buildings, surveying the damage, securing buildings, and starting the repair work to ensure the buildings would be open for business. With the exception of government schools, all government buildings were open for business on the next business day, the schools shortly thereafter.

Madam Chairman, the Ministry of Public Works Headquarters revised budget estimate for 2014/15 is \$9,809,000. Thank you, Madam Chairman.

The Chairman: Thank you.

Are there any Members who would like to speak to Head 36, the current account, Hurricanes Fay and Gonzalo, Ministry of Public Works, Supplementary Estimate No. 1 for Financial Year 2014/15? Are there any Members who would like to speak?

Thank you. The Chair recognises the Member from constituency 36, Sandys North. You have the floor.

Hon. Michael J. Scott: Thank you, Madam Chairman.

On Hurricane Gonzalo, both . . . yes, \$4 million. On Hurricane Gonzalo, \$4 million. The Minister may have mentioned it, but could the Minister please explain to the House what were these funds? What will these funds be used for, or what are they meant to cover? What contingencies are they covering in consequence of Hurricane Gonzalo? What are the specific causes of those requests for \$4 million?

The Chairman: Thank you.

The Chair now recognises the Member from constituency 6, Hamilton West. The Honourable Wayne L. Furbert, you have the floor.

Hon. Wayne L. Furbert: Thank you, Madam Chairman.

I would like to ask pretty much the same question that my colleague said on top of that. He talks about \$4 million. That seems like a lot of money for Gonzalo, particularly when you had the Bermuda Regiment. I understand National Security going up, but I would be interested to know the detail of that \$4 million.

And as the Minister of Finance knows, every Ministry last year had unallocated staff. So, what happened to that money? Should not some of that money have gone to the actual . . . Where did that money go?

[Inaudible interjections]

The Chairman: Thank you.

Everyone is to speak to the Chairman, please.

Thank you. Are there any other Members who would like to speak to Head 36?

The Chair recognises the Minister.

Hon. L. Craig Cannonier: Thank you, Madam Chairman.

I do not have a specific breakdown in front of me of how much was allocated for Parks Department and the likes. But when you really look at the \$4 million, it may seem like a lot at first brush, but considering the work that needed to be done, with all the felled trees, roads that were completely blocked—

The Chairman: Member, can I ask you to take a seat just for a quick second?

I am not going to be entertaining the back-and-forth. So I could not hear you very well. So as a

result, now that the back-and-forth will stop, Minister, would you please take the floor again?

Hon. L. Craig Cannonier: Certainly. Thank you, Madam Chairman.

I will endeavour to get a better breakdown of all of the works that were done. But certainly, when you consider the damage that Bermuda had taken on from two hurricanes, we had people working for months on end to help clear up, and we are still attempting to clear up many of the works. Understanding also that, you know, we have insurance, but much of the work, this here, obviously, was not covered by insurance. But again, this goes into when you are bringing on equipment and the likes, this is not just works by our members, per se, but we also had to outsource some of this stuff, as well, so that we could get the works going.

This was a tremendously difficult, difficult time. We did not have the manpower all ourselves. Everyone was on deck. And so, we also called on the private sector to assist as well. And this cost us tremendously. So we will continue to abate and fix the damage you can still see all around. There is still more damage that needs to be repaired. But this is the cost of working.

The Chairman: Thank you.

The Chair now recognises the Member from constituency 6, Hamilton West. You have the floor.

Hon. Wayne L. Furbert: Yes. I thought that the Honourable Minister would have come here today with a little more detail, because he knows this is supplementary. Okay? So you come here prepared to give information, because that is what the House asks for.

But looking at the Budget Book, and I am not making—

The Chairman: We cannot reflect.

Hon. Wayne L. Furbert: I am not going back. But you have to look at those numbers; that is where they come from.

The Chairman: Yes. We are looking at a particular number here.

Hon. Wayne L. Furbert: So it was \$5 million budgeted. And \$9 million is what they spent.

The Chairman: Member, I understand what you are trying to achieve. But try not to reflect. Just ask—

Hon. Wayne L. Furbert: I am just telling you where the \$4 million comes from, Madam Chairman.

The Chairman: That was the question asked of the Minister—

Hon. Wayne L. Furbert: That is right.

The Chairman: So you are going to try and answer the question?

Hon. Wayne L. Furbert: I am just saying it is \$4 million. I have got to refer it to something. You cannot just say \$4 million. Okay?

The Chairman: Okay.

Hon. Wayne L. Furbert: So, based on what I see is that there was roughly \$1.7 on staffing, another \$2-point-something on professional services. What were the professional services for that cost? Because they budgeted for professional services at roughly \$500,000. That is where the money is. So I want to know it from the Minister, what is that?

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 36?

The Chair recognises the Member from constituency 18, Pembroke West Central. Mr. E. David G. Burt, you have the floor.

Mr. E. David Burt: Thank you very much, Madam Chairman.

Madam Chairman, I appreciate the comments from the Member from Hamilton West, I might say, for the mentioning of professional services. And if the breakdown is on professional services, I would be hopeful that the Minister might be able to, at this point in time or at a future date, provide and undertake to the House who received those professional services and to ensure that they were meeting the value-for-money test, such as to ensure that they were properly tendered and all of the items that went through, because we do not want to be spending unnecessary money. I was wondering if the Minister could possibly answer that, because if it is professional services, one would assume that this means it was private sector contractors who were hired to do a great amount of work.

The Minister earlier in his brief spoke about how much benefit there was that we had our own teams, but if anything is to be believed by the numbers of which the Member from constituency 6 just raised, it seems that twice as much money was spent on professional services—which means private sector contractors—than for our own people. So it would be good to find out how that breakdown, or what was the cause of that breakdown?

The Chairman: Thank you, Member.

The Chair recognises the Minister. You have the floor.

Hon. L. Craig Cannonier: Certainly, Madam Chairman.

I do not have the answers to those questions right now. But I will reiterate, again, back to the fact that this was due to overtime, wages and contractors and material that has cost us \$4 million. And so, that is all I will say.

The Chairman: Thank you.

Are there any other Members who would like to speak to the Head 36?

The Chair recognises the Member from constituency 18, Pembroke West Central.

Mr. E. David Burt: Thank you very much.

And just to close, if the Honourable Minister would please indicate when he would attempt to get those numbers, and if we will have to wait until May or if he will share them with us electronically before then.

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Hon. L. Craig Cannonier: Thank you, Madam Chairman.

I will endeavour to seek those answers this week.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 36?

There are no other Members. If, Minister, you would move the heads, please. Minister, if you would move the heads.

Hon. L. Craig Cannonier: Thank you, Madam Chairman.

I move now that the Supplementary Estimate amount for Head 36, under Ministry of Public Works, for \$4,130,000 be approved.

The Chairman: It has been moved that Head 36 in the Ministry of Public Works, Supplementary Estimate No. 1 for Financial Year 2014/15, be approved.

Are there any objections to that motion?

No objections; agreed to.

[Gavel]

[Motion carried Head 36, Ministry of Public Works approved.]

The Chairman: We will move down to Item No. 4, Ministry of Community, Culture and Sports, Head 55. I call on the Minister in charge to proceed. Minister, you have the floor.

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, the 2014/15 current account supplementary estimate for the Ministry of Community, Culture and Sports is \$5,600,000. This supplementary estimate relates to cost centre 65050, grant administration, under Head 55, Department of Financial Assistance.

Madam Chairman, the Department of Financial Assistance has a statutory responsibility to ensure that individuals and/or families have sufficient financial resources and services in order to gain, maintain or regain a minimum standard of living while encouraging personal and economic independence. In support of this objective, the department administers the Financial Assistance Programme and the Child Day Care Allowance Programme.

These programmes are governed by the Financial Assistance Act 2001, the Financial Assistance Regulations 2004, the Child Day Care Allowance Act 2008 and the Child Day Care Allowance Regulations 2008.

Madam Chairman, the 2014/15 supplementary estimate of \$5,600,000 relates to the Financial Assistance Programme only. Madam Chairman, the original total budget for Head 55 in 2014/15 was \$46,948,000, of which \$43,977,000 was for cost centre 65050, grant administration. This includes both institutional and individual grants under the Financial Assistance Programme.

Madam Chairman, the number of persons applying for and receiving financial assistance continued to increase during 2014/15, with a corresponding increase in an average client caseload to about 240 cases per worker. Consequently, Madam Chairman, spending by the Department of Financial Assistance on client service under the Financial Assistance Programme, not including the Child Day Care Allowance Programme, declined to about \$11 million per quarter by September of 2014. Almost 40 per cent of all persons on financial assistance are either able-bodied or persons with low earnings.

Madam Chairman, in an effort to reduce Financial Assistance costs, Government amended the Schedule, the Table of Allowable Expenses, under the Financial Assistance Regulations 2004 effective from April 1st, 2014. These changes include items such as the elimination of all allowances for arrears payments; reduction of the maximum allowance for clothing; reduction of the maximum allowance for funeral expenses; and reduction of the maximum rental accommodation allowances.

Madam Chairman, although these legislative amendments help to reduce individual monthly financial assistance payments, the sheer numbers of persons applying for and who are receiving financial assistance continues to rise due to the challenging economic situation. Madam Chairman, Government recognises its statutory obligation to provide financial assistance to qualified Bermudians in need; thus, the Department of Financial Assistance has to make such

payments as the demand dictates. However, in order to reduce expenditures in 2015/16 and beyond, the Ministry will be asking for consideration of significant changes to eligibility and benefits under the Financial Assistance Act 2001 and the regs of 2004.

In summary, Madam Chairman, a supplementary estimate of \$5,600,000 is required for 2014/15 in cost centre 65050, grants administration. Thank you, Madam Chairman.

The Chairman: Thank you.

Are there any Members who would like to speak to Head 55?

The Chair recognises the Member from constituency 21, the Shadow Minister of Home Affairs. Mr. Rolfe P. Commissiong, you have the floor.

Mr. Rolfe Commissiong: Thank you, Madam Chairman.

The supplementary estimate of \$5.6 million for the Minister of Community, Culture and Sports, Financial Assistance Department, is noted. We also note the fact that this supplementary will, in real terms, mean then there have been cuts by way of contrast to the actual spend of 2014/15 fiscal years.

The question I have is, with the rising unemployment numbers that we have seen, as we know by way of the Government's own statistics, the unemployment level has now reached 9 per cent, the highest in Bermuda's history. It is now at 12 per cent for Bermuda's black community. We spoke earlier of the fact that the vast majority, over 92 per cent, of the clients of the Financial Assistant Department are African Bermudians. And we are concerned about the ability of the Ministry to cope, considering that the economy has not reached rock bottom. We also heard earlier that the largest growth in clients are those who are deemed able-bodied individuals.

We are very concerned about the ability of the department to cope in this environment over this fiscal year. I do think that there is somewhat, as I said earlier, of a fiscal sleight of hand that is taking place. We know that there has not been a cap placed on the current allocation. Again, how that will affect the current client and other clients who may have to depend on the department for financial assistance is something that we will keenly be keeping an eye on.

I will just give way right now to my client—mean my colleague—client and colleague. And I might get back into this in a bit.

The Chairman: Thank you. That is fine.

Are there any other Members who would like to speak to Head 55?

The Chair recognises the Member from constituency 6, Hamilton West. Honourable Wayne L. Furbert, you have the floor.

Hon. Wayne L. Furbert: Thank you, Madam Chairman.

Madam Chairman, this is the minimum revenue guarantee all over again. What I mean by that, we will be back again next year for the increase because the Government has under-budgeted once again in regard to this particular item. The Minister said it continues to rise. In other words, it continues to demand from the Government to pay out money. And we know that, and we expect that to happen because we recognise that individuals need help. So, the Government has under-budgeted again. Probably between the minimum revenue guarantee and this particular department, we are talking about \$10 million, between the two of them, under-budgeted.

We all know it is going to happen. It does not make sense to joke ourselves. I know the former Minister tried to put some different policies in place to tighten up things. Can people not, at the end of the day . . . our Bermudians, some of them are [becoming] unemployed, so they need help. And a caring government has to reach out to the individuals. I would be interested to know, has there been an increase in regard to our senior citizens in regard to this budget?

Now, Madam Chairman, one thing I have heard, though, and there is a type of strange thing going on. Individuals get a voucher, I understand, for food. Correct? Right. This is what I heard is going on, and the department needs to take a look at it. I am not sure how they are going to look at it. But an individual goes there and buys, let us say, \$300.00 worth of groceries. They will go then, sell \$200.00 worth of groceries to somebody for \$100.00. So they get \$100.00 in cash and keep \$100.00 for themselves. So they get \$200.00, sell it, they get \$100.00 in groceries, \$100.00 in cash, and they will . . . I do not know how we can check-balance that.

And maybe I will speak quietly with the Minister on where I heard this particular area that it is happening in, so the Minister can then monitor it. But I was just wondering whether the Minister was aware of if, if it is true, and whether the department is aware of those types of things happening. Like I said, I will speak to the Minister just quietly, just spread it out there. But I could point clearly to the area that it is happening in. I am not saying it is not happening anywhere else, but I know it is happening in particular areas. So that will be interesting.

But again, like I said, the Minister will be back here again next year with . . . So now, the surplus that the Government is talking about they had now has disappeared. Revenue over expenses has now disappeared. So these bragging rights they are talking about, surplus, is bye-bye, unless the Minister, at the end of the day, can increase his revenue. And there are certain things I have looked at I think that they have under-budgeted in the revenue side. And that makes us look good. So you are conservative on the

revenue, right, hoping that you will get some increase, and you are applauding that you are doing good. All right? But they have under-budgeted on the expenses side, too.

And I know it is tough. Because at the end of the day, how do you really [calculate] those things? You are going to sell 10 boxes of chickens. The Honourable Member knows roughly how many chickens he can sell for Christmas, turkeys, for example. So you can kind of budget for those things. But it is hard to budget for individuals who really need help. It is hard. Right? You can look around and say, *Well, okay, how things are happening, how is unemployment?* The Government is promising all these big jobs out there. So we expect some decrease [in unemployment] this year.

But the largest [part of the] budget in here is our senior citizens. Okay? And that is the real situation. So, again, those are a few words I just wanted to say to the Minister. We will be back here again next year. Thank you.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 55?

There are no . . . The Chair now recognises the Member from constituency 21.

Mr. Rolfe Commissiong: Thank you, Madam Chairman.

My colleague who just took his seat knows the growing number of seniors who are depending on the Financial Assistance programmes in one form or another now form a third of the overall clientele. He also talked about what I call the yo-yo nature of financing of Financial Assistance. We know from 2013 till now, once this supplementary has been approved, there has been additional spending to the tune of \$14 million.

The Chairman: You cannot reflect, okay?

Mr. Rolfe Commissiong: Okay.

So, yes. We want to know how, with the ageing demographic, the Ministry is going to be able to cope with the ageing demographic, increasing number of seniors, some of whom, perhaps many, will be needing a type of financial assistance that we have been offering, and the growing numbers of able-bodied Bermudians who are now deemed unemployed and who are going to need the type of support that the Financial Assistance Department has been providing. As I again note, that budget has now been kept. How will the Ministry be coping? Thank you.

The Chairman: Thank you, Member.

Are there any other Members who would like to speak to Head 55?

Minister?

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, I just wanted to double-check with the numbers. Yes, we do have an increase in the numbers of seniors. Seniors are averaging between 25 and 30 monthly. Able-bodied unemployed are two to three times as much.

Let me speak to the issue that the Honourable Member from constituency 6 spoke to concerning fraud. And let me say that there are investigative officers within the department. I certainly have heard the matter to which the Honourable Member alluded, and the department is aware of it. You have a situation where people . . . In fact, instead of everybody getting, you know, sort of lining up on a Monday on the first of the month or whatever to get their cards, their vouchers, they actually now have a card. And funds are put on that card which enables individuals to actually go and shop at any of the MarketPlace stores where, historically, there was only one. They could only go to Shopping Centre, now they could go to any of the MarketPlace stores, which actually enable individuals to have a little bit more dignity through the process.

But we did hear where somebody thought they would be a little creative. And it became apparent based on the type of purchase that was being made, and as a result, reports had come back to the Ministry. The *fraud squad*, if I could put it that way, have done investigations. And you will remember that there have been some \$88,000 in total that actually had to be repaid to the Ministry based on people who had actually tried to skirt the rules of the system. So we are aware that these sorts of things have in fact occurred.

We also know that there are people who have elected that they would rather stay on financial assistance rather than take a job in which the remuneration for the job is not as much as they would like, and therefore they think that staying on financial assistance would give them a better financial benefit as opposed to taking the job and declaring that income and thereby reducing the strain on the amount by which the Financial Assistance Office has to pay out.

Let me just say that these are things that clearly are being looked at. Yes, we are looking at a \$5.6 million supplementary. But let me also say that what we are doing this time, we will have some legislation. (I will not anticipate.) But we will have some legislation to enable me to do some things in terms of looking at the regs. The former Minister actually did some cutbacks to the available amounts and the various—what people were entitled to, the various entitlements, were done effective from April of 2014. We will see some amendments coming into play at April of 2015. But the one thing that we are looking at is that there is a defined amount of money.

Now, while Members, obviously just because of history, have effectively come back and said, *We are going to have a major supplementary next year*, I am hoping . . . and obviously, I do not have a crystal

ball that other Honourable Members have. But let me say that it is our intention to be very, to be mindful of the amount of money that is being expended, knowing that we have a circle within which to fit all of the requests. We will continue to have requests as long as people have to rely on financial assistance. But the operative is, by creating stimulus in the economy, by creating employment for people who will be able to now have jobs and hence will not be required to rely on financial assistance, that, obviously, has to be the answer.

So we are looking at it very, very carefully. We have instructed the department to basically pull in the reins. And we will be monitoring it very, very, closely. And if there is any indication that this amount of money that we have budgeted for this ensuing year looks like it might not be enough, I would be happy to come back (not happy to; I would be rather pained to) . . . But I will come back and advise this Honourable House if we notice those kinds of trends.

So, all I can say, Madam Chairman, is that \$5.6 million is the overspend from the previous year, and as a result, because that amount had not been previously budgeted, we are now in the situation where we have to ask for supplementary estimate for that amount.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 55?

The Chair recognises the Member from constituency 18, Shadow Minister for Finance, Mr. E. David G. Burt.

Mr. E. David Burt: Thank you very much, Madam Chairman.

Madam Chairman, very briefly to the Honourable Minister: I know that you spoke about the fact of trying to get people off of financial assistance. The question is whether or not they will take a job because their remuneration may be more when they are on financial assistance. And I just may want to hopefully ask the Minister if she would consider changes to Financial Assistance laws and regulations which make work pay. And these are things that have been done in other places.

What happens now is that when you take a job your amount of financial assistance is reduced commensurate to the amount of money you receive, whereas if you would reduce it about 80 per cent of the money you receive . . . you would actually make the incentive more in order to get work. And the thing is that you would make the incentive more, but you would also reduce the strain on the budget, and that might help you with some of your problems. So I hope that you would take that under advisement.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 55?

The Chair recognises the Member from constituency 21.

Mr. Rolfe Commissiong: Excellent, excellent idea for reform, Madam Chairman, in light of present-day realities.

I would also ask the Minister to again be cognisant of the fact of the growing number of able-bodied individuals who are part of the Financial Assistance client base, so there may be some need to tweak policies to ensure that we can get these people serviced adequately and have them in a position where they can then be prepared to go back into the workplace.

We, too, believe that the best antidote for that growing problem is a growing economy. And so, we are fully with the Government on that. We think that that is the best social assistance programme, is a good well-paying job, one that will provide an adequate standard of living for the person involved.

The question I have, though, is, When is a cap not a cap? I mean, I am gratified to hear that the Minister is saying that if need be, she will be back here again during the course of this fiscal year to get any necessary supplementaries that may be required. But again, we heard from the Finance Minister and by way of the Budget Statement that the allocation would be capped for Financial Assistance this fiscal year.

The Chairman: Thank you.

The Chair recognises the Minister.

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, I appreciate the question from the Honourable Member. And let me just say that I prefaced my remarks by saying that it is my intention and it is our hope in the department that the pie that has been created from which Financial Assistance will be taking slices is a finite one. So, I am not looking to have to come back. However, if, let us just suggest that maybe an extenuating circumstance occurs, then we would have to address that at that point in time. The department is tasked with having to ensure that the purse strings are pulled very tight.

We have been given, as I can say, we have been given 11-pence ha'penny and we cannot spend a shilling. (And I think that that is a very old-fashioned explanation. Many people are looking at me as though I am coming from out of left field.) But it is like, you know, we have been given ninety-nine cents, so we cannot spend a dollar, if we could make that analogy. So, based on that, we have to look at what it is that we have, and we will try to keep within the constraints and the confines of what monies we have. I can reiterate that when people have money coming in, then

they will have less dependence on financial assistance.

The Honourable Member from constituency 18 indicated about making work pay effectively. I have looked at that in terms of how it can be applied. And there are certain constraints under which that can be made to work effectively. It is certainly something that I considered from day one, especially when I heard the stories indicating that people were going to work, or perhaps preferring to not go to work and staying on financial assistance at 100 per cent of whatever their entitlements were, as opposed to going to work, contributing something to the equation and then feeling as though somehow they are being disadvantaged because they were losing.

Now, what happens is when people go to work, they are re-evaluated. And whatever revenue comes in is part of the equation of that re-evaluation of their benefits. And so, if we are able to get people off by being able to take on additional work and doing so . . . Because one of the things that I have noticed, Madam Chairman, is that people who are on financial assistance, by and large do not want to be there. They do not want to be there.

Some Hon. Members: Exactly. Exactly.

Hon. Patricia J. Gordon-Pamplin: So that is one of the things that we are trying to do to encourage people, and certainly the idea that the Honourable Member has advanced is certainly something that I have already looked at, and it is something that we are discussing within the Ministry.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head 55?

There are no other Members. Minister, if you would move the heads.

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, I would like to move Head 55, from the Financial Assistance current account, Financial Assistance grant, for the amount of \$5,600,000 relating to 2014/15.

The Chairman: Thank you.

It has been moved that Head 55 of the Ministry of Community, Culture and Sports, Financial Assistance, Supplementary Estimate No. 1 for Financial Year 2014/15 be approved.

Are there any objections to that motion?

No objections; agreed to.

[Gavel]

[Motion carried: Head 55 of the Ministry of Community, Culture and Sports, Financial Assistance, Supple-

mentary Estimate No. 1 for Financial Year 2014/15 was approved.]

The Chairman: Members, we will now move down to Item No. 5. And that item is the Ministry of National Security, Head 6 Defence, and Head 45 Fire Services. I call on Minister in charge to proceed. Minister?

Hon. Michael H. Dunkley: Thank you, Madam Chairman.

Madam Chairman, in regards to this supplementary estimate of Defence, Head 6, and Fire Services, Head 45, honourable colleagues are well aware that in October of 2014, Bermuda experienced two major hurricanes within one seven-day period. And as a result of these extraordinary events, the Bermuda Fire and Rescue Service and the Bermuda Regiment were required and/or had to recall and embody part or all of their workforce to meet the demands that we faced as a community.

This mobilisation effort resulted in an unforecast expenditure over and beyond the budget estimates for this current financial year. The Bermuda Fire and Rescue Service is requesting a supplementary to augment its operational expenses in the amount of \$301,000—\$19,000 for Hurricane Fay and \$282,000 for Hurricane Gonzalo. And this covers overtime, salaries, wages, gas, fuel, food supplies, emergency supplies, and storm damage to a fire vehicle.

In regards to the Bermuda Regiment, Head 6, in the amount of \$792,000, the \$792,000 is broken down [as follows]: \$606,000 in regards to Hurricane Gonzalo and \$186,000 in regard to Hurricane Fay. This covered wages, salaries, repair and maintenance to buildings, repair and maintenance to vehicles, gas, propane gas, and rations and supplies. During the embodiment of the Regiment, there were between 200 and 250 soldiers embodied every day through that period.

Madam Chairman, I have been informed that it is expected that, in spite of this supplementary here tonight, at the end of this financial year, the Ministry of National Security will still manage to meet its budget expectations. I am happy to answer any questions.

The Chairman: Thank you.

Are there any Members who would like to speak to either Head 6, which is Defence, or Head 45, Fire Services? I would ask you to identify which head first, if you do not mind.

The Chair recognises the Member from constituency 15, Pembroke East. Mr. Walter H. Roban, you have the floor.

Mr. Walter H. Roban: Thank you, Madam Chairman.

The Honourable Premier has basically answered most of my detailed questions on this. But I do have a few questions. How many days in relation to

this expense did it represent? Or was it just through the embodiment, or did some of this expense go beyond the embodiment? Did the . . . You said overtime, wages, gas. You did not say other materials, as well?

[Inaudible interjection]

Mr. Walter H. Roban: I am sorry. Defence, Head 6.

The Chairman: The Regiment, yes.

Mr. Walter H. Roban: Firstly, I am dealing with Regiment. Sorry, Madam Chairman.

The Chairman: That is good.

Mr. Walter H. Roban: And what was the nature of the materials? Was it just tarpaulin, or was it other materials that the amount represented that you mentioned? Because I do feel like you did say materials as well, in your list. You said overtime, wages, gas and some other items, and also something about a vehicle. So, what types of materials would funds have been expended on?

I will sit there now.

The Chairman: Thank you.

Are there any Members at this point who would like to speak to Head 6, Defence, or Head 45, Fire Services?

I call on the Minister, please.

Hon. Michael H. Dunkley: Thank you, Madam Chairman.

In regard to the honourable colleague, there were 2,138 man-days used in the Regiment embodiment. I mentioned that it covered wages and salaries, repair and maintenance to buildings, repair and maintenance to vehicles, gas, propane gas and rations and supplies—rations and supplies. “Rations” is the name they use in the Regiment occasionally.

[Inaudible interjections and laughter]

Hon. Michael H. Dunkley: The repairs to the vehicles were during the normal course of the embodiment for the Regiment, challenges they might have had during that period.

To give a bit more explanation [of what] was done shortly after the period, the primary task for the soldiers was opening up routes for emergency service access, starting as soon as hurricane-strength winds had abated and while it was still dark early in the morning on Saturday. Other tasks included joint patrols with the police, running emergency supplies, distribution centres, helping weather-proof damaged roofs, marine reassurance patrols, liaise with the EMO [Emergency Measures Organisation] and the commanding officer who was sitting as a member of the

EMO executive, logistical support to help cover other government departments, including essential utilities. The Regiment worked with BELCO to help them do what they had to do.

Assets, including boats, were prepositioned prior to the strike, and this included the East End to make sure that there was coverage through the storm and we could get up to speed very shortly right after the storm. The Regiment opened at least 10 major routes, helped over 190 individual households, helped weather-proof 16 major buildings, and distributed—in answering your question about tarps—over 800 tarps, and helped provide work parties to the Works and Engineering and BELCO, as I already said.

I am happy to answer any other questions you might have.

The Chairman: Thank you, Minister.

The Chair recognises the Member from constituency 15.

Mr. Walter H. Roban: Question: If the Minister cannot answer it for me now, that is fine; he can get it to me later. How much was the expense that the Regiment paid on tarps itself? And does the Regiment get any fuel rebates or any discounts on fuel for its usage, whether during regular or during emergency situations?

The Chairman: Thank you.

The Chair recognises the Minister, the Premier.

Hon. Michael H. Dunkley: I will try to get back to you with some more detailed answers. But to answer those summarily at this point, the Regiment does get a wholesale fuel price. And in regard to tarps, the Regiment last year was fortunate enough to get a whole pile of hurricane-relief tarps to put in the inventory at no cost. I think others are in storage. So I will have to get you some details on that.

The Chairman: Thank you.

Are there any Members?

The Chair recognises the Member from constituency 15.

Mr. Walter H. Roban: Thank you, Madam Chairman.

I would like to go to Fire Service, Head 45. Has the Minister already spoken on that?

The Chairman: [Yes].

Mr. Walter H. Roban: Okay, yes, I thought so.

In reference to this \$301,000, could the Minister explain, was this [amount] just to do with the overtime that the fire service would have expended? What other breakdowns? If the Minister could repeat as to the \$301,000 for the fire service that was expended

during Hurricane Gonzalo, if he could just repeat that for me, please?

The Chairman: Thank you, Member.
The Chair recognises the Premier.

Hon. Michael H. Dunkley: Thank you, Madam Chairman.

In regards to the question, Honourable Member, Tropical Storm Fay, Hurricane Fay was just under \$19,000. And \$18,000 of that was for salaries, wages and overtime. The rest of that was food and supplies. And that was broken down into three separate purchase orders.

In regard to Hurricane Gonzalo, \$258,820 was for salaries, wages and overtime, and \$435.00 was for repair and maintenance to a vehicle. There was a windshield for a vehicle that was damaged.

[There was] \$16,300 for fuel and then \$6,102 for food and supplies on 2-4-6. Five purchase orders and three other purchase orders for supplies such as chain link for chainsaws, tow hitches, and things like that. I hope that answers your questions, Honourable Member.

The Chairman: Thank you, Premier.
The Chair recognises the Member from constituency 15.

Mr. Walter H. Roban: Question, again, is the fire service affording it because obviously these supplies—they are one of the crucial services during emergency periods like this. Do they receive any themselves, any discount on fuel or some of the things like the chainsaws and that—do they afford that or do they have to buy them those retail as well?

The Chairman: Thank you, Member.
The Chair recognises the Premier.

Hon. Michael H. Dunkley: I would have to check that. I would assume they would get the wholesale price as well with fuel that they fill up, but I will definitely have to check that to be sure.

The Chairman: Thank you, Premier.
Are there any other Members that would like to speak to Head 6 which is Defence or Head 45 which is Fire Services—both in the Ministry of National Security?
There are no other Members.
Premier?

Hon. Michael H. Dunkley: Thank you, Madam Chairman. Before I move approval of those two heads I would like to take this opportunity to thank the members of all emergency services for the excellent job they have done due to the two hurricanes, and certainly all the workers throughout the civil service and

the great job they have done. As time slips by I think we take it for granted what was done, but it was an enormous task. We got Bermuda back on her feet again and even though it cost us some money, I think it was money well spent. I thank them for going out and about and leaving their loved ones during a very critical period for us.

So having said that I would like to move—

[Inaudible interjection]

The Chairman: Yes? The Chair recognises the Member from constituency 15.

Mr. Walter H. Roban: Madam Chairman, I would like to share that same commendation with the Premier before he actually moves ahead—the same that he gave to all the emergency services and the tireless work that they did to get us through both of those incidents.

Thank you very much.

The Chairman: Thank you.
Premier?

Hon. Michael H. Dunkley: Thank you, Madam Chairman. I am sure all Members of the House would want to share in that.

Having said that, if there are no other debate, I ask that in regard to the Ministry of National Security, Defence, Head 6, for \$792,000 and Fire Services, Head 45, for \$301,000 are approved.

Thank you, Honourable Members.

The Chairman: Thank you. It has been moved that Head 6 under Defence, and Head 45 under Fire Services, Ministry of National Security, Supplementary Estimate No. 1 for Financial Year 2014/15 be approved. Are there any objections to that motion?

There are no objections to that motion.
Agreed to.

[Gavel]

[Motion carried: Head 6 and Head 45, approved.]

The Chairman: Members, we now move down to Item No. 6, Ministry of Home Affairs, Head 93. I call on the Junior Minister in charge. Please proceed.

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

Madam Chairman, I will review the Supplementary Estimate Brief for the Ministry of Home Affairs, Ministry Headquarters.

Madam Chairman, this brief relates to the Ministry of Home Affairs anticipated Supplementary Estimate Amounts and Categories.

Madam Chairman, Supplementary Estimate No. 1 for Financial Year 2014/15 under Head 93 comprises two listings. Namely, (1) legal fees for the Waterfront lease and also the Bermuda Environmental and Sustainability Test (BEST) and (2) the Bermuda Economic Development Corporation (BEDC) loan guarantee. The total for the supplementary is \$1,479,040. The breakdown is as follows: Legal fees for the Waterfront lease and BEST totalled \$1.4 million. The BEDC loan guarantee totals \$79,040. I will now provide the background details relative to each supplementary.

First, legal fees for the Waterfront lease. Madam Chairman, the historical background is that the estimated said legal fees that are associated with the arbitration and litigation between the Government of Bermuda and Allied Trust and Allied Development Partners Limited (ATADP) following the voiding of the Waterfront lease agreement by both Houses of the Legislature in March 2014. As the House will be aware, the original claim was for \$156 million. This claim has been ultimately reduced to \$90 million.

Madam Chairman, the developer secured the services of local law firm Wakefield Quin, Queen's Counsel from London, as well as a specialist valuer to represent its claim. Since the claim was the largest being brought against the Government, the Government also retained a local law firm, MJM Limited, [Mello Jones & Martin] Queen's Counsel from London, and a specialist valuer. Retention of such a legal team is standard practise in cases of complexity and large value. An arbitration panel comprised of Mr. Geoffrey Bell, QC, Mr. George Bartlett, QC, and Mr. Norman Rose from the United Kingdom was approved by the Governor as arbitrators for the claim.

Madam Chairman, in the interest of mitigating costs, legal counsel on both sides agreed to a relatively aggressive timeframe to consider the claim. As a result, the arbitration process was expected to be completed by the end of July 2015 and as such the fees estimated were based on this aggressive timetable. To ensure value for money, the Attorney General and Minister for Legal Affairs has responsibility for reviewing invoices submitted for payment by MJM Limited and others. However, the arbitration has been stayed pending decisions in respect of more recent claims brought by the developer against the Bermuda Government relating to constitutional matters. Legal fees that were budgeted for the arbitration are being applied to that matter.

Mr. Alan Dunch of MJM Limited is the attorney instructed and represents the Government. Mr. Dunch has had extensive litigation experience in Bermuda and is one of the best lawyers in Bermuda. The ultimate advice to enlist Mr. Dunch on the Waterfront matter came from the former Attorney General who was presented to the Minister in writing. Invoices presented in respect of the matters are vetted by the Permanent Secretary of Home Affairs, the Ministry's

financial controller, and ultimately the reasonableness of same, are reviewed by the Attorney General's chambers. The Government is satisfied that all appropriate measures have been taken from the very commencement of the arbitration process. It is also worth noting that sums paid in respect to the Waterfront arbitration and litigation relate to such expenses not, as has been suggested, to obtain advice on how to void the leases.

Madam Chairman, to date, \$712,636 has been paid out the by Government in respect of the Waterfront matters. This amount represents payments for MJM fees and expenses, London QCs, the valuation team, and fees for the arbitration panel. When the supplementary fees were estimated, this was based on the arbitration being completed in July 2015. As explained, this is not now going, in fact, to be the case. Whilst it is unlikely the entire supplementary will now be used, it is important that there are sufficient funds budgeted to pay for any remaining invoices that may be rendered for work undertaken up to the end of March 2015. It is obviously very important indeed to defend the claims brought against the Bermuda Government and to ensure that the right expertise is retained. The Bermuda Government is satisfied that this has been done.

Madam Chairman, the Ministry will also be utilising just under \$75,000 to cover legal fees incurred in respect with litigation as between the Bermuda Environmental and Sustainability Taskforce (BEST). The House will recall that this litigation related to subdivisions at Tucker's Point. In this instance, law firm Conyers, Dill & Pearman were instructed to conduct the litigation. Again, the Ministry is satisfied that appropriate protocols were followed in the use of external counsel to represent the interests of the Government of Bermuda.

I will now advance to discuss the BEDC loan guarantee. Madam Chairman, as reported last week in the BEDC budget brief for the 12-month period ending December 31, 2014, 874 persons sought business planning and management advice from the BEDC. Of this number, approximately 44 persons were interested in taking advantage of the BEDC loan guarantee programme. As of January 2015, fiscal year 2014/15, BEDC managed a guarantee portfolio of supporting 58 businesses consisting of 46 loan guarantees and 12 micro-loan guarantees—a total value for the 58 guarantees was \$2.6 million which supported \$6.6 million in bank loans. As of January 31, 2015, 12 of the loans supported by these guarantees were on the corporations watch list for either restructure, seasonal or distress circumstances. On a monthly basis, BEDC officers are in contact with these clients providing business advice and counselling as required to mitigate the risk of these loans being demanded. This litigation process resulted in BEDC paying out on only one called guarantee in 2014 in the amount of \$79,039—rounded up to \$79,040.

Madam Chairman, in 2014/15 BEDC had \$100,000 budgeted in its original budget for anticipated loss payouts. They then had to reduce its budget as requested and the \$100,000 was removed. There are no assurances that clients will honour repayment plans. In cases where a client refuses to repay, then the BEDC reverts to debt collection agencies, and then eventually the courts. Notwithstanding this, and because the BEDC does not have any reserves set aside for paying out loans, a policy on how loss payments will be made was required. In December 2014, the BEDC worked with the Ministry of Finance and the following policy guidelines have been implemented. BEDC shall notify the Ministry of Home Affairs and the Ministry of Finance that payout is required under the BEDC loan guarantee programme. The Ministry of Finance shall make the payment to the bank from the contingency fund. At the end of the fiscal year the Ministry of Home Affairs and the BEDC will attempt to find funds to cover the payout. Then the Ministry of Home Affairs will have to request a supplementary estimate if funding cannot be found from their budget allocation.

Madam Chairman, in accordance with the above process the Ministry of Finance paid the outstanding liability of \$79,040 to HSBC. Now the supplementary is needed to replenish the contingency fund.

Thank you, Madam Chairman.

The Chairman: Thank you. Are there any Members that would like to speak to Head 93, the Ministry of Home Affairs, Ministry Headquarters?

The Chair recognises the Member from constituency 17, Pembroke Central, Shadow Minister of Immigration and External Affairs, Mr. C. Walton B. Brown.

Mr. Walton Brown: Thank you, Madam Chairman.

First of all, I would just like to congratulate the Junior Minister for the pace at which he presented that brief.

[Laughter]

Mr. Walton Brown: Madam Chairman, this supplementary—the legal fees—represents a bad decision by the Government, now costing the taxpayer an additional \$1.4 million, minimally. So the Government voids the lease as opposed to trying to find some alternate way of resolving what the Government considered to be a challenge for itself, and now we are beset with this legal cost. The public should be outraged by this amount, by the fact that we are having to provide this supplement—because it is going to be approved tonight. But I want to go on record as saying it is the Government putting an additional burden on the taxpayer to pay for an absolutely bad decision in passing law to make a previous lease null and void.

This is the consequence—this is why we are here today. What I do not understand is why is it (and maybe the Junior Minister can answer) that we do not seem to have competent legal staff in the Attorney General's chambers to be able to address these matters? Why do we always go out to hire the private sector at a tremendous fee? I am not a lawyer. I do not understand it. I seek clarification from the Junior Minister. If you know you are going to have civil matters coming up periodically, why do we always need to farm it out at great expense to the taxpayer?

Secondly, in my profession as a researcher, I have to give quotes all the time for projects that I expect to secure. I have to estimate the number of hours that I think I am going to be involved in a project, and for the life of me I do not understand why lawyers—and no offence to anyone here who is a Learned Member of this House—but I have no understanding why lawyers cannot be subjected to the same process.

Our time is as valuable as professionals, as lawyers. Why can a lawyer not submit a quote for a particular project so that you have a finite cost attached to it? I do not understand that and I do not want to hear a legal answer; I want to hear an answer that makes sense, Madam Chairman. So I know how lawyers speak. They speak in ways that we do not always readily decipher. I see my friend over there looking at me with that eye, Madam Chairman, but it is a question that needs to be answered.

Why is it that we just give a passing grade to lawyers to charge whatever they want? I want to know why we cannot get firm figures for these sorts of things. \$1.4 million is an incredible sum. It is an incredible sum of money, and you bring in QCs. I am not always sure why, because I understand the title QC (and again, Learned Members can correct me) is oftentimes an honorary title given to people. They were abolished in Canada many years ago because it was subjected to a lot of patronage allocation. I do not know if that is still the case, but, again, I will be guided by wiser minds.

My question for the Junior Minister is, Do you recognise that this is an unnecessary expenditure as a consequence of a flawed decision by the Bermuda Government, an unnecessary burden on the taxpayer, and will you seek to try and identify some finite costs that can be attached to this matter? The last question, Were there alternate measures attempted to try and resolve this matter without having to go this litigation route and this arbitration route? Those are my questions, Madam Chairman.

The Chairman: Thank you, Member. Are there any other Members that would like to speak to Head 93?

The Chair recognises the Attorney General from constituency 9.

You have the floor.

Hon. Trevor G. Moniz: Thank you, thank you, Madam Chairman.

Madam Chairman, we lawyers are used to being insulted whether on the floor of the House or elsewhere. But, like politicians, we take it with good humour.

Let me say that the Honourable . . . I will try and do it in a way that the Honourable Member can understand. And I know that he is very bright even though he is not a lawyer. The fact of the matter is there are, under the OBA Government as there were with the PLP Government, legal matters which are farmed out because there is not the capacity within the Attorney General's chambers to deal with all the matters that face Government.

This was a matter that it was decided to farm out. We had to find a suitable attorney to do it. In a lot of these cases because there are multiple parties—a lot of the firms are taken up. So you may have 10 firms available but 6 of them are taken up, so your choice is a relatively narrow one. With respect to a finite matter, it is difficult to do that with litigation because litigation is a bit of an open-ended street so you do not know when it is going to end. You can agree an hourly rate, and obviously you try and get the best deal you can from the sort of specialist attorney that you hire to do a specific job. But you do not know how many hours it is going to take.

As the Junior Minister said, we are vetting the bills in these chambers, so when it is desired to go outside to instruct counsel the permission of the Attorney General is required, and the Attorney General can vet the bills as they come in to make sure they are reasonable.

Sorry, Madam Chairman, the Honourable Member took a sort sideways swipe at QCs, but QCs in larger jurisdictions (we normally go to London) can be much more specialised than lawyers here can be in certain aspects of litigation, as we have very limited amount of litigation here compared to the City of London. The rates are actually very competitive. So if you shop well, and you know it is always one of the struggles we have with ministers, certain ministers like to have rock star QCs, and rock star QCs come with a higher price.

[Inaudible interjection]

Hon. Trevor G. Moniz: No, they really are not. Some are very reasonably priced and very competitively priced from the same advice that you got it locally. So you might be able to get someone who is much more specialised with much more experience at the same price that you would get an opinion locally.

You really have to look at it. You know, it is horses for courses as it were. Some things are obviously much better advised to go locally because there is such a big local context. But this, you know, is a major undertaking. We as a Government—I do not

want to speak too much for the Ministry, but we as a Government—felt that this was a case that was worth undertaking to protect the patrimony of the country and of the Corporation of Hamilton, so we took it as a policy decision.

Thank you, Madam Chairman.

[Inaudible interjection]

The Chairman: Thank you. Are there any other Members that would like to speak to Head 93?

The Chair recognises the Member from constituency 36, the Shadow Attorney General, the Honourable Michael J. Scott.

You have the floor.

Hon. Michael J. Scott: Thank you, Madam Chairman.

Can the Attorney General justify to this House and to the country why two (indeed either the Attorney General or the Junior Minister) law firms have been instructed? Can you not see that that is going to absolutely duplicate effort and duplicate cost?

Secondly, this case involves a voiding of a contract of a commercial party and it involves constitutional protections. These are very straightforward. They are not always simple, but there are certainly well-known legal principles involved here. Again, why are two law firms required to manage this simple legal proposition, and can anyone justify (on the other side of the House) the dual cost that is going to flow as a consequence of two law firms?

One of the law firms—Mello Jones & Martin—is the law firm with which a Minister of this Government has a relationship. Can the Government justify the conflict of interest that is readily suggested by the choice of that second law firm?

Those are my questions.

The Chairman: Thank you. The Chair recognises the Attorney General.

Hon. Trevor G. Moniz: Madam Chairman, I can answer those questions. I think that with respect to the law firms instructed I think the Honourable Learned Shadow Attorney General is getting a bit confused. MJM were instructed in the Waterfront matter. Conyers, Dill & Pearman were instructed in the matter to do with Tucker's Point. So there are two law firms because there are two different matters.

[Inaudible interjection]

Hon. Trevor G. Moniz: They are acting on the other side. They represent Mr. MacLean, the . . .

The Chairman: Thank you. Are there any other Members that would like to speak—

Hon. Trevor G. Moniz: There was another question you asked?

The Chairman: Thank you. The Chair recognises the Shadow Attorney General.

Hon. Michael J. Scott: Thanks. For the other question to the Attorney General, the legal issue involved involves voiding of a contract and constitutional protections. These are very well-known legal concepts and principles. Has the Government indicated with this amount of money . . . has the Government advised itself of the prospects of success likely to flow from this kind of expenditure? Are the prospects 50 per cent? Are they still under 50 per cent, given the well-known features of the legal challenges that are going to be involved, constitutional matters and voiding of a commercial contract by legislation?

The Chairman: Thank you. Are there any other Members? The Chair recognises the Attorney General.

Hon. Trevor G. Moniz: Madam Chairman, in answer to the question there, we feel that there are good prospects of success. We have dealt with this matter in a sensible fashion in the sense that we have not ruled out some sort of settlement as you always would in a litigation case or in any sort of a case. We feel that there are good prospects of success and it is a case worthy of taking on.

The Chairman: Thank you. Are there any other Members that would like to speak to Head 93?

The Chair recognises the Member from constituency 6.

Hon. Wayne L. Furbert: Thank you, Madam Chairman.

Madam Chairman, as my honourable colleague said this particular cost came about because the Government felt in its wisdom that they should withdraw the contract—going back in time and doing it. We told them it was wrong at the time. We still think it is wrong.

I would like to ask a few questions of the Junior Minister. What was the period of these funds being paid out? What period does it cover? In other words, was the \$1.4 [million] for one month of legal services or six months?

[Inaudible interjection]

Hon. Wayne L. Furbert: Okay. You mentioned something about \$712,000 that was paid out to Mello Jones & Martin and that you budgeted for \$1.4 [million]. Well, I do not understand that. We are talking about the financial year ending the end of next week, a couple of weeks' time. How do you budget supplementaries for

something that has not been paid out? Somebody is going to have to explain it to me. You are trying to tell me that we are budgeting for something that has not been paid out? When has that ever occurred in Government?

[Inaudible interjection]

Hon. Wayne L. Furbert: Now, if you are expecting all that money to be paid out by the end of the year, I understand that. But I understand from the Junior Minister that this is going to occur into . . . beyond April. Who did that work? Who did the accounting work for that? You cannot spend out a budget—we are approving supplementaries for the year ending March 31st. So you are trying to tell me that this \$700,000 is put aside for next year? Is it not in next year's budget?

[Inaudible interjection]

Hon. Wayne L. Furbert: I can sit down. I mean, I will stand up. Another thing, so the Government is putting \$1.4 [million] and I see roughly \$1.9 [million], \$2 million for 2015—is that the supplementary for . . . is that for the Waterfront for next year? If you look at the Budget Book I am referring to that he was talking about \$2 million for 2015/16. Is that for the Waterfront budget for legal fees?

I am not reflecting because a few minutes ago I heard the Minister refer to a certain code, a certain section, and I never heard the Chairman stop that. Because you cannot be talking about \$1.4 [million] and yet you are saying we cannot talk about what is happening this year, what is coming up because . . . is that money for . . . so what is the total amount . . . let us put it this way: What is the total amount of money do you think we are going to pay for legal fees in regards to Waterfront? I understand it is very hard for lawyers because they charge you every five minutes for every time you speak to them, as far as cost, so it is very hard to say, you know, unless you say, *Stop speaking to me*. You are allowed 10 conversations at \$1,000.

Here is the interesting part, Madam Chairman, the Minister is the one who hired Mello, Jones & Martin—his Ministry—instructed by the . . . I am sure it must have been the Cabinet, but [it is] my understanding that the pleadings were drafted by the Minister's wife.

Some Hon. Members: No!

Hon. Wayne L. Furbert: That is my understanding.

Well, the Minister has the right to correct that. He has a right to correct that. I am saying that is what I heard.

An Hon. Member: That is impugning.

Hon. Wayne L. Furbert: That is not impugning. I am just saying I heard. I am not imputing anything. All right? Let the Junior Minister answer that question. I understand that is what took place and the Junior Minister can correct that. But I probably think this is one of the last—

Mr. Sylvan D. Richards, Jr.: Point of order.

The Chairman: Thank you. The Chair recognises the Junior Minister from constituency—

Hon. Wayne L. Furbert: What is the point of order, Madam Chairman?

The Chairman: Member, I am recognising first, if you do not mind.

From constituency 7. Thank you, your point of order?

POINT OF ORDER

[Imputing improper motives]

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

The Honourable Member is [imputing] improper motives to the Minister by saying that his wife had something to do with the negotiations or if she was involved in MJM getting the business and that is entirely not the case. The Minister's wife is in no way connected to the decision to instruct MJM Limited. She is not involved in any of the work in the Waterfront matter. So the Honourable Member is very off base.

The Chairman: Thank you, Member. The Chair recognises the Member from constituency 6.

Hon. Wayne L. Furbert: Madam Chairman, I did not impute improper motives, I just said that is what I heard. The Minister said it is wrong. That is right. Cleared the matter up. So I thank him very much.

So we are paying out so far \$712,000 to Mello, Jones & Martin. I am assuming part of that fee there is for the QC. Someone still has to clarify to me why we are at \$1.4 [million]. And so here we go. We know it is not going to end there, and as much as the Attorney General would love to think that this is going to be a great success. I am sure the Cabinet is nervous. What will the outcome be based on the numbers that we hear out there that they are suing for \$155 million?

Now it may not end up in that case that amount, but \$60 million is a lot of money. That is what the judgment comes down by these arbitrators. I have not heard any Government talk about they budgeted for that ending in July of next year. I would like to see how they explain to the country when they pay out that type of money if they get a victory. But if they do

not get a victory, guess where they are heading? They are heading overseas. I do not know about their budget for that.

It reminds me about the McDonald's situation. The Government better clarify, because they are not stopping there. At the end of the day they are trying to see who has the deepest pockets. The Government has the deepest pockets spending the peoples' money, so the question I ask the Junior Minister based on . . . although I hear that the Attorney General saying that they think there is going to be a victory. But if it is not, are they planning to head towards London for some higher courts to rule? And what is the total cost that they believe it is going to be at the end of July? And I have some more questions based on what he answers.

The Chairman: Thank you. The Chair recognises the Junior Minister.

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

A number of questions have been asked. I will try and go through them in the order that they were asked.

First of all—

An Hon. Member: I cannot hear you.

Mr. Sylvan D. Richards, Jr.: I will go through the questions in the order that they were asked.

The \$1.4 million is an estimate. It is an estimate only. The estimates have been given and the supplementary is based on the estimates. So we are not anticipating that we will pay out \$1.4 million. It is an estimate which includes the—

POINT OF CLARIFICATION

Hon. Wayne L. Furbert: Point of clarification.

The Chairman: Thank you. Member, Member, have a seat.

The Chair recognises the Member from constituency 6.

Hon. Wayne L. Furbert: I need the Honourable Member to reconcile. He said that they paid out \$712,000 so far for this year. Are you saying between tonight and the end of the month we are paying out another \$700,000?

The Chairman: Thank you. The Chair recognises the Junior Minister.

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

The \$1.4 million was for legal fees from March 2014 to date. So the \$712,000 that you are inquiring

about is from March to date. The total paid so far is the \$712,000. No invoices have been received for February and March.

The Chairman: Thank you. The Chair recognises—Are there any Members that would like to speak to Head 93?

The Chair recognises the Opposition Leader, constituency 26.

You have the floor.

Hon. Marc A. R. Bean: Thank you and good morning, Madam Chairman.

I just need clarity to the last response by the Junior Minister. I am going to ask the Junior Minister . . . maybe take a different route and ask basically the same question.

If \$1.479 million has been budgeted as a supplementary up until the end of the fiscal year March 31st and you are saying that \$729,000 has been paid, or spent, and you are saying that you have not received an invoice for the months of February and March, are you saying that you are expecting an invoice of maybe not even \$700,000 (because I think that some funds were allocated as a loan guarantee). Right? But at least \$400,000 or \$500,000 or \$600,000 would be invoiced over the last [period] for February and March of this fiscal year? Is that what you expect?

The Chairman: Thank you. The Chair recognises the Junior Minister.

Mr. Sylvan D. Richards, Jr.: I am going to have difficulty answering that question. You are asking a hypothetical. I cannot answer that.

The Chairman: The Chair recognises the Opposition Leader from constituency 26.

Hon. Marc A. R. Bean: Thank you, Madam Chairman.

If that is the case, could the Junior Minister ask his technical officers why was \$1.479 million indicated as a supplementary if he cannot answer that they do not anticipate or whether they anticipate an additional payout over the next two months?

The Chairman: Thank you, Member.

The Chair recognises the Junior Minister.

[Inaudible interjections]

Hon. Marc A. R. Bean: You do not understand the question?

The Chairman: The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

This is a simple bit of arithmetic, Madam Chairman. It is a simple bit of arithmetic. The supplementary for the legal fees on this document that the OBA has presented . . . the Finance Minister says \$1.4 million. The Junior Minister has said that they have spent \$700,000 up until today. But he said he does not have invoices for February and March. Simple arithmetic, i.e., they paid out half of it (approximately), less \$12,000, there is \$700,000 left that the Junior Minister is asking us to approve tonight. So in other words, the Junior Minister is saying that for the months . . . because he has not received invoices for February and March, the Junior Minister is saying that he wants us to approve \$700,000 for the months of February and March. Is that not correct, Junior Minister?

The Chairman: Thank you, Member. The Chair recognises the Junior Minister.

Mr. Sylvan D. Richards, Jr.: Yes, that is my understanding, Madam Chairman.

The Chairman: Thank you.

Are there any other Members that would like to speak to Head 93? The Chair recognises the Member from constituency 6.

Hon. Wayne L. Furbert: All right. So the Junior Minister is saying that they paid \$712,000 from April last year to the end of January and that the Government—you are all responsible because I thought you would ask the same question—will be paying roughly \$700,000 for two months to Mello, Jones & Martin. That cannot be right! Somebody is being—I guess I will say that word—somebody, Madam Chairman, somebody is not making . . . so you are saying that, if that is the case, roughly \$350,000 a month. Boy, I should have been a lawyer. Come April, May, June, July . . . is that four?

All right, so that is another, I guess based on that number we are talking about ending July . . . something is not adding up. Can the Junior Minister go through it one more time—that the \$700,000 is for two months that has not been invoiced yet? Have they received any information from the Mello, Jones & Martin that that is the types of fees they will be paying out?

The Chairman: Thank you, Member. The Chair recognises the Junior Minister.

Mr. Sylvan D. Richards, Jr.: Madam Chairman, the numbers are what the numbers are. It may be less. It is an estimate. They are trying to pin me down on a hard number. I cannot. I cannot because I do not know what the billings are going to be.

Hon. Zane J. S. De Silva: Point of order, Madam Chairman.

The Chairman: The Chair recognises the Member from constituency 29.

POINT OF ORDER

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

The Honourable Junior Minister just said it is an estimate. This is not a budget! This is supplementary requests for monies that have been paid out. This is not an estimate. So in other words—

Dr. the Hon. E. Grant Gibbons: Point of order, Madam Chairman.

The Chairman: Thank you. The Chair recognises the Member from constituency 22.

POINT OF ORDER

[Misleading]

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

The Honourable Member who just took his seat is misleading the House. Supplementary estimates can include funds that will be budgeted till the end of this current financial year—

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: I am not finished.

—till the end of this financial year which ends March 31, 2015.

The Chairman: Thank you. The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Thank you very much. It is like the letter "S" it goes around like this and then comes around. The letter "Q" goes like that with a slash. The bottom line is, Madam Chairman, is that we are being asked to approve \$700,000 as the Member from constituency 22 just said for this fiscal year, i.e., as the Honourable Member from constituency 6 was just saying \$700,000 for two months work. So we had \$700,000 for 10 months work and \$700,000 for two months work. That is what the Minister is saying here tonight. Correct, Junior Minister?

The Chairman: Thank you. The Chair recognises the Junior Minister.

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

We can go around and around in circles all night, but we may incur cost and the money has to be there to pay for the cost that we might incur.

The Chairman: Thank you. Are there any other Members that would like to speak to Head 93?

The Chair recognises the Opposition Leader from constituency 26.

Hon. Marc A. R. Bean: Thank you, Madam Chairman.

Just for the record, I can recall when I was a Minister of Government and I had made a decision regarding energy policy that BELCO decided to challenge. I decided, because it is my prerogative as explained by the Learned Minister of Tourism in his rationale for retaining MJM, that I would seek to retain Charter Chambers. More than likely a Learned Member that sits opposite would have done the work. But my Permanent Secretary (who is now the current Cabinet secretary) advised me that that would not be wise because my wife worked for Charter Chambers and a partner of Charter Chambers was my close friend.

What has changed?

Has there been a lack of advice now forthcoming from permanent secretaries and Cabinet secretaries? Because it was clear to me by my Permanent Secretary that that might not be illegal but it certainly would appear to be unethical. It certainly would appear to be unethical because my wife and my friend work for that firm.

But here we have a firm, MJM. And, yes, there may seem to be a conflict of interest. But here we have MJM, we have Minister Crockwell, the Learned Member, who is a former employee of MJM whose (correct me if I am wrong) pupil master or his senior was Alan Dunch. Then you have Ms. Fahy who is the wife of Senator Minister Fahy. Did I also mention that Alan Dunch is a director of the Premier and a close associate of the Premier of this country and the director of Dunkley's Dairy?

And so, again, the question must be asked. Not only are these fees exorbitant, not only are they extremely high—even by layman's terms—that is a lot of money! But is there not an obvious conflict of interest where so much work is going from the Government to a firm that has such a deep borne relationship with numerous members of Cabinet—persons who have the ability by discretion to determine how taxpayer funds are allocated?

I know that if I would have tried that with Charter Chambers I was warned that the OBA—the Opposition—would make a big deal over it. And we all know the past, how they accused us of friends and family of everything. But here is the evidence of . . . man! This is a serious thing, and I wonder how the other law firms that are friends and associates of the One Ber-

muda Alliance feel because this is one firm getting all the food.

[Inaudible interjection]

Hon. Marc A. R. Bean: Oh, it is just business.

Some Hon. Members: Yes.

Hon. Marc A. R. Bean: Oh, I am sorry. Okay, that is—I am corrected. For us, it is corruption and friends and family.

Dr. the Hon. E. Grant Gibbons: Madam Chairman.

The Chairman: Thank you. The Chair recognises the Member from constituency 22. You have a—

Dr. the Hon. E. Grant Gibbons: Thank you. I have a point of order.

The Chairman:—point of order?

POINT OF ORDER

[Imputing improper motives]

Dr. the Hon. E. Grant Gibbons: The Honourable Member could not help himself, obviously, but he was certainly [imputing] improper motives. He was skating very close to the line but then he went clearly over and I would ask him to withdraw those comments about corruption.

The Chairman: Thank you.

[General uproar]

The Chairman: The Chair recognises the Member from constituency 26.

Hon. Marc A. R. Bean: Madam Chairman, do you accept the point of order from the Honourable Member or would you rule that he is totally off base and I can continue.

The Chairman: Actually, Member, please continue. What I did not hear was you accusing . . . you were bordering and I would have stopped you.

Member, please continue.

[Inaudible interjections]

Hon. Marc A. R. Bean: Well, let me repeat it then.

I was just corrected by one of my colleagues because I am confused. But my colleague reminded me that on this side, when the PLP does it we are accused of corruption. We—the Progressive Labour Party—that is not [imputing] improper motive to others.

But when they do it, it is business and sound business. The type of business that the Honourable and Learned Member Minister of Tourism says today, *I will do it again because I know the person so well.* Not because I do not have a link—because I do have a link. Accept that. It is called business. Right, Honourable and Learned Minister?

But for the Progressive Labour Party it is corruption and friends and family and every other type of innuendo. So I think it is important to note for the record the contradiction. I am not going to use the other word because it is unparliamentary, apparently.

An Hon. Member: Double standard.

Hon. Marc A. R. Bean: But there is a contradiction—a double standard.

Notwithstanding that \$1.4 million is a lot of money. Even if you hired two silks at \$1,000 an hour, that is a lot of money. Especially now we realise that the Government could get invoiced for the preceding 45 days and the next 15 days for \$700,000 and the Junior Minister will say, *Well, we had to incur a cost.* Incur a cost which sent \$700,000 to an institution that is tied to the hip with this Government. But in today's day and age, in Bermuda, that is merely just business and I thought I would just stand to point out that double standard that continues to exist in our governance in this country.

The Chairman: Thank you, Member. The Chair recognises the Junior Minister.

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

We on this side recognise that the Opposition would object, that they would try and paint this as corruption. I said they would. But there is no conflict of interest. We chose the best lawyer, and Mr. Dunch was deemed to be the best. His fees are not exorbitant and he is an excellent lawyer. So you go with the best. In business, relationships do matter. In business, relationships do matter. You do business with people that you feel confident in and who can do the job.

[Inaudible interjections]

Mr. Sylvan D. Richards, Jr.: But to the other side there is something wrong with them.

The Chairman: Thank you. Are there any other Members that would like to speak to Head 93? The Chair recognises the Member from constituency 31. You have the floor.

Hon. Shawn G. Crockwell: Yes, thank you, Madam Chairman.

Madam Chairman, I rise to my feet because the Honourable Opposition Leader pointed me out

and quoted some things I may have said. I think what is hypocritical, Madam Chairman, is the fact that all of a sudden the issue of which law firm is hired has become a front and centre issue.

In fact, I heard some time ago people questioning whether or not I put out work that I gave to MJM to tender. I thought that was extraordinary. The Opposition questioned me whether or not the work I gave previously in this Honourable Chamber—whether the work I had given to MJM at the time in relation to the drafting of the Tourism Authority—whether I put out to tender. I was confused because I had never known legal work to go to tender. At no time during the PLP's administration did legal work go out to tender. It is nonsensical, Madam Chairman.

So we talk about double standards. All of a sudden now the One Bermuda Alliance has to put out legal work to tender. It does not make sense. When you talk about relationships between lawyer and client, doctor and a patient, it is an entirely different relationship. Yes, I said I would do it again because I have a level of confidence, a level of trust—I understand the integrity and I understand the ability of a particular lawyer who, I believe if not the best, is one of the best on the Island. I make no apologies for that.

When the PLP were in Government they hired a law firm on a repetitive basis. In fact, it is a running joke at the Bar that that law firm made its entire fortunes off of the PLP administration. And one of the lawyers is one of the best lawyers in Bermuda.

[Inaudible interjection]

Hon. Shawn G. Crockwell: No, not Appleby. You know who we are talking about. In fact, a member of the then-Government was a director in that law firm.

Ms. Kim N. Wilson: Point of order.

The Chairman: The Chair recognises the Member from constituency 34.

POINT OF ORDER

[Imputing improper motive]

Ms. Kim N. Wilson: Yes, I have been sitting patiently waiting. I knew that was going to come. I rise on a point of order with respect to the Learned and Honourable Member imputing improper motive.

For the record, the law firm to which he is referring to, I did serve as the managing partner. However, at the time that I was serving as the managing partner—prior to my appointment to Government as a Senator in 2006—that law firm had already been on retainer with respect to a number of matters.

So the connection with respect to the attempt to draw a connection does not exist as does the case in hand that we are speaking about the areas concerning Mello, Jones & Martin, and the like.

Thank you.

The Chairman: Thank you. The Chair recognises the Minister of Tourism.

Hon. Shawn G. Crockwell: With all due respect to the Honourable and Learned Member, I had no issue with her connection with that law firm. And by the way, I did not call any law firm. But with that law firm . . . I had no issue with it! No one can go on record and find anyone that I know of complaining about work going to certain law firms under the other administration.

Hon. Zane J. S. De Silva: Point of order. Point of order.

The Chairman: The Chair recognises the Member from constituency 29.

POINT OF ORDER

Hon. Zane J. S. De Silva: Madam Chairman, the Honourable Member just made a statement saying that no one on this side ever complained about a law firm that we hired when we were Government. Let me remind that Honourable Member—who was in the House at the time when the late Julian Hall served under the Honourable Member from constituency 5 when he was Works Minister—not only him but many of those Members on that side complained about him being hired. So he needs to correct that statement.

The Chairman: Thank you, Member.
The Chair recognises the Minister of Tourism.

Hon. Shawn G. Crockwell: Madam Chairman, there is a huge difference between retaining a law firm and hiring someone as a consultant. We have had a lot of fights over consultants, Madam Chairman. We have had a lot of fights over consultants. There is a huge difference . . . we are talking about retaining a law firm. And that Honourable Member who just took his seat I believe raised that same point of order before when we had this conversation. The point I am making is the hypocrisy that lies on the other side.

Hon. Marc A. R. Bean: Point of order—

The Chairman: The Chair recognises the Member constituency 26. Can you tell me what your point of order is?

POINT OF ORDER

Hon. Marc A. R. Bean: Is hypocrisy not unparliamentary language? I went to great lengths to avoid even using the word.

Hon. Shawn G. Crockwell: I withdraw that. The double standard, Madam Chairman, lies on the other side.

The Chairman: Wait a minute. Wait, wait, wait! Have a seat.

The Chair recognises the Tourism Minister.

Hon. Shawn G. Crockwell: The double standard lies on the other side because it is just so interesting . . . even what we witnessed last week. You know, things can stand, Madam Chairman, for a decade under the other side if the other side is benefitting from that particular rule position. It is fine. Ever since we have become the Government the same rule if it is now benefitting us is a problem, Madam Chairman.

The reality is that we are getting good service. We are getting good legal advice. If anyone here is going to impugn or challenge the abilities of Mr. Alan Dunch—well, go ahead. But the fact of the matter is we know he is one of the top legal minds in the country, and the Government is utilising his services. What could be critical about that, Madam Chairman?

The Chairman: Thank you, Member.

Are there any Members that would like to speak to Head 93? We are back on the Supplementary Estimate No. 1 for the Financial Year [2014/15].

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

You know it is funny how we can try and twist things to get off subject because the subject at hand is this \$1.4 million.

But the Honourable Member who just took his seat from constituency 31 (I think) said, *Who can challenge good service?* (talking about Mr. Alan Dunch). *Good service, good legal advice from a top legal mind. What can be critical?* I will tell you what can be critical. It is the price! That is what is critical.

What can be critical? Nothing . . . Alan Dunch, I declare my interests, represented me, Madam Chairman. Won our case, too. And I would hire him again. So I would not doubt his ability or his talent or his knowledge. What we are talking about today . . . and the Honourable and Learned Member asked, you know, what can be critical? That is what is critical. It is this high price we are paying.

Lord knows it could be a bottomless pit. We talked about this when that contract was taken away from a man that bid on it fairly, squarely. He saw the ad in the paper, he bid on it, he got it. You know what? I wonder if John Swan, former Honourable Member of this House had got that Waterfront if the OBA would have retracted his contract.

The Chairman: Member, Member. Can we just stay to your concerns?

Hon. Zane J. S. De Silva: Madam, this is my concern. I am talking about \$1.4 million for the Waterfront.

The Chairman: There we go, the Waterfront.

Hon. Zane J. S. De Silva: If, if, if John Swan had gotten that contract, would we be here talking about \$1.4 million of taxpayers' money—

The Chairman: Sir John.

Hon. Zane J. S. De Silva: Sir John . . . and continuing to pay. We said then and we will continue to say it. Now we are only talking about—

An Hon. Member: If.

Hon. Zane J. S. De Silva: That's right. We are only talking about "if." And then the Learned Attorney General says we feel confident that in these types of cases—it was \$155 million and it might be \$90 million now—we are confident that we can win this case if we negotiate.

So what is the figure going to be? Ten million and that is a success? Twenty million and that is going to be a success? Twenty million of the taxpayers' dollars? And you were warned not to do it. We begged them that night not to take the contract from a developer that bid on it fair and square and got it.

Madam Chairman, we are going to pay out another \$700,000 minimum. The Junior Minister I believe said that they have estimated . . . or maybe it was the Attorney General who said he hopes to finish the case by July. That is what his estimate was. I think that was; correct me if I am wrong. So if you take the two months that they have not received invoices for yet, plus the four months—that is six months. \$700,000 divided by six is \$116,000 per month—\$30,000 per week! That is what we are going to pay—\$30,000 per week, minimum!

And like the Honourable Member from St. George's said, if . . . we might get away with only paying \$30,000 a week for next 24 weeks. Maybe. Maybe.

I said back then when we debated this legislation to take that lease away that it was a travesty, and I repeat it tonight.

The Chairman: We are not going to reflect.

Hon. Zane J. S. De Silva: No, I will not reflect it. It was a travesty, but I will leave it at that, Madam Chairman.

When we talk about projects like the Waterfront, Madam Chairman, this is when developers around the world look at Bermuda. They look at Bermuda and say, *Wait! Wow, wow. Wait a minute.* You have a Government that brings legislation to retroactively take away a contract that was won fairly and

squarely and we wonder why we are having problems getting developers to build hotels and invest in Bermuda, Madam Chairman.

Madam Chairman, whilst we know we were in Government, we had supplementaries. We know that. Things happen and we have heard some good reasons why we are here tonight already. I am sure we will hear a few more. But this one in particular, Madam Chairman, you will not get me agreeing to and I do not think anybody on this side agrees to it either. It is exorbitant. It is over the top. It is never-ending. It is a bottomless pit and I feel sorry for the taxpayers of this country. All I am saying is take note, taxpayers. Because there is more to come. This is the Government that the electorate—

[Inaudible interjection and crosstalk]

Hon. Zane J. S. De Silva: That the electorate got in, Madam Chairman. This is the Government that was voted to be the Government of the day based on all the promises of transparency, honesty, all that other stuff, Madam Chairman, and here we are. Here we are.

[Inaudible interjections]

Hon. Zane J. S. De Silva: Here we are. Madam Chairman, just let me say this is another sad day in the House.

Thank you.

The Chairman: Thank you, Member. Are there any Members who would like to speak to Head 93?

The Chair recognises the Member from constituency 13, Devonshire North Central, Mr. Glenn A. Blakeney.

You have the floor.

Mr. Glenn A. Blakeney: Thank you very much.

The Chairman: Again, let us try and focus on—

Mr. Glenn A. Blakeney: Yes.

I think this is an unfortunate exercise of absurdity trying to substantiate the rationale for this kind of cost over another two-month period with that additional \$700,000. We have an OBA Government that has been extremely vociferous about the public purse and how it needs to be protected, getting value for money, [saying] the former Government [was] spending like drunken sailors, the deficit this, the deficit that. And under their stewardship now they are paying, as we are hearing tonight, a supplementary that could be as much as \$700,000 remaining over the next period before this fiscal year ends, and the total amount being quantified as \$1.4 million for legal fees.

Now, it is the appearance of what they are always suggesting is the optics, if not the hard core, of

what is responsible stewardship. Here when it is convenient, for whatever reason, they are going to all extremes saying, you know, he is the best lawyer. Yes, but is he the best lawyer to do the job that needs to be done that another lawyer cannot do equally as well?

Just because he happens to be the best, it is not necessarily for the best price. That is the critical problem. We are saying just because of the relationship, and your confidence in the lawyer, does not exclude other learned members of the legal fraternity from being considered, because there is some level of expertise that would be appropriate when you look at the price that you are going to pay for the service. So just because you substantiate he may be the best lawyer, well, if it is not for the best price then you are going to reconsider.

It is no different than having developers and one developer is considered to be the best developer because he has done 100 developments similar to this. And it may be a new developer that has come in who meets the criteria, who has the expertise, and relative experience even though it is probably less than the best developer. But what makes the determining decision is the fact that the price differential makes sense where you still have confidence that that developer is going to be able to deliver.

Now, you cannot tell me in this country that is involved with some of the most intricate legal affairs of some of the biggest Fortune 100 companies in the world that you cannot find a lawyer to give you better service, or equal service, for a much better price. But you are just going to use the excuse that in your opinion he is the best. Somebody else might have another opinion of who could be better doing the same job required for [a lower] price. But without the due diligence how would you know?

You are going to tell me that with the plethora of lawyers in this country whose number one pillar of the economy is international business and financial services you cannot find any other lawyer for a better price than \$1.4 million?

Mr. Sylvan D. Richards, Jr.: Point of order, Madam Chairman.

The Chairman: The Chair recognises the Junior Minister. Your point of order is?

POINT OF ORDER

Mr. Sylvan D. Richards, Jr.: They keep referring to \$1.4 million like we are going to spend \$1.4 million—this is an estimate. We may spend less than that and if we do then we will put it to the House. But they are saying \$1.4 million like it is a done deal, but it is not.

The Chairman: Thank you, Member. The Chair recognises the Member from constituency 13.

Mr. Glenn A. Blakeney: You know what? I am glad the Honourable Member is making the point. Do you know why? Because it needs to be reiterated over and over and over so that maybe that legal firm has a conscience with regard to the public purse of this country where the taxpayer's hard-earned money is footing this bill.

Maybe there will be some common sense that prevails because from what I understand . . . you know, when you look at business and you are dealing with lawyers, they do not have any sympathy. They do not necessarily have compassion at all times. But now with it being brought to the public because of the concern, being a very serious concern, as much as the Government might want to laugh it off or ridicule the concern. It is a serious concern. Do you know why? They are playing not with their money as if they would think it to be based on its decision. They are playing with the money of the people of this country.

But at the same time, out of the other side of the mouth they are talking about how concerned they are about the public purse. How could you be that concerned about the public purse, sole sourcing when you know this exorbitant price for the legal work that needs to be done, with lawyers over on that side among them understanding that work and what needs to be done. You are telling me that that is fair value and that you cannot get better price for the same service with as competent a lawyer in this country? In this country?

[Inaudible interjection]

Mr. Glenn A. Blakeney: Unbelievable.

Hon. Shawn G. Crockwell: A million for Beyoncé.

Mr. Glenn A. Blakeney: Unbelievable. And now the Honourable Member, Mr. Shawn Crockwell, is talking about a million for Beyoncé.

The Chairman: Member, do not get sidetracked with the side bars. Please just stay focused.

Mr. Glenn A. Blakeney: That is the way they look to justify—by deflecting to make a comparison that is ridiculous.

[Inaudible interjections and crosstalk]

Mr. Glenn A. Blakeney: In this particular situation because—

The Chairman: Members.

Mr. Glenn A. Blakeney: —this Government here today and now is responsible for the public purse. It is their charge! It is their responsibility and they are defending it in a way that is not substantiated by way of

rational thinking, responsible thinking, thinking in the interests of this country's public purse. That is what they are not defending.

And they have the audacity to accuse us of spending like drunken sailors and they are going to give a law firm this exorbitant amount for some legal services. How do you quantify \$30,000 a month for the kind of service that was required on this particular issue? How do you quantify that and substantiate it at the same time? And then the problem that we have is the relationships, which even if coincidental do not look good. So from political optics, it does not sit well with the people of the country.

The Chairman: Member, I do not mean to stop you from talking any further. I just want to remind you that we have heard repetition. So I understand. I am not preventing you from continuing to talk. I just wanted to point out—

Mr. Glenn A. Blakeney: I am not going to be much longer. But I think this is relevant enough for the people of this country to understand how serious it is and why the Opposition is adamant with regard to our concern, because this is absurd to stand up and defend this kind of cost to the public purse for the legal services required at \$30,000 a month.

An Hon. Member: A week!

Mr. Glenn A. Blakeney: A week! A week?

An Hon. Member: A week!

Mr. Glenn A. Blakeney: That is \$120,000 a month you are telling me?

An Hon. Member: A month.

Mr. Glenn A. Blakeney: [That is] \$30,000 a month.

So hopefully the law firm has some kind of a compassionate heart and says, *You know what? We are going to, out of the compassion of our heart and consideration for the public purse, give you, the OBA Government, a 50 per cent discount.* And you can come back to this House and say, *You know what? We do have some humane, thinking people that understand the kind of deficit that we are always talking about and blaming you for with words such as "the mess" and "looking under the hood"—well, this is all above board.* So maybe, maybe the relationships are so close and so fundamentally strong that there is a compassionate, just a compassionate thin line somewhere that Mr. Crockwell and his cohorts—

[Inaudible interjections]

The Chairman: Honourable Member.

Mr. Glenn A. Blakeney: —can access in the good conscience of that law firm to do right by the people and the taxpayers of this country.

The Chairman: Thank you. The Chair now recognises the Member from constituency 25, Warwick North East, Mr. Mark J. Pettingill.

You have the floor.

Mr. Mark J. Pettingill: Thank you, Madam Chairman.

I have listened with interest. I think it is important to perhaps bring some clarity to a few things. One, I know I will be off to London next week to deal with some QCs, and I often sit across the other side of the table and calculate what they are making probably as opposed to what I am making, not that I am unhappy, but, you know, I know that if you quoted \$120,000 a month they would probably be thinking, *Well, in pounds that is not so bad*. I can assure you of that.

But I will say this, when I was first Attorney General, one of the things that I did look at was cost and use of lawyers, and so on. And bear in mind, I am not casting criticism here now, because I have not criticised this and I am not about to. But I did implement a . . . I looked at what the costs were with the previous Government, knowing full well that lawyers are expensive, number one; and number two, that Governments have to hire lawyers. There are not enough [lawyers] in an Attorney General's Chambers to do it. When I was there I would even have lawyers come along and say, *Attorney General, we are at a bit of a sticking point here*. It might be a national thing or, I recall one thing relating to Argentina and so on. You have to go find somebody specialised for the job. It could be abroad, it could be here and you say you have to outsource it.

The previous Government did that. This Government has done it. It is never something you put out to tender and the relationships are important.

But one of the things that I did do and I went to the former Premier and I said, *Look, I think we need to implement a policy (which we did) where any Minister that wants to bring a lawyer on board in relation to their matters should run it through Chambers first*. And at least we have some oversight from a legal standpoint as to why that Minister needs to hire a lawyer or why he should not, so on and so forth. The concern I had was . . . and I saw it very early on in the job building up in the papers saying that so and so is representing the Bermuda Government, and I did not know that that lawyer was representing the Bermuda Government. Such is the nature of the changeover. So some things have to be adjusted. Some of those lawyers stayed on board and went on to continue to work on cases. Some did not. Some others were hired.

I heard the Honourable Opposition Leader saying earlier relations should consider hiring a particular firm that I used to be associated with and know

well. I totally get that. You know? His wife worked there. I had worked there. His close friend worked there, and he probably had some work, and in looking at it he said this might be the right horse for the course and the decision was taken, we will not go that way. I will compliment him and say maybe I might have done all the work. I do not know. A little bit more complicated where I was. But I have worn two hats before, as we all know. And it can be done.

He took the decision not to do it. That is commendable. It might have caused a fuss—might have not. You do not know. I hired during my time as Attorney General any number of people, and I gave approval for Ministers to hire lawyers and I looked at the situation and said, *Yes, I agree with that*. So this is one that comes back to me. I would have looked at it and I certainly would not have had a second of a hesitation in hiring Mr. Dunch for anything. I know him going back many, many years. A man of complete integrity. That is the one thing I think you have to be very specific about here. I would not even think he probably ever had a fees complaint.

These things are expensive. I saw an amount, and I am not casting criticisms here. I saw some pretty (as the Honourable Member who just took his seat said) exorbitant bills in relation to lawyers that represented the previous Government on matters. But I looked at them and thought, you know, that is an exorbitant bill—not a bill that was unfair or wrong. Just the matter involved would have run up fees, you know, would have run up fees.

I am sure maybe using like lawyers do, they hear about the numbers being bantered about. But I do not think it is a case of that law firm having to be, *Oh, we have to be on our toes now and watch what we bill*. I think that the billing all along would have been fair and would have been the expense that it is.

I think that the system—and I would like to think that it is still in place, that is one of the things that I left there, and I am pretty sure that it still is—of Ministers, secretaries and so on coming to the Attorney General's chambers and notifying them first, *I would like to get a lawyer on board to deal with this and specialise in this particular thing*, you know, that that is going to be a policy that continues. It is a good one. Again, not criticising the previous Government. It was not done there, but it is a good one now. And that is the way it goes.

The difficulty in Bermuda . . . try and find a law firm, some of the top law firms that have bantered out here, without a relationship—without a relationship—and you are going to struggle for horses for courses. You are going to say, *Why do they want this?* And if you dig down one layer at a party, they might not be sitting in the House here, but such is the nature of the business—you are going to come across somebody who is related or somebody who has worked at that law firm.

We have a lot of lawyers in the House. I know what Shakespeare said about the lawyers, but we do. And you are going to find those associations. I can say that I approved the hiring of a law firm where I used to be a partner. I was a founding partner, but it was the right horse for the course. It was not an exorbitant amount of work but, you know, that was the right horse to hire at that time because it was a specialised thing and I said yes and approved it. I did not see that as a conflict.

I do not see that the previous Attorney General, the Honourable Member, as having a conflict because she was a managing partner or whatever. It is the way that it goes. It is like I always say to people, it is like having heart surgery. You are going to tend to go to—and that is probably why the Honourable Opposition Leader is taking it personally—you are going to tend to go to the lawyers that you know and you trust and you have a relationship with and you know can do the job and give you bang for your buck, even if it is going to be really expensive. Cases that involve millions of dollars and are big deals will incur legal fees of like types of sums. You know, if you were talking about a million dollars for a case that was challenging a million dollars, I would be looking at that and saying we have to review this because somebody should have settled that out a long time ago.

But you will find that when you are talking about cases that involve tens of millions of dollars and so on and so forth that amounts to a 10 per cent kind of fee in relation to that—whether it is billed by the hour or whether it is billed on brief fees, as can be the case. You can do brief fees as well, it is just not that unusual. You may have more lawyers working on it. You would certainly have more time spent on it, and if you have a top lawyer who is working 60 hours a week and commanding those types of fees—these numbers do not startle me. They do not startle me. I know they might jump off the page and people think *wow!* Unfortunately, it is the nature of the game of what the legal profession demands.

You know, it was a previous Government that . . . and, hey, I benefited from this so I declare an interest. And I think rightly so. A previous Government upped the amount that legal aid lawyers got—and a considerable jump. They passed it, and I supported it. I was paid quite handsomely by the previous Government in relation to cases I conducted on behalf of legal aid. But those fees were effectively half of what I would charge a private client on the same case. And they were half of what many of those other top lawyers that do legal aid work would be charging in a private client case. Some of those fees ran right up. We can see that. So it is really the nature of it.

So I appreciate it. You throw it out as a number; you look at it and say, *Wow, that is a big number. That is a big fee for somebody to be getting.* I can see it. But if you break it down and you look at it as legal fees go, it is not. If you look at it from the position

where we start talking about relationships, as I say, they tend to go across all over the board.

I can say categorically in looking at it, my own view would have been in relation to it like, *Hire Mr. Dunch to do that, yes.* Without breaking it down, well, is it going to look like this person is associated, this person knows this person, this person knows that person. And, in fairness, when I stepped into the role as Attorney General, I did not go through it with a fine tooth comb saying, *Wait a second. That lawyer that the previous Government hired was related to this lawyer,* and so on and so forth. I never came out in the press and said anything about that. I never made a bit deal about it, and I am not making one now. All I did was implement a policy to say I think it is a good idea if whatever Attorney General sits in the chair knows and looks at the cases that are going on and that way, you know, they may be able to have a better control of it.

I think in that first year I actually cut down on legal fees quite substantially from what the previous year was, I think because of that policy. So, you know, that is my contribution to this debate in being fair to everyone including the previous Government, that it just is not startling at all.

Thank you, Madam Chairman.

The Chairman: Thank you, Member. Are there any other Members that would like to speak to Head 93, the Ministry of Home Affairs?

The Chair recognises the Member from constituency 15.

Mr. Walter H. Roban: Thank you very much, Madam Chairman.

I have a very direct question in relation to this number. I declare my interests. I at one point did work in the legal profession for a very specialised litigation office so I have some understanding as to how . . . and they did very specialised cases, often very high-priced cases where hundreds of millions of dollars were involved. So I have some understanding as to how such a proposal may come about. But the questions we have about this figure I think are very valid and very genuine.

My question is this: Can the Honourable Junior Minister give us some clarity as to what has been the average monthly expenditure in this matter since the firm was retained? I appreciate that the Honourable Junior Minister has come here and said that this is an estimate. That is fine. But perhaps, because they may not spent all of this money, the Honourable Junior Minister can give us some clarity as to what has been the average expenditure per month in this matter by counsel that they have retained and that can give us some clarity as to what is anticipated to be the expenditure going up until the end of the financial year of which they state this accounts for.

Thank you very much.

The Chairman: Thank you, Member. The Chair recognises the Member from constituency 6.

You have the floor.

Hon. Wayne L. Furbert: Madam Chairman, I think the Honourable Member has hit the nail on the head. And I know we have been all around the bush on this thing here. But here is what does not make sense. Here is why it does not make sense, because [if we] spend \$712,000 over 10 months, that is roughly \$70,000 a month. How does the Government go to an average of \$350,000 per month? How do they do that? That is what I am trying to get the answer to. How do you approve for \$350,000 when you are spending \$70,000?

Have they received any information from the legal practice? Now this is March. They are billing \$350,000. There is no way that any department, any accountant, would have that \$350,000 amount, that would sit around [waiting for] that draw. They are billing that very quickly, in fact, when it goes one minute past 12 the next day and it is March. So I was surprised he has not received February's billing.

So how do they determine this? That is all I am trying to figure out, to justify the additional \$700,000 for two months.

The Chairman: Thank you, Member. The Chair recognises the Junior Minister.

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

I do not have that figure of monthly—

[Inaudible interjection]

The Chairman: Hold on, Member.

Mr. Sylvan D. Richards, Jr.: No, I am asking—

The Chairman: No, Member, you are speaking to the Chair and that way you stay focused.

Mr. Sylvan D. Richards, Jr.: I do not have the monthly figure. I do not have it. The nature of litigation rules different hearings, so I cannot answer the question. I do not have the numbers.

The Chairman: Thank you. Are there any other Members that would like to speak Head 93?

There are no other Members that would like to speak to Head 93. Junior Minister?

Mr. Sylvan D. Richards, Jr.: Thank you, Madam Chairman.

I will now move the supplementary estimates for Head 93, Ministry of Home Affairs, Ministry Headquarters in the amount of \$1.4 million representing the legal fees and \$79,040 with respect to the BEDC loan guarantee.

The Chairman: It has been moved that Head 93 from the Ministry of Home Affairs, Ministry Headquarters, Supplementary Estimate No. 1 for Financial Year 2014/15 be approved.

Are there any objections to that motion?

No objections. Agreed to.

[Gavel]

Motion carried: Head 93 approved.]

The Chairman: Moving to the next Head. The next head is Head 65, Bermuda Housing Corporation.

[Inaudible interjections]

The Chairman: I was moving ahead too quickly. The next Head 7, Ministry of Economic Development, Ministry Headquarters, Head 95. I call on the Minister in charge to proceed.

Minister?

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Madam Chairman, I guess you would like me to move Head 95. Is that the first order of business?

The Chairman: Yes, I would.

Dr. the Hon. E. Grant Gibbons: I would like to move Head 95.

The Chairman: Thank you. Are there . . . would you like to speak to it?

Dr. the Hon. E. Grant Gibbons: I would, yes, thank you.

Let me start by saying that the reason we are here tonight on this particular head is that the America's Cup expenses were simply not anticipated when the 2014/15 budget was originally developed back in January or February of last year.

Honourable Members may be aware of the timeline, but we first engaged a team to commence discussions with the America's Cup Event Authority in late February of 2014. During the first quarter of fiscal 2014/15, meaning starting in April, the Government submitted an initial Bermuda proposal to host the America's Cup 2017 in Bermuda. After being selected as one of the contenders in the first phase of the bid process, the team at that point, the bid team, continued negotiations through a number of further rounds until Bermuda was eventually named as the host venue on the 2nd of December 2014 during the announcement event in New York.

The bid process, Madam Chairman, involved nine months of extensive discussions and highly sensitive deliverables, time sensitive deliverables to meet the deadlines at a cost of about \$193,000. This in-

cluded a range of professional services including legal, surveying, aerial photography and management. It also included some office supplies and other ancillary expenses as well.

It should be noted that other than Government and Bermuda tourism employees on the bid team there were a host of team members who actually volunteered their services as well as companies that offered reduced rates.

Additionally (and these are pro bono now)—pro bono services included management services contributed by KPMG at a value of \$188,000 and legal services from Bennett Jones (Bermuda) Ltd., valued at \$146,000. I would also like to mention the invaluable volunteer work done by BCM McAlpine who provided hundreds of hours of analysis and management consulting at no cost.

The bid process climaxed with the announcement of Bermuda as the host venue and then a number of formal events as the America's Cup was officially received in Bermuda on the 3rd of December. The costs associated with these events including the airport, Cabinet Office, and Front Street, America's Cup Welcome to Bermuda events for the public and the ACEA dignitaries totalled \$58,000.

Immediately after the announcement, delivery of the Government's commitments under its agreement with the America's Cup Event Authority commenced. Given the need for complete transformation of certain areas, the Royal Naval Dockyard and tight timelines, immediate action was required. The ACBDA Ltd. was set up and formally registered on December 24th. The company was required to act swiftly to establish an office and secure resources to meet the Government deliverables. Estimated operating costs for the office including staffing and general expenditures total \$331,000 from the inception of the ACBDA in December until March 31, 2015.

Finally, Madam Chairman, in addition an agreed \$1 million sponsorship fee to the America's Cup Event Authority was payable upon the announcement in December of Bermuda as the host venue for the America's Cup 2017.

Thank you, Madam Chairman.

The Chairman: Thank you, Member. Are there any Members that would like to speak to Head 95, Ministry of Economic Development?

The Chair recognises the Member from constituency 6.

Hon. Wayne L. Furbert: Thank you, Madam Chairman. I know it is 1:30 in the morning, so we are here another six hours, eight hours—

The Chairman: I am wide awake.

Hon. Wayne L. Furbert: Madam Chairman, remember that debate that we had some time back on Feb-

ruary 13? I am not going to reflect on the debate, but the question was asked to the Minister, the ACBDA would be funded by a grant from the Government that would be detailed in the upcoming budget session, which we are in right now. I put a question to the Minister, I wanted to know whether the Honourable Member Michael Winfield and his staff are working free. The Honourable Member stood to his feet and said I can answer that question now. He said yes.

[Inaudible interjection]

Hon. Wayne L. Furbert: All right, Dr. Gibbons, sorry.

Dr. Grant said the answer is yes. They have been working free since the beginning of January when the ACBDA was set up.

Dr. Grant Gibbons, the Honourable Member said, that it was an embarrassment but we would like to get them funded fairly soon. I asked the Minister once again, and I asked also whether supplies—there were no supplies for that particular period—whether the Honourable Member, Mr. Winfield, was working free.

Again, I am asking the Member was he working free and there were no supplies. Because here we are have a budget all of a sudden since February 13 until now we have produced this \$1.5 million. It is ironic. And the Honourable Member talks about how individuals did all this free stuff and he gave them roughly the value of it—what with BMC McAlpine that did all this work at no cost, but yet he is up there doing some work now which makes me . . . managing the whole project. So he is making up for his costs.

So I would like to ask the Minister was that an RFP that went out there or was he just given the project? Was he given the job or was there an RFP for that particular project under standing orders? Or was it waived too, by the Accountant General at the request of the Minister?

I would like to clearly . . . I am going to have some more questions, but I clearly ask the Minister how in the world did \$1.5 million appear between February 13 and now when at the time that we asked him the question he said there was no cost, everybody was working free.

[Inaudible interjection]

Hon. Wayne L. Furbert: Hold on. The Honourable Member—and she is an accountant—said that they had not been paid.

Honourable Member Patricia Pamplin-Gordon said that they had not been paid. But there is a difference between whether they had been paid or whether they had been working for free, because that means you had not accrued for it.

So the Minister understands that and the Honourable Member . . . because we just debated \$700,000 that has not been paid. That has been ac-

crued. So did the Honourable Member mislead this House when he said that the Honourable Member—and I have been waiting for this day—whether the Honourable Member misled this House (and he should apologise) was working free and does he get paid starting today or April 1st?

I have other questions but—

The Chairman: That is fine. I will recognise you.

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Thank you, Madam Chairman.

The fact that the Honourable Minister of Economic Development said on February 13th, *The answer is yes, they have been working free since the beginning of January when the ACBDA was set up*, can the Minister please confirm that none of the \$331,000, or however much it was that he said would be going towards the ACBDA, has anything to do with the staff of that office between whatever point in time and March 31, 2015?

The Chairman: Thank you, Member. The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: I would be happy to answer that. It may not have been entirely clear at the time, but at that point when the question was answered they had not been paid and that was my point.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: No, that is exactly the point. They had not been paid.

An Hon. Member: No.

Dr. the Hon. E. Grant Gibbons: They had not been paid at that point in time. And that was the embarrassment because—

Hon. Wayne L. Furbert: Point of order, Madam Chairman.

The Chairman: The Chair recognises the Member from constituency 6—and your point of order is?

POINT OF ORDER

[Misleading]

Hon. Wayne L. Furbert: The Honourable Member is misleading this House.

The Honourable Member is Dr. Grant Gibbons. *Doctor* means that he is very highly educated in chemistry, which means he understands [the difference] between payment and free. He knows the difference. So do not come to this Honourable House, because in the Hansard the Honourable Member said, and I can repeat, “They have been working free since the beginning of January when the ACBDA was set

up.” *[Official Hansard Report, 13 February 2015, page 729]*

The Chairman: Thank you.

Hon. Wayne L. Furbert: We are not talking to the Honourable Member that just sat down [who said] he does not understand numbers. This is Dr. the Honourable Grant Gibbons.

The Chairman: Thank you, Member.

Hon. Wayne L. Furbert: Former Minister of Finance.

[Inaudible interjections]

The Chairman: Thank you. The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, the ACBDA had not received any funding at that particular point. It could not pay them. They had not been paid up until that point. They were reimbursed for the amount between when they started the ACBDA, which was December . . . actually, probably about the beginning of January, until the time when the ACBDA was funded. That was the embarrassment. They were not being paid. They were working for free at that point and had not been paid. It is a matter of how you would describe it basically. It is that simple, Madam Chairman.

[Inaudible interjections]

An Hon. Member: It is not that simple, Grant.

Dr. the Hon. E. Grant Gibbons: It is very simple.

The Chairman: The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Thank you very much, Madam Chairman.

Madam Chairman, the Honourable Minister who just took his seat says they were working for free until the ACBDA was funded. Can the Honourable Minister please tell us when the ACBDA was funded?

The Chairman: Thank you. The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you. The 17th of February 2015.

The Chairman: Thank you. The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Thank you very much.

So what we are saying is that the ACBDA received funding from the Government before a supplementary estimate was passed to approve that funding. Is that what was said?

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Of course it is. That is exactly what we are saying. That is the whole purpose behind supplementaries. You often have to expend money before it is actually allocated. That is the point of the supplementary.

The Chairman: Thank you.

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Thank you very much.

And would the Honourable Minister please explain to this Honourable House and the listening public—who are up at 1:30 in the morning—and the members of the Gallery where that money that funded the ACBDA on February 17th before supplementary estimates were passed this House came from?

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: If I had to guess, it came from the Consolidated Fund.

[Laughter]

The Chairman: Thank you.

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: And thank you very much.

Now, will the Honourable Minister concede to this House that monies that were in the Consolidated Fund were approved in the estimates in last year's budget and last year's Appropriation Bill?

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: The answer is, there were no monies appropriated for the America's Cup in last year's or the current year's budget. That should be obvious to the Honourable Member. There are often issues, as the Honourable Member will know—unless he is being completely naïve—that come up during the course of the year where you have to find money.

I think, actually, Madam Chairman, the America's Cup is pretty unique in the sense that it was completely unanticipated. There has never been a line item for the America's Cup. There has never been a ministry responsible for the America's Cup. It was only

when the Premier actually rearranged the portfolios that the America's Cup was put into the Ministry of Economic Development. Before that it was essentially effectively dealt with through the Cabinet Office and with some help from the Tourism Authority.

The Chairman: Thank you. Are there any other Members that would like to speak to Head 95?

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Thank you very much.

Would the Honourable Minister care to take this opportunity to correct the record for misleading the House by saying that the members of the ACBDA were working for free when in fact they were accruing expenses?

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you.

There was no accruing for expenses at that particular point. I think they expected to probably be paid at some point, but at that point they were not being paid.

The Chairman: Thank you.

Hon. Wayne L. Furbert: Point of order.

The Chairman: The Chair recognises the Member from constituency 6.

POINT OF ORDER

[Misleading]

Hon. Wayne L. Furbert: Point of order.

The Chairman: And your point of order is?

[Inaudible interjections and crosstalk]

Hon. Wayne L. Furbert: You know, I—

The Chairman: Your point of order is?

Hon. Wayne L. Furbert: The Honourable Member is misleading this House.

The Chairman: Thank you.

Hon. Wayne L. Furbert: The Honourable Member clearly knows that they were accruing salary for that period. He clearly knows that. Why can he not just admit to this Honourable House that he made a mistake? Why can he not just admit that there is a difference between payment and accruing? We understand that. But they were exactly accruing for salaries. It is

simple. It is not hard. They are accruing for legal costs. They understand that. But they do not understand this part about accruing for salary?

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Madam Chairman, I think the Honourable Member does not get it. There was not, until a fair way into January, actually a line item or anything of that sort. This was being found from funds that were available basically, and I think at a certain point, obviously, the money was funded to the ACBDA, money was actually provided to the Ministry of Economic Development in terms of permission was given through the Minister of Finance to be able to do this. But until that point I think they were taking it on faith. It was probably not a bad bet, they were taking it on faith that they probably would be paid for that period of time.

The Chairman: Thank you. Are there any other Members that would like to speak to Head 95?

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Madam Chairman, I must admit that it is quite cute to see the Doctor attempt to wiggle out of his previous misstatement to this House. What I will ask the Honourable Minister is that he just said that you know funds were made available. Would the Honourable Minister please indicate where these funds were made available from, where they vired from another Ministry? Were they vired from his own Ministry? Where did the funds come from?

The Chairman: Thank you, Member.

I believe you have already answered that question.

Dr. the Hon. E. Grant Gibbons: Yes, I have. They came from the Consolidated Fund, and I am not entirely sure but I suspect at that particular point there was sufficient funds within the Ministry of Economic Development to handle that particular expense.

The Chairman: Thank you.

Are there any other Members that would like to speak to Head 95?

The Chair recognises the Member from constituency 6.

Hon. Wayne L. Furbert: Yes, thank you, Madam Chairman.

It is interesting. The Honourable Doctor said these individuals were working by faith. I heard another Member talking about faith in church a couple of weeks ago, talking about faith. I was . . . they are lucky they did not getting me up there, standing up

there. I can get all the Members to stand up and tell them sit down, that is faith. You cannot tell me that. The Honourable Member knows—they were *hired*.

That individual was hired by ACBDA. They were not working by faith. They were hired. There could possibly be a contract that was even issued. A possible contract was issued by ACBDA and the Honourable Member said they were working by faith. How can the Honourable Member just, just . . . we will back off. But why can the Honourable Member not be clear, transparency—those types of good words we hear from the OBA—truthful, clear, all those good things.

The Honourable Member Patricia Gordon-Pamplin and Honourable Member Gibbons would never stand up and tell me—

The Chairman: Member, wait. We do not refer to names. We refer to constituency numbers.

Hon. Wayne L. Furbert: Well, I cannot remember numbers.

The Chairman: Well, then you are going to take the time or you are not going to mention the name.

Hon. Wayne L. Furbert: [Constituency] 22 and 23. Both Honourable Members know the difference between a payment and accrual. They know that. And the Doctor knows—the Honourable Member, the Doctor, Honourable Grant Gibbons knows also, because he is the Chairman. And I am sure that there is a word in his financial statement that says accrued. He must have asked that question. What is this being accrued for?

Now here is the other question. How much is in this amount of \$1.5 million—the Honourable Member shows me she can count—how much in this amount is for McAlpine? BMC McAlpine who was working for free, because he was telling us they were working for free before then, but how much in this \$1.5 million is for McAlpine for the year ending March 31st?

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Actually, we will deal with McAlpine when we get to the capital.

The Chairman: Thank you.

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

Madam Chairman, the Minister, the Honourable Member from constituency 22 I believe said

KPMG worked for free as well to the tune of about \$188,000 I think he mentioned, and he mentioned another firm, I cannot remember the amount, but I think that was—

Dr. the Hon. E. Grant Gibbons: Bennett Jones.

Hon. Zane J. S. De Silva: Bennett Jones. And that amount was how much? \$100-ought thousands of *free*, no cost. So we have KPMG that has done \$188,000 worth of work *free*. You had BC&N done hundreds of hours *free*. ACBDA working for *free*, but now let us do a little backtrack. ACBDA now getting paid. BC&N now managing the entire project up at Dockyard—

An Hon. Member: No bid.

Hon. Zane J. S. De Silva: No bid. And that is not free. My question to the Minister is, Is KPMG now doing any work and getting paid? (Number one.) The other thing is, are the ACBDA members or employees or consultants (whatever their terms of contract are)—are they on a contract? I will leave those for now.

The Chairman: Thank you, Member.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Actually, KPMG is not doing work as far as I am aware at the present time. The Honourable Member asked who was the accountant. It was a young man called Greg Muir who was seconded to . . . KPMG actually seconded one of their professional people to work on the bid team for a number of months. For full disclosure, we expected . . . in fact, the Honourable Members may recall this. We expected the America's Cup Event Authority to make a decision sometime in early September.

The arrangement, the pro bono work for KPMG and also for Bennett Jones was a little bit different. Essentially, Bennett Jones offered to do 200 free hours. After that they were going to bill at a substantially reduced cost. We expected the decision to be made in the beginning of September. KPMG actually . . . the decision did not come until pretty far into November, so . . . in fact we ended up paying KPMG about \$45,000 for work beyond what they actually had seconded Mr. Muir to the programme.

And Bennett Jones actually exceeded their 200-hour pro bono work and worked at a substantially reduced cost through November for an additional \$49,000.

So as I said in the brief, there were fees that were paid, essentially fees that were paid after the September date because that was when a lot of the pro bono work actually ran out because there was an extension of the matter of consultation and negotiation

involved in October and November because we were one of two at the end and there was a lot of back and forth in there.

The Chairman: Thank you, Member.
The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Madam Chairman, would the Honourable Minister please indicate at what point in time were Bennett Jones and KPMG paid?

The Chairman: Thank you.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Actually, KPMG has not been paid yet. I am not entirely sure. It would have been over a period of time, but it would have been paid out of a cabinet office funds at that point.

The Chairman: Thank you.
The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Would the Minister confirm if that was paid, because he said that it was the Cabinet Office. Clearly this was paid before February 17th.

The Chairman: Thank you.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Yes, I did say that. It was paid before February 17th because there was no ACBDA back in September and October, November.

The Chairman: Thank you.
The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Now, Madam Chairman, you would clearly understand why I, as the Shadow Minister of Finance, have trouble in this debate hearing the Honourable Minister for Economic Development—

The Chairman: Do not bring me into this one. I am listening carefully.

Mr. E. David Burt: The Honourable Minister for Economic Development, and the Government who had previously said that no money has been spent on the America's Cup and there has been no funding given so no money has been spent, now we see—

POINT OF ORDER
[Misleading]

Dr. the Hon. E. Grant Gibbons: Point of order—

The Chairman: Point of order—

Dr. the Hon. E. Grant Gibbons: The Honourable Member is grossly misleading the House. No one ever said no money had been spent. That is ridiculous and he knows that. No money had been spent by ACBDA because they were not funded until the 17th of February.

The Chairman: Thank you.

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: I am so happy that the Honourable Minister has brought that up because when he said that no money had been spent I will then assume, again, that the members, as he said prior, were working for free.

So as the Honourable Minister is the 100 per cent owner of ACBDA, would the Honourable Minister please tell us when were the contracts executed for the employees who were previously working for free, but now we find out they were working before and were completely paid?

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: It would have been sometime after the company was set up on the 24th of December. I am guessing early January. I do not have that information.

The Chairman: Thank you.

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Madam Chairman, the Honourable Minister has now admitted that he has misled the House because if he had knowledge that contracts were signed by the ACBDA, which means that money was committed by the Government of Bermuda, yet he came here to this Parliament and told us that they were working for free. Were those contracts zero dollar contracts or did those contracts have dollar figures in them?

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

We have been around this mulberry bush a number of times. They were not paid up until at least the time the ACBDA was funded. Whether they were actually assuming they were working for free or not is a different issue. Clearly, as I said, in good faith they assumed they were going to get paid at some point.

The Chairman: Thank you.

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: I will ask the Honourable Minister to answer the question that I posed. The question that I posed was, Given that the Minister stated that the contracts were signed prior to February 13th, which was the date that he got up in Parliament and said that they were working for free, did those contracts have a dollar value or were they zero dollar contracts?

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: The Minister does not know exactly when those contracts were signed. But it was sometime, as I said, after the company was set up—

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: No, I said I do not know. It could have been January. I just simply do not know.

The Chairman: Thank you.

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Madam Chairman, the Honourable Minister of Economic Development has not answered the question. So I will ask it again. Were these contracts for employment zero dollar contracts or did they have a dollar value attached to them?

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Of course they had a dollar value attached to them. Why would the Honourable Member ask such a silly question?

[Inaudible interjection]

The Chairman: Thank you.

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: It is so interesting, Madam Chairman, that I have been told that I am asking a silly question when a Minister of the Government said that the people were working for free. That is what he came to this House and said. I will repeat for the record, verbatim, the Honourable Member from constituency 6 said, "I want to know whether the Honourable Member, Michael Winfield, and his staff are working for free."

There was a Point of information by the Honourable Minister Grant Gibbons. "If the Honourable Member will yield I can answer that question right now."

And then the Honourable Minister said, "The answer is yes. They have been working [for] free since the beginning of January when the ACBDA was set up." [*Ibid.*]

POINT OF ORDER

Dr. the Hon. E. Grant Gibbons: Point of order.

The Chairman: Have a seat, have a seat.
The point of order?

Dr. the Hon. E. Grant Gibbons: The Honourable Member has misquoted what I said. I have it right in front of me. The answer was, ". . . yes. They have been working free since the beginning of January . . ." They were not paid. That is what it means.

The Chairman: My understanding is that the word "for" was omitted. Correct?
The Chair now recognises the Member from—

Dr. the Hon. E. Grant Gibbons: There was no "for."

The Chairman: I said, yes—

Mr. E. David Burt: My apologies, I will read it again.
"The answer is yes. They have been working free since the beginning of January when the ACBDA was set up."

So the Honourable Minister just said I was asking a silly question in asking as to whether or not they were not getting paid yet the Honourable Minister came to this House and said they were working for free. Will the Honourable Minister please take his opportunity to retract his statement of misleading this House saying that they were working for free and now admit that the Government had committed to paying salaries for the ACBDA prior to the point that he came to this House?

The Chairman: Thank you.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: The Government had committed nothing. The ACBDA is not the Government.

The Chairman: Thank you.
The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Thank you very much, Madam Chairman.

The Minister for Economic Development is the 100 per cent owner of the ACBDA. The ACBDA is 100 per cent owned by the Government via the Minister. Therefore, if the ACBDA incurs a liability it is a liability of the Government of Bermuda. The Honourable Member needs to try to stop—

Do you have a point of order? Do you have a point of order?

Dr. the Hon. E. Grant Gibbons: I do, actually.

The Chairman: The Chair recognises the Minister.

POINT OF ORDER

Dr. the Hon. E. Grant Gibbons: The liability of the ACBDA is not necessarily a liability of the Government of Bermuda. The Honourable Member will know that this is an incorporated body which has its own liabilities which are not necessarily those of the Government of Bermuda.

The Chairman: Thank you.
The Chair recognises the Member from constituency 18.

Mr. E. David Burt: I am so happy the Honourable Minister brought that up. Would the Honourable Minister care to share with us what the share capital that the Government paid into the ACBDA was?

The Chairman: Member, do not forget. We are focusing on—

[*Inaudible interjections*]

The Chairman: I am just bringing it back to the fact that we are talking to Head 95 and the [funds] allocated.

[*Inaudible interjections*]

The Chairman: The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.
I believe it was \$100.00.

The Chairman: Thank you.
The Chair recognises the Member from constituency 18.

Mr. E. David Burt: A hundred dollars of share capital, it had to have been at least \$12,000. Where are you getting that from?

[*Inaudible interjection*]

Mr. E. David Burt: Yes. At least. No problem.

Here is the one, Madam Chairman, again, what we have heard today is the Honourable Minister changing his story. It is the second time we have heard a Minister from the front bench change his story today. Before we heard the Minister of Finance say, *Oh, no, we did not consult with the office project management and procurement*. Then today he says, *Oh, yes, we did consult*. We see advice. Now we hear from the Honourable Minister of Economic Development. *Oh, no, they are working for free*. And now we find out they are being paid. The people will know and the people will understand that when this Government comes to the House you cannot trust a word out of their mouth.

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

I think . . . and I understand where the Honourable Member is trying to go here. I think it is very clear. It is a matter of expression. They had been working effectively for free since the beginning of January whenever they started.

An Hon. Member: No, they were not.

Dr. the Hon. E. Grant Gibbons: I think it is a matter . . . they had not been paid.

The Chairman: Just speak to the Chairman.

Dr. the Hon. E. Grant Gibbons: Madam Chairman, they had not been paid at that point.

[Inaudible interjections]

Dr. the Hon. E. Grant Gibbons: Yes, so they were working for free.

[Inaudible interjections]

The Chairman: Are there any other Members that would like to speak to Head 95?

The Chair—

[Inaudible interjections]

The Chairman: If there is going to be chatter while I am talking I can stop it. Thank you.

The Chair recognises the Member from constituency 29.

You have the floor.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

Madam Chairman, we wonder why there is a trust deficit in this country with the OBA, and let me

just repeat what the Honourable Minister said earlier. KPMG have donated—contributed—\$188,000 free. He used the word “pro bono.”

He also said that Bennett and Jones donated, or gave us, pro bono 200 free hours and then he said the ACBDA worked free. Only after pressure from this side, Madam Chairman, the Honourable Minister got up—

Dr. the Hon. E. Grant Gibbons: Point of order—

The Chairman: There is a point of order. Please sit. The Chair recognises the Minister.

POINT OF ORDER

Dr. the Hon. E. Grant Gibbons: This individual . . . the Minister did not say the ACBDA are working for free. Okay? He said individuals may have been working for free.

The Chairman: Thank you.

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Madam, I tell you what. Forget the ACBDA. Let us go back to this. KPMG gave \$188,000 pro bono. Bennett Jones, 200 free hours. After pressure from this side, the Minister then reveals that Bennett Jones received \$49,000 and KPMG received \$45,000. Why did the Minister not say that from jump? Why did he not say that? But he came here—

POINT OF ORDER

Dr. the Hon. E. Grant Gibbons: Point of order, Madam Chairman.

The Chairman: Your point of order?

Dr. the Hon. E. Grant Gibbons: I did. If the Honourable Member had been listening during my brief, he would have heard me say that the \$193,000 included a range of professional services including legal, surveying, aerial photography, and management. The legal and the management were part of that \$193,000. That is exactly what I was referring to. It was only when we started to get into KPMG and Bennett Jones that I said there was a point at which they started to become paid because we went beyond the point we thought we were going to do which was September, in terms of having a decision made, and at that point they had run out of juice, as it were.

The Chairman: Thank you.

The Chair now recognises the Member from constituency 6.

Hon. Wayne L. Furbert: Madam Chairman, it was a direct question by me on February 13th because in the Minister's Statement it said that ACBDA would be funded by a grant by the Government that would be detailed in the upcoming budget session. I then said to the Minister, I want to know whether the Honourable Member, Michael Winfield, and his staff are working free. A direct question. The Honourable Member knows what that means. The Honourable Member says I can answer that question and jumps up and he says the answer is yes. They have been working free—what is so difficult about that? I asked the question. It was not a matter of expression. I was asking a question of the Minister. He misled this House.

An Hon. Member: Yes, he did.

Hon. Wayne L. Furbert: That is the bottom line . . . the Honourable Member knows that. He knows that. And at the beginning he said . . . and I am picking up from my honourable friend, Zane De Silva, number whatever—29. He said that \$193,000 was pro bono and the other one was pro bono. I heard you say pro bono.

[Inaudible interjections]

Hon. Wayne L. Furbert: Madam Chairman, it is clearly . . . and one of my colleagues said this. I want to know from now on whether the Minister is going to be saying this is a matter of expression, we are lying, or he just does not want to tell you the truth.

An Hon. Member: It is a matter of expression.

Hon. Wayne L. Furbert: A matter of expression because, Madam Chair—

POINT OF ORDER

Dr. the Hon. E. Grant Gibbons: Point of order.

The Chairman: Member, there is a point of order.

Dr. the Hon. E. Grant Gibbons: The Honourable Member has just accused me of lying, and I hope he will retract that.

[Inaudible interjections]

Hon. Wayne L. Furbert: I accused the Honourable Member of misleading this House. Does he deny that?

[Laughter]

Hon. Wayne L. Furbert: The Honourable Member—Madam Chairman, the Honourable Member is saying that he did not mislead this House. The PAC [Public Accounts Committee] Committee was calling in mem-

bers from the department and we were told that no money had been appropriated.

An Hon. Member: Yes, that is correct.

[Inaudible interjections]

The Chairman: Please—there is one Member—

Hon. Wayne L. Furbert: So that was correct, that is right. But no money also had been spent either.

Okay. That was told—not the Honourable Member, not the Minister there—

POINT OF ORDER

[Misleading]

Dr. the Hon. E. Grant Gibbons: Point of order—

The Chairman: There is a point of order.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: The Honourable Member is misleading the House. No one ever said that no money has been spent. That is obviously a ridiculous statement to make. Of course, money had been spent.

The Chairman: Thank you.

The Chair recognises the Member from constituency 6.

Hon. Wayne L. Furbert: The Honourable Member cannot say that no one said it because somebody did say it. I did not say the Minister said it.

Dr. the Hon. E. Grant Gibbons: I did not say it.

The Chairman: That is correct. It was not—

Hon. Wayne L. Furbert: I did not say that the Minister said it. I do not know whether that is an expression of saying. I can ask the Minister from now on whether it is an expression. But he did mislead this House and it should be on record that the honourable Minister, the Honourable Dr. Grant Gibbons misled this House on February 13th.

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Madam Chairman, I think what the Honourable Members are leaving out here was the second part of this. After I said that they had been working free, which is certainly a turn of phrase, I said, "It is an embarrassment—"

[Inaudible interjections]

Dr. the Hon. E. Grant Gibbons: “It is an embarrassment, but we would like to get them funded fairly soon.”

Okay?

I said, “The answer is, yes. They have been working free since the beginning of January when the ACBDA was set up” but “[i]t is an embarrassment. We would like to get them funded fairly soon.” *[Ibid.]*

When you take those two things together, I think it is pretty clear what the intent was.

The Chairman: Thank you.

Are there any other Members that would like to speak to Head 95? The Chair recognises the Member from constituency 13.

Mr. Glenn A. Blakeney: If it is a turn of phrase and an embarrassment—why? Because they were working free. Free is free. Now if you have decided at whatever point that they are going to be paid, it could be current or it could be retroactive. If it is retroactive, it is compensation or remuneration. That is not free!

To quantify what they were worth there had to be some consultative process to agree to terms of reference relative to remuneration. That is where we have a fundamental challenge in understanding how what your expressing now can be defined as a turn of phrase, or that the people employed were working free because they had to agree to terms.

If they agreed to free, they would not be looking for any compensation. If you then, after having agreed they were working for free, decided it was an embarrassment and they should be duly compensated, you would have at that point in time sat with them, consulted and came to an agreement relative to due compensation or remuneration, at which point in time it would have been reflected as a retroactive remuneration for payment which removed anything about free before he came to the House and said the word “free.”

We did not say the word “free.”

[Inaudible interjection]

Mr. Glenn A. Blakeney: Not us. Not us. You said it. You were the one that said they are working free.

The Chairman: Member, please—

Mr. Glenn A. Blakeney: The word first mentioned in regard to free being defined as without cost, gratis, pro bono, whatever, is what it is. So if the Minister said it when he said it after the fact, he misrepresented because he knew full well that it was the intent at some point in time that they would be duly compensated.

Hence, a process that determined terms of reference in substantiating remunerating those employees retroactively. But he came into the House and did not say that! That is the problem that goes to the heart of trust and the deficit and the confidence that the country—not just the Opposition—does not have in the Government of the day. This is why we are going around in these circles spinning, spinning, spinning to substantiate a justified misrepresentation, and the Minister, with due respect, is not big enough to admit he either misspoke or made a genuine mistake.

That is all we are saying. If you are going to be transparent, if you are going to be true to your word, if you are going to be honest, you would just admit when you make mistakes. But see? They are so bent on pointing out the mistakes of the Opposition that they are blinded by their own mistakes, which is more fundamental right here and now because of the financial challenges we have in the country that they are always harping on and blaming us for. But now that they have the purse strings, they are doing worse than we ever did!

The Chairman: Thank you.

Are there any other Members that would like to speak to Head 95? If there are no other Members—the Chair recognises the Member from constituency 18.

Mr. E. David Burt: Madam Chairman, I would like to say that I have been spending a lot of time doing a lot of reading over the past few days about Parliamentary procedure. And one of the things that is stated in Erskine May is if a Minister intentionally misleads the House, then he should be held in contempt of this House. So I am going to ask the Honourable Minister if he would like to take this opportunity to at least admit that he could have worded his words differently and he was aware at that point in time that these individuals were actually . . . had a contract to be paid.

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Madam Chairman, I think we have been around this a lot and, as I said a few minutes ago, there is a turn of phrase here and I can understand where Honourable Members are trying to take a very straight definition of this, and I understand that. I understand that.

But I think when you read the . . . and I did not raise the issue of free, it was the Honourable Member from [constituency] 6 who did originally. I said that they had been working for free. What I meant to say—okay, and I understand why it could have been misinterpreted—was they had not been paid up until that point which is why I went on to say it is an embarrassment and we would like to get them funded fairly soon.

So I can understand where Honourable Members would understand that that was in a strict sense that they were working and had expected no compensation. But, as I said probably a good 20 minutes ago, I think they took it on good faith that eventually they would be paid for the work they were doing.

I hope that is suffices, but maybe it does not.

The Chairman: Thank you.

The Chair recognises the Member from constituency 18.

Mr. E. David Burt: Yes, Madam Chairman, it cannot be good faith if the Minister knew that they had contracts already—they had contracts! They had contracts of employment! Contracts of employment! How on earth do you get—

POINT OF ORDER

Dr. the Hon. E. Grant Gibbons: Point of order

The Chairman: Point of order. Point of order.

Dr. the Hon. E. Grant Gibbons: We have been around this one before. I said that I was not sure when those contracts were actually signed. Okay? It was not my job to do those contracts. It was the ACBDA, the board, to do those contracts. When those actually took place I am not sure, and I would not have known necessarily at that time. But as I said, in good faith, I think they expected to be paid and in good faith they have been paid.

The Chairman: Thank you.

Are there any other Members that would like to speak to Head 95? The Chair recognises the Member from constituency 6.

Hon. Wayne L. Furbert: It is unfortunate, Madam Chairman, that the Minister would not admit that he misled this House. It is unfortunate that the Minister alludes to the fact that these members worked in good faith. It is unfortunate that the single shareholder would not realise that expenses occurred for ACBDA because, at the end of the day, the ACDBA is not going to do any work or do anything unless the Minister had given approval to make it happen.

He is a single shareholder. They are not just going to get together and say let us meet down at the Yacht Club and say, *Look, let us get together and make this thing work.* The Minister was well aware of everything. His hands were on—

POINT OF ORDER

[Misleading]

Dr. the Hon. E. Grant Gibbons: Point of order, Madam Chairman.

The Chairman: The Chair recognises . . . point of order?

Dr. the Hon. E. Grant Gibbons: The Honourable Member is misleading the House.

When you set up a company you delegate certain responsibilities to them. You have very sophisticated people who are members of that board, not only the chairman, but others, like Darren Johnston, John Collis and others. They were delegated a certain amount of responsibility to get on with what needed to be gotten on with.

When exactly some of this happened or not . . . and, you know, I take the Honourable Member's point. I do not believe I misled the House. I have been around that a couple of times. I can understand, in fairness, why it would have been misinterpreted. But I do not believe I misled the House.

The Chairman: Thank you.

Are there any other Members that would like to speak to Head 95?

Are there any other Members that would like to speak to Head—there are no other Members. Minister?

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman, I move Head 95, I believe it is. Sorry it is 65—

The Chairman: It is [Head] 95.

Dr. the Hon. E. Grant Gibbons: Yes, [Head] 95. [Head] 65 is the next one.

The Chairman: It has been moved that Head 95 under the Ministry of Economic Development, Current Account America's Cup Supplementary Estimate No. 1 for Financial Year 2014/15 be approved.

Are there any objections to that motion?

No objections; agreed to.

[Gavel]

[Motion carried: Head 95 approved.]

The Chairman: Thank you. We will now move to Item No. 8, Bermuda Housing Corporation, Head 65, Capital Development, as well as Economic Development Headquarters. They will be done on two different lines, I believe.

We will be doing [Item] No. 8 first, Bermuda Housing Corporation, Head 65, Capital Development. I call on the Minister in charge to continue.

Minister?

Hon. L. Craig Cannonier: Thank you, Madam Chairman. Hopefully this is not as controversial.

Madam Chairman, for the fiscal year of 2014/15 the Bermuda Housing Corporation required a budget supplement of \$1,800,000 due to the reclassification of the Bermuda Housing grant for Grand Atlantic from the operational budget to the capital budget.

Madam Chairman, the Grand Atlantic loan balance currently stands at \$36,700,000. It is anticipated that the agreement with the new developers for Grand Atlantic will be completed and Bermuda Housing Corporation will receive \$9 million over four years for the sale of the property. Again, this is money that was already allocated. We are just moving it from one area over into capital budget because it is anticipated that the property will be sold, which is proper and better accounting practice to move from operations to capital.

The Chairman: Thank you. Are there any other Members that would like to speak to Head 65, Bermuda Housing Corporation?

The Chair recognises the Member from constituency 35, the Honourable Dennis P. Lister, Shadow Minister of Public Works.

Hon. Dennis P. Lister: Thank you, Madam Chairman.

Just for the sake of clarification, and it slipped us over here the way you said it—the \$9 million that you are getting in a year from the deal for the new developer—is it \$9 million a year spread over that period or is it—

[Inaudible interjection]

Hon. Dennis P. Lister: So \$9 million a year? Or is it just \$9 million spread over that time—so it is a total of \$9 million that they are getting.

The Chairman: Member, may I remind you that those people who might be listening are only hearing one side of that conversation.

[Inaudible interjection]

The Chairman: So no, if you can answer—then I will ask the Minister to stand.

Hon. Dennis P. Lister: Thank you.

So the loan that the Bermuda Housing Corporation is currently holding is a \$36 million loan for the property, correct? The property is now going to be taken over by a new developer who is going to turn it into hospitality units and Bermuda Housing Corporation is going to get \$9 million—

An Hon. Member: Over four years.

Hon. Dennis P. Lister: Over four years—

The Chairman: Uh, uh, uh, Member.

Hon. Dennis P. Lister: That is what we are trying to clarify. Is it \$9 million once and just spread over four or is it \$9 million each year for four years?

The Chairman: Thank you.

The Chair recognises the Minister.

Hon. L. Craig Cannonier: Yes, thank you very much. My understanding is that it is \$9 million over four years, so it would be the \$9 million divided by four.

The Chairman: Thank you.

The Chair recognises the Member from constituency—

Hon. Dennis P. Lister: Thank you for the clarification.

The Chairman: I cannot have two people standing.

The Chair now recognises the Member from constituency 35.

Hon. Dennis P. Lister: Thank you for the clarification, Minister.

So it is actually \$9 million over four years which means they are getting \$2 million-something each year. So the total received will be \$9 million on a \$36 million property.

The Chairman: Thank you.

The Chair recognises the Minister.

Hon. L. Craig Cannonier: Yes, but Bermuda Housing Corporation will have to ensue then with an agreement with the bank for the rest of it which would be \$27,700,000 after you take away the \$9 million. So Bermuda Housing Corporation has to work out a plan with the bank whether it is 15 years, 20 years, whatever that is. We do not know yet. They are still negotiating that agreement. The sale has not gone through yet, so—

The Chairman: Thank you.

The Chair recognises the Member from constituency 35.

Hon. Dennis P. Lister: So in a sense, the new developer, Bermudiana Beach Resort, has gotten the Grand Atlantic property for \$9 million?

The Chairman: Thank you.

The Chair recognises the Minister.

Hon. L. Craig Cannonier: No, certainly not. That is not what I am saying.

An Hon. Member: What are you saying?

The Chairman: The Chair now recognises the Member from constituency 35.

[Crosstalk]

Hon. Dennis P. Lister: I am pausing, Madam Chairman—

The Chairman: Take your time.

Hon. Dennis P. Lister: I am just trying to think how to break it down a little clearer.

Can the Minister reconfirm for me . . . I asked is \$9 million the total price, and it is going to be spread over four years, so they are paying \$2 million a year—\$2.25 million a year. Is that the only funds that the Bermuda Government through the Bermuda Housing Corporation . . . are those the only funds that the Bermuda Government will receive from the owners, developer, of Bermudiana Beach Resort?

The Chairman: Thank you.

The Chair recognises the Minister.

Hon. L. Craig Cannonier: Yes, certainly, I understand the confusion there and I will make sure to clarify it. But as I understand it right now, \$9 million over the next four years is what will be paid to the Bermuda Housing Corporation.

The Chairman: Thank you.

The Chair recognises the Member from constituency 35.

Hon. Dennis P. Lister: So, thank you.

The Minister has stated what he stated before so the correct answer again is that the property that the Bermuda Housing Corporation holds a \$36 million loan with the bank—they have done a deal with a private developer who is going to get the property for \$9 million even though I hold a loan for \$36 million.

[Inaudible interjections]

The Chairman: Thank you.

The Chair recognises the Minister.

Hon. L. Craig Cannonier: Yes, I apologise, Madam Chairman. I still have not seen any contracts or anything of the sort from being the new Minister, so I need to clarify this myself. I understand exactly the question. I was asking and it is not clear still. It is still not clear.

The Chairman: The Chair now recognises the Member from constituency 35.

Hon. Dennis P. Lister: Madam Chairman—

The Chairman: Yes, sir.

Hon. Dennis P. Lister: The answer from the Minister just now did not help. I would have thought that the Minister responsible would be well aware of what the price tag that the Bermuda Government is selling this property to the developer for because at the end of the day if they are going to stand here and have us believe that the developer is getting the property for \$9 million—that is it! That is what is being said to us at this point. It is \$9 million. That is the only funds that the Bermuda Government will see on a property that they hold a loan for \$36 million.

Dr. the Hon. E. Grant Gibbons: Yes. It was way overvalued.

The Chairman: Thank you.

Hon. Dennis P. Lister: The Honourable Member Dr. Grant Gibbons said, Well, it was well . . . it was way—what was the word? Well overvalued. I cannot even get it out! I am stumbling over it so much this hour of the morning! It is just unbelievable that this deal sounds, Madam Chairman—earlier today I stood on my feet here and we talked about this—

The Chairman: No, do not reflect—

Hon. Dennis P. Lister: I saw no reason to be banging this project because when the first Minister on that side (who was Minister Scott) talked about finding an alternative use, I praised him from the beginning. I told him he had my support. So I did not want to stand there and bang this project. But it just does not smell right that if I own a \$36 million mortgage, I am going to sell that mortgage for the same property to somebody for \$9 million.

The Chairman: Thank you.

The Chair now recognises the Member from constituency 6.

Hon. Wayne L. Furbert: Madam Chairman, it is clear that at least the last three Ministers have been unprepared to answer questions. I cannot believe . . . and my good friend (I know he is not learned but he is learned as far as I am concerned) the Minister of Finance is a very intelligent individual would have his Ministers to agree, because they must have discussed this in Cabinet. No one understands where we are, and interestingly enough the Minister of Finance did not have that in his Budget Book as far as Grand Atlantic, as far as being completed over the next three years, two years, three years.

There is a Ministry of Economics—they meet Economic Development—so where are we? So we are going to give up a \$30 million asset? I cannot believe the bank is going to walk away and say, *I am*

going to have no attachment to a collateral. I will give away the \$9 million, they can take the \$9 million on an asset and I will hold \$27 million—something is not right. Something is not [jibing] and I cannot believe that all of the Ministers that have been in that Ministry cannot answer the question.

The Minister of Finance cannot, the Minister of Economics cannot answer it, and the former Minister cannot answer it, the former, former Minister cannot answer where are we on this. We are approving something tonight to do with the Grand Atlantic and we do not know what is happening.

Now we know why we are going to be here until nine o'clock tomorrow morning because we are trying to get some answers because we are going to approve something. We have an obligation to ask questions and the Minister does not know where we are. I understand, that is the word, I “understand” that it is \$9 million. It makes sense that it is \$9 million over four years—\$9 million per year, that makes sense, because it is \$36 million. But you cannot tell me it is \$9 million over four years at \$2 million—who approved that? Cabinet?

POINT OF CLARIFICATION

Hon. R. Wayne Scott: Point of clarification.

The Chairman: Thank you.

Would you have a seat, Member? Thank you.

The Chair recognises the Minister from constituency 27, the Minister of Education, the Honourable R. Wayne E. Scott.

Hon. R. Wayne Scott: Yes, and let me clarify some of these questions with regard to the Grand Atlantic.

Again, a point of clarification. Again, this is, as the Minister just pointed out, something that is still being worked on. So the contracts are not etched in stone. But the premise behind what was happening with Grand Atlantic, notwithstanding the amount that the previous Government paid for Grand Atlantic or notwithstanding the amount of the outstanding mortgage on the Grand Atlantic, the generally accepted market value of the Grand Atlantic property today is about \$17 million.

Now, part of the plan that is still being worked on is that, yes, the Government will get approximately \$9 million. It is estimated that there will be another \$9 million to \$10 million over the next few years in taxes and fees, et cetera, and the BHC will also keep a couple of units so that the consolidated fund will ultimately get back what the property is actually valued at today.

Now, part of what was being discussed from my understanding as well is that the bank will actually have to participate in the reality of what that property is currently worth today. So let us not confuse what was paid for something versus what something is

worth because those are two completely different things.

The Chairman: Thank you.

Are there any other Members?

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Thank you. Thank you, Madam Chairman.

Man, the listening public—and I am sure there are some still listening because I received a few e-mails—must be shaking their heads, Madam Chairman. They must be shaking their heads.

But, Madam Chairman, I have a few questions and I certainly do not blame the current Minister. I do not know if I can blame the previous Minister or the previous, previous Minister. I mean, they are changing Ministers every month it seems, but this is the OBA Government that was the answer to all of Bermuda's problems. We have had . . . no, let us not get into the Ministerial musical seat fiasco we have seen over the last two years.

But let us . . . I am trying to wrap my head around this, Madam Chairman. The Minister said that we had a debt of \$36 million; we are going to receive \$9 million. We just had the Honourable Minister from constituency 27 try his best to give us a little clearer picture, but I found myself becoming a little bit more cloudy.

[Inaudible interjections]

[Gavel]

Hon. Zane J. S. De Silva: So, Madam Chairman, we have—let me ask one of the three Ministers how many units—47 units? Okay, we have 47 units, Madam Chairman.

My first question would be, Madam Chairman, is that if we are going to strike a deal to give away this property and the units that are on them for \$9 million, for \$9 million, should the Government not have said, *Listen, let us put this out*—and I know they put it out to tender for development or tourism or maybe it was to everybody. Maybe one of the Ministers can clarify, but certainly if they were going to let that property go for \$9 million, I would have thought they could have done a little bit better than that.

POINT OF ORDER

Hon. R. Wayne Scott: Point of clarification—point of order. Point of order.

The Chairman: Thank you.

The Chair recognises the Member from constituency—

Hon. R. Wayne Scott: I . . . I . . . I—

The Chairman: No, the Chair recognises the Member from constituency 27.

Hon. R. Wayne Scott: I can appreciate the trouble with the math a bit, but I think I just explained how the consolidated fund will ultimately get the value of the property back.

The Chairman: Thank you.

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: You know in my book, Madam Chairman, that is hogwash to talk about what the Government is going to get back in taxes. Are you kidding me? That becomes part of a deal? What you are going to get back in taxes? If the Honourable Minister is going to use that tack, then why not present that to possible Bermudian buyers? *Look, guess what? You know, we will deduct \$10 million off because you are going to pay that in taxes over the next "X" amount of years.* That is hogwash!

Madam Chairman, if we have 47 units into \$36 million, that works out to be about . . . let us just do a quick calculation, Madam Chairman (divided by 47 is \$765,000). Now, if we would have sold each unit for say \$500,000 . . . and I know we had trouble selling them because we did when we were in Government. But if we had put a price tag, if we could sell them this cheap, if the Government is going to sell this property this cheap, why not put them on the market for \$450,000 to \$500,000?

[Inaudible interjection]

Hon. Zane J. S. De Silva: Well, we did not have a chance. We lost the election that is why we did not do it. We would have had an opportunity, but I tell you what, can you imagine . . . the Honourable Member from constituency 22 says, *Why did we not do it?* if we, the PLP, would have said, *Okay, we are going to see this property to Gilbert Lopes for \$9 million,* can you imagine? Can you imagine the uproar from the then-Opposition, or if they would have stayed Opposition?

POINT OF ORDER

[Misleading]

Hon. R. Wayne Scott: Point of order.

The Chairman: The Chair recognises the Member from—

Hon. R. Wayne Scott: The Member—

The Chairman: The Chair—can you please let me introduce you? The Chair would like to recognise the Member from constituency 27.

Hon. R. Wayne Scott: The Member is misleading the House. He continues to use a number of \$36 million which is the outstanding mortgage. To be accurate, I think the former Government paid \$42 million to put these places together because it also had \$6 million that came directly out of the Consolidated Fund—there is only one Consolidated Fund, whatever quantity you want to say the money is in.

I also reminded the Member and Members that the estimated value of that property, as we had multiple people look at that property as far as to give an estimated value of that real estate is about \$17 million.

Now, just an Economics 101 lesson, if I may, because . . . pay \$42 million for something that is worth \$17 million . . . if you actually sell those units and it was estimated that to sell those units it would have to be in the \$300[,000]s and we also acknowledge that most people, most of . . . well, all of my net worth is in my property because I do not have anything, unlike that Member who is a different category than me. But most of us have our value in our properties.

Imagine now putting close to 80 units on the open market at approximately half value of what properties cost. Imagine what that is going to do to the real estate market and to the economy as a whole. Well, clearly, that sort of logic and common sense and economic ABCs, if you will, seems to escape that Member. Or maybe all of those Members.

The Chairman: Thank you.

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: One quick thing, Madam Chairman, the Honourable Member just said, imagine what it would do to the real estate market if they dropped the prices of them. Guess what? They would probably love it. They have not had anything to sell for the last few years. They would probably love it.

The other thing the Honourable Member said is that he would have to put—his words—would have to put them in the market for the \$300[,000]s so let us pick the middle of the \$300[,000]s, \$350,000. \$350,000 times 47 units is \$16.5 million. I have just made you \$8 or \$9 million, Minister. So, you know to say that—

POINT OF ORDER

[Misleading]

Hon. R. Wayne Scott: Point of order.

The Chairman: Is it a point of order?

Hon. R. Wayne Scott: Again, it is a point of order because he is clearly misleading the House because . . . the reason why, actually, that the bank was even interested in participating in that loss . . . because think about it for a second, Member. Think about—

The Chairman: Speak to the Chair, please.

Hon. R. Wayne Scott: Honourable Member, think about putting that many units on Bermuda's real estate market, undervalued. By default it brings the entire real estate market down. You think the banks have a hard time lending now when basically they are forced because of economic realities to downgrade their entire loan portfolio, and poor Mrs. Smith who only has her value in the property, now has her net worth wiped out. Where I sit that is a very bad economic decision.

The Chairman: Thank you, Member.

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Well, I am glad the Honourable Member is in the business he is in and not development and banking, because that does not hold any water.

But, Madam Chairman, the Honourable Member from constituency 22 said just now, *Why did we not do it?* Well, you know why we could not sell those units, Madam Chairman? Let us remind everybody. Let us remind them why we could not sell those units, Madam Chairman! The reason we could not sell them is that the combined OBA—BEST, Stuart Hayward, and everyone—said that the sky is falling in. The BDA, too, at the time. In fact, I have a file on that head, too, I could pull that out—tell you who said what. They were the ones that . . . it was a big huge pink elephant, it was the cliff was falling in, people are going to get killed. Two weeks after the election, all of a sudden everything is fine. The cliff is not falling, no need for geological studies, everything is great. That is why we could not sell them. The bogeyman stories from the OBA, BDA and *Royal Gazette* combined. That is why we could not sell them. That is right. I do not hear any points of order on that one do I, Madam Chairman. Okay?

Now, Madam Chairman, let us get back to the point at hand. We are going to sell this property to someone, or we hear little bits and pieces now—it is coming out again. This is how tonight is going. This is why we are here at 2:30 in the morning, that is why we are still here, because every Minister has read a statement and we have had questions from this side—unprepared, we are not getting answers, the more we dig the more we get, the more—

POINT OF ORDER

[Misleading]

Dr. the Hon. E. Grant Gibbons: Point of order, Madam Chairman.

The Chairman: The Chair recognises the Member from constituency 22.

Dr. the Hon. E. Grant Gibbons: The Honourable Member is clearly misleading the House. My honourable colleague here, Mr. Scott, gave him chapter and verse on what the Government was intending to do with that. I think the Honourable Member should be embarrassed that they paid \$42 million for something that is only worth \$17 million. That is what the real issue is here.

The Chairman: Thank you.

The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Well, one thing I will give the Honourable Member Scott that just left and made a point—the Honourable Member from [constituency] 22, Dr. Gibbons, is right. At least he attempted to give some answers. He did not mislead this House like the Honourable Member from [constituency] 22 did.

[Desk thumping]

Hon. Zane J. S. De Silva: And that is the beautiful thing about Hansard, Madam Chairman. That Honourable Member was asked questions directly and he gave us wrong answers—and not because he did not know, either.

The Chairman: Let us not reflect.

Hon. Zane J. S. De Silva: Let us get back to Grand Atlantic.

The Chairman: You cannot reflect.

[Crosstalk and laughter]

Hon. Zane J. S. De Silva: Madam Chairman, We still do not know tonight. We have a statement that was read by the current Minister based on the information he was given. I feel sorry for him because if I was in his spot right now I would feel like I had been thrown under a bus that is going 100 [kilometres per hour], and then he backed up on me after that.

But anyway, Madam Chairman, we heard from the Minister and he stated that there was a \$36 million loan outstanding. There is going to be \$9 million that the Government or the BHC would receive for the purchase of this property . . . Well, we think; we do

not know if it is a purchase, we do not know if it is a long-term lease. And we find out I think from the previous, previous Minister that there is a memorandum that has not even been signed yet. Correct me if I am wrong, but I think that is what he said.

So we do not know if it is a sale, if it is a long-term rental, if it is a long-term lease—we do not know. We do know that the Minister said that the Housing Corporation would receive \$9 million over four years. Therein lies the problem. Why would we do a deal—unless there are more details to come from the Minister and he will have an opportunity to reply—why give away that property for \$9 million? I mean, even Mr. Dodwell from up at the Reefs might have been interested in taking that property for that price. He could have had Reefs I and Reefs II. Well, maybe that was the wrong one because we still have 9 Beaches that have some problems up there. Maybe we should have spoken to the Green's about it. Maybe they could have made something of it.

But, Madam Chairman, I still believe, though, that if the memorandum has not been signed and the deal has not been struck, I would encourage the current Minister to give it a good look and hopefully he will be there long enough—because we have had three in two years . . . hopefully he will be there long enough, maybe, we might be able to sell those units to Bermudians. And notwithstanding what the Minister Scott has said (from [constituency] 27, getting pretty good), notwithstanding what he said, if we could do that and sell those units, like I said, for \$350,000 you could raise \$16.5 million as opposed to \$9 million.

The Chairman: Are there any other Members that would like to speak to Head 65?

The Chair recognises the Finance Minister from constituency 11.

Hon. E. T. (Bob) Richards: Thank you, Madam Chairman.

I just want to put some perspective to this debate that seems to have gone really out of whack.

The Grand Atlantic should be called the Grand White Elephant—the Grand White Elephant created by the former Government. I specifically recall when the then-Premier announced the project saying that this project would take place without any cost to the taxpayer. It happened in no way like that. No way.

Unfortunately, when I open my front door, I have to look at it every day. And in spite of what I have heard from the other side, they have only been able to sell one unit—one unit in the whole time it has been there. One unit! They can blame environmentalists. They can blame everybody. But the thing is that by the time that property was built the demand for those types of properties had disappeared.

It was a miscalculation by the planners and the Government that made it happen. A very expensive miscalculation, and we are now tasked with the

job of trying to make the best out of a bad situation—a bad situation not of our own creation.

Now, you can make all kinds of complaints about \$9 million out of \$36 million. I remember when we first took over and the former Minister and I had a conversation and he was telling me how much money in interest this thing was costing us. I said, *Look, we cannot afford to pay this interest.* So he said, *What are our options?* And we went through the options and the Minister gave the right scenario just now about the option of selling all the units.

You know, if we want to get rid of the interest, you sell the units and use the proceeds to pay off the debt. Well, in addition to the white elephant of the Grand Atlantic there was a time when we took over that the economy was in freefall. Property markets were in freefall, we could not sell those properties without depressing property values of hard-working Bermudians. We could not do it—should not do it, could not do it, did not do it.

So we made the right decisions on this. We made the best out of a very bad situation. Basically, we tried to make lemonade out of lemons. But, Madam Chairman, we are squeezing those lemons real hard and there is not much juice there. It was a bad concept from the start and we are just trying to retrieve as much as possible.

So the Honourable Members seem to have amnesia over there in a lot of things and they seem to have amnesia on this one as well. I just will remind them that this is a fiasco of their making that we are trying to make the best out of. I am not happy with the fact that we can only get \$9 million over four years for this thing. I would like to have better terms. But—

[Inaudible interjection]

Hon. E. T. (Bob) Richards: —and then a couple of owners who have a couple of units.

Madam Chairman, if the honourable brilliant planning Members on the other side can come up with a better alternative, we will listen to it. But we are not going to entertain some nonsense about selling these things at bottom basement prices. They will not sell. Bermudians do not want them. Bermudians do not want them, it is clear. They have been on sale forever. They have dropped the price many times. Bermudians do not want them.

[Inaudible interjection]

Hon. E. T. (Bob) Richards: Yes. So we have a lot of propaganda surrounding this property from the beginning and now even at this stage, a stage where the property is clearly a failure with a very big capital "F," they are still trying to justify themselves.

This is what I find amazing about Members on the other side. They try to justify themselves even when there is no justification. As my honourable col-

league and I used to like to say, *They are trying to defend the indefensible*. Cannot do it! But we are making the best of a bad situation and that is what we have now.

The Chairman: Thank you.

We are still on Head 65. The Chair recognises the Member from constituency 29.

Hon. Zane J. S. De Silva: Thank you, Madam Chairman.

Madam Chairman, the Honourable Finance Minister just took his seat. He said it was an expensive miscalculation, a bad concept from the start. Would the Honourable Finance Minister say that Loughland's was a bad concept? And was Loughland's an expensive miscalculation?

What happened, Madam Chairman, to the PLP was the same thing that happened to the Finance Minister's budget last year. That is what happened, okay? And if he wants to call that a miscalculation, well, guess what, he knows it because he lives it and—

POINT OF ORDER

[Misleading]

Hon. E. T. (Bob) Richards: Point of order, Madam Chairman.

[Mrs. Susan E. Jackson, Chairman]

The Chairman: Yes, your point of order?

Hon. E. T. (Bob) Richards: He is misleading the House. Pretty rich for a Government that spent hundreds of millions of dollars in overruns and budget overruns to talk about my budget overrun! That is ridiculous, and I am not going to sit here and take it.

[Laughter]

Hon. Zane J. S. De Silva: Madam Chairman, I know that it is early in the morning but that has to be the funniest thing all night. I did not talk about his overruns. I was talking about his miscalculation! And his miscalculation was horrible. And he cannot take it. His failed policies of managing the company's purse just did not work last year. He did not listen to his Shadow and he is paying the price for it.

Now, just getting back to his comments with regard to expensive miscalculations and it was a bad concept from the start. Well, you see, for those that do not know we had an economic major crash in 2008, (right?) that ruined countries, not just hotel developments, not just private developments—they ruined *countries*. They ruined countries and they ruined banks, too. One of them here. Yes, that is what that did.

So what happened? Well, this Government in trying to give our people a piece of the rock—something that the former UBP did not do and the current OBA are not doing—one thing that the PLP tried to do—

POINT OF ORDER

[Misleading]

Hon. E. T. (Bob) Richards: Point of order.

The Chairman: Yes, point of order?

Hon. E. T. (Bob) Richards: The Honourable Member is misleading the House. About 80 [per cent] or 90 per cent of the public housing in this country was built by the United Bermuda Party Government. That is definitely misleading the House.

Hon. Zane J. S. De Silva: I will continue. I will continue, Madam Chairman.

What the Progressive Labour Party had done was create opportunities like the Loughland's and something else that we had done which was unprecedented and not done by any UBP, OBA, BDA—anybody was geared to income housing—Perimeter Lane was a prime example.

The Chairman: Stick to the debate, the topic of debate.

Hon. Zane J. S. De Silva: I will stick to the debate because the Honourable Finance Minister . . . I am answering him. He was the one that said that the Grand Atlantic was an expensive miscalculation and he said it was a bad concept.

So I have to say what the good concepts were, and the concept behind that development was to continue on with our programme of providing housing for our people, affordable housing for our people in this country.

And the Honourable Finance Minister says that they did not want it. Glad he said that. I will repeat because of the bogeyman BDA, the bogeyman OBA—

The Chairman: You are going off topic. You are going off topic.

Hon. Zane J. S. De Silva: —the bogeyman Stuart Hayward and BEST, who said that the cliffs were going to fall and the houses will not last a year, people were going to get killed, dah, dah, dah, dah, dah, dah.

Oh! But after the election—bam! All of a sudden it is manna from heaven, it is solid rock down there, no problem; it is a great opportunity, let us put it out to the world to open up our tourist accommodations.

[Inaudible interjections]

Hon. Zane J. S. De Silva: And the Honourable Finance Minister says they will not sell, Bermudians do not want them.

Well, why the heck do you think Bermudians do not want them? If all I heard every week was, *Look the cliff is falling in! The building is going to fall down. This is going wrong, this is, this is, everything is wrong.* I would not want to buy it either!

[Inaudible interjections and laughter]

An Hon. Member: And you didn't, did you?

Hon. Zane J. S. De Silva: No, I did not. That is why Bermudians did not want it.

They have done a good job. You scared the Bermudians to death. All those that had a little opportunity to purchase . . . scared them to death.

I tell you what, Madam Chairman, I tell you what, \$9 million . . . I would buy it.

The Honourable Finance Minister says *give me an offer.* I would buy it right now. Do not need no memorandum—give it to me for \$9 million, I will take it. Saying it publicly! I will take it for \$9 million, right now. I tell you what—I will take it for \$10 million. I will take it for \$10 million right now. I am making a public appeal. I will buy it for \$10 million!

[Inaudible interjections and crosstalk]

Hon. Zane J. S. De Silva: So, Madam Chairman, we on this side and the people of this country will not be fooled by the words from the Finance Minister saying that it was a bad concept from the start and it is an expensive miscalculation, because if we would not have had the world crash when we did we would have probably done a few more.

And guess what? The Honourable Member from constituency 22 would have been laughing all the way counting his money at the bank when all our people would have been buying them and coming to him for mortgages. That is right. That is right and he knows it. He knows it. He knows it. That is a fact. That is a fact, Madam Chairman.

Madam Chairman, I think I said enough. I will save my last two questions because I know there will be some more. I will save those, Madam Chairman. Thank you.

The Chairman: Would anyone . . .

Hon. Dennis P. Lister: Constituency 35.

The Chairman: Constituency 35, you may speak.

Hon. Dennis P. Lister: Thank you, my dear.

An Hon. Member: My dear?

Hon. Dennis P. Lister: Thank you, Madam Chairman. It is early in the morning gentleman, I was helping out. I am sorry. It is early in the morning. I was helping out. She was struggling. Nothing intended by it.

Madam Chairman, let me try and go back to where I was earlier. Much has been said tonight, but I did start it off as I said before. And I had actually been on board with seeing the Government looking at other alternatives, so I am not going to back away from that now. However, I think we still have to make sure that the deal that we put together is a good deal.

The conversation that has been going on back and forth with regard to the number of units up there right now is 40-odd units, correct?

An Hon. Member: It is 47.

Hon. Dennis P. Lister: [There are] 47 units.

[Inaudible interjections and crosstalk]

An Hon. Member: Seventy-eight.

[Inaudible interjection]

Hon. Dennis P. Lister: Forty-two units?

An Hon. Member: Forty-seven.

Hon. Dennis P. Lister: Forty-seven units, 47 units. The hotel developer, though, I believe is going to put up or turn those 47 or 78 units into 100 units.

[Inaudible interjections and crosstalk]

Hon. Dennis P. Lister: This is a press release, Madam Chairman. That was in the newspaper on Saturday and it reads that the Bermuda Government (. . . where am I going now) . . . that the MOU conditions before conversion works to build the proposed 100-unit suite. One hundred units. This is the press release that was just released on Saturday—100 units. It goes on to further say that the concept is that they are going to sell off those units as residential condo-style.

The truth is I am actually feeling my way through this because we still have not gotten a full disclosure. I am guarding what I am saying. I stand to be corrected on what I am saying, but I understand that they are going to sell off the units so now we are talking about 100 units that they are going to sell to overseas investors to invest in Bermuda in the hospitality, condo-style hotel for them to come and stay. I am still on board, still on board.

It is now that what we were first fussing about here, the \$36 million loan for 40-some units is now going to be 100 units at \$9 million is what it is pur-

chasing in a sense. My reason for going there, Madam Chairman, is, again we simply need proper disclosure, proper clarification on what is and what is not, because tonight what is obvious here tonight is that a lot of uncertainty circles around this.

The current Minister who is on his seat and purely was as a deer caught in the headlights when it came to simply asking the questions that came from this side of the floor seeking clarification. That is all we were seeking. It was not an opportunity to get up and beat up on the Minister. That was not my approach as the one who led this response tonight. It was not to get up to beat up on the Minister. It was simply to get up seeking clarification on the fact that we had something that was \$36 million that is going for \$9 million.

Give us some clarification, give us some details, give us some enlightenment on it. Obviously, it is a wide gap in between there and there is a lot that needs to be clarified. There is a lot that needs to be said, particularly when we then see a press release from the developer including comments, I believe from Government (I do not have my glasses on right now) but this release was just released on Saturday.

When the question goes out just questioning comments that were right here in the release, I still do not get a proper response from the Government in regards to stuff that was in a release just two days ago.

When I saw the release in the newspaper on Saturday, I actually said, *Oh, I was going to come here this morning and see a Ministerial Statement supporting what was released*, or at least have that there incorporated in today's debate for Works and Engineering which covers the Housing Corporation which is the Bermuda Government entity that is involved in the other side of the deal. I expected some of that today either as a Ministerial Statement or, as I said, included in the debate. So not just Dennis Lister but all the Bermudian public could get some understanding of what the deal looks like.

It looks like we are now in a position where the deal is going to go through. Again, I said I was in support of looking at alternative use for it. However (because I heard someone say just now "however"), let us make sure we understand what we have in front of us. That is simply what this conversation is all about tonight.

I understand that the Minister that was on his feet is a new Minister in responsibility, and has been on the job for two weeks—sorry, two months . . . I should have stuck with two weeks because two months I would have expected you to know a bit more when you are coming to bring that, meaning, you knew you were on the table tonight, you should have had some homework behind you to support it. The former Minister has bailed you out nicely, so I give him credit. Do not let him do that to you again. Do not let him do that to you again. No, no I am being serious. I am being real serious.

Never stand up on this floor again as a responsible Minister and not be able to respond. Make sure the former Minister . . . what he knows on this deal, you better know in your head. That is just being someone on this floor who has been here for a while trying to give you a bit of advice. So never get caught with your pants down again like that. It is not expected of you.

An Hon. Member: Wow.

[Inaudible interjections]

Hon. Dennis P. Lister: Madam Chairman, if I am being offensive please correct me because my intent is not to be offensive. It is not to be offensive. My intent, Madam Chairman, as a senior Member of this House, is to offer some advice. And I hope that he will take it in that context.

If anybody got offended by it let me know now.

Were you offended by it Minister?

The Minister was not offended by it. It was not intended to be offensive. It was not intended to be offensive. I hope none of my comments on this side of the floor when I stand on my feet . . . I have not intended to be offensive. I take offence to anybody who tries to indicate that my comments are offensive.

Madam Chairman, the moment I get offensive you bring me to order to on it. You bring me to order on it.

My point is, Madam Chairman, for those of us who saw the light in looking for alternatives, those of us that said we are prepared to go along, we just want to make sure the deal is what it should be and that we understand what we are here agreeing to.

Thank you.

The Chairman: Thank you. Would anyone else like to speak?

Minister?

Hon. L. Craig Cannonier: Thank you very much, Madam Chairman. I think this is probably a first where we discuss a grant and it turned into an auction for property.

[Laughter]

Hon. L. Craig Cannonier: All is taken to heart and obviously there has been some work that is going on concerning the Grand Atlantic property, but I want to take it back home to really what we are discussing here and that is \$1.8 [million]—due to a reclassification for the Bermuda Housing grant for Grand Atlantic from the operational budget to capital budget which was already agreed to, whether or not something happens at Grand Atlantic properties or not. So with that in mind, Madam Chairman, I move that Head 65

of the Bermuda Housing Corporation for \$1.8 million be moved.

[Mrs. Suzann Roberts-Holshouser, Chairman]

The Chairman: Thank you.

It has been moved that Head 65, Bermuda Housing Corporation, Supplementary Estimate No. 1 for Financial Year 2014/15 be approved.

Are there any objections to that motion?

No objections; agreed to.

[Gavel]

[Motion carried: Head 65 approved.]

The Chairman: Thank you. The Member—

An Hon. Member: Your [microphone] is not on.

The Chairman: Oh, it is not on.

We are moving right down to [Item] No. 9 now, it would be under the Ministry department of the Economic Development Headquarters, Head 65, Capital Development, America's Cup. I call on the Minister in charge to proceed.

Minister you have the floor.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

We are now talking about capital development. I would like to move Head 65.

The Chairman: Thank you. Please proceed.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman. We are talking about, essentially, a capital budget of \$3,077,000 supplemental spending and, Madam Chairman, this falls directly from the agreement with the America's Cup Event Authority. The Government is responsible for delivering a flat prepared service with utilities supplied in the south basin of the Royal Naval Dockyard. The teams are responsible for building their bases on the south basin grounds.

The capital allocation of \$3,077,000 is for costs directly associated with preparations for the Oracle team base and the South Basin dock area. It includes preparation and installation of floating docks; construction of water storage, drainage and bore holes; installation for provisions for utilities, cables, pipes, et cetera; relocation of fuel lines; building concrete slabs and footings for team-based building foundations; repairs to the *Chicane* building; modifications to the existing storage garage buildings which will be occupied by Oracle; the installation of ramps for the transition from the ground surface to building entrance heights; and preparation of the ground surface for the team facility, meaning asphalt or other coatings.

I should note here that Oracle actually intends to plan to be in the water and sailing in May. In order to commence the project rapidly, BCM McAlpine was appointed to oversee the development as construction managers. The construction work will be carried out by independent contractors selected by ACBDA Ltd., through request for proposals (RFP's) with RFP's posted on the ACBDA website. Thank you, Madam Chair.

The Chairman: Are there any Members who would like to speak to Head 65, Economic Development Headquarters?

The Chair recognises the Member from constituency number 6.

Hon. Wayne L. Furbert: Thank you, Madam Chairman.

Honourable Minister, can you . . . (Let me put my glasses on so I can see.) So, this \$3.75 [million], 78, 76, 0076 [million], all this work that you refer to will be done by March 31st?

The Chairman: May.

Hon. Wayne L. Furbert: This year, no. March 31st. The year ending March 31st. That is the first question.

Was any of this work put out for tendering? Did you follow Financial Instructions? How much did BCM McAlpine get out of this deal? Can you tell us some of the contractors that are up here doing this work for \$3.076[million]? And I will have a few more questions after that.

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Madam Chairman, as I said . . . and I hope we do not get into a paid-free thing again. But the basic issue here was that, because of tight timelines, and as I said, Oracle, particularly, is the first team that wanted to be up there, things had to move very, very quickly. So, one of the issues, for example, just to give the Honourable Member a sense of this, floating docks had to be ordered very quickly. Those were \$650,000 for floating docks to put along the front of the South Basin. They have already started with installation of utilities, power. IT I think is not quite there yet. Storage areas, \$245,000 . . . I think repairs have already started on the *Chicane* building. That was \$300,000.

A lot of this stuff has now started. And the answer is, yes. Basically all the stuff has been put out, as far as I am aware, to tender. There are, in fact, about seven packages that are going out this month or next month. They include dock installation, plumbing, electrical utilities, ground works for dock slab, lev-

elling, Oracle garage conversions, building number 9 fit-out for Oracle.

So there is a lot of stuff, which is . . . basically, BCM is doing the project management and there are RFP's going out for the work. So, just to give you a sense of it, for the Oracle team base there were 13 bids for the masonry. Of those, I think one of the bidders has been awarded. I am not sure how much it is. There is stuff in progress for excavation, steel fixing, concrete placement. All of that is going out to bid. And there have been quite a few bidders on this—eight in one case, eleven in another, three in another for the steel, so just to give you the sense of stuff that is being bid.

The Chairman: Thank you.

The Chair now recognises the Member from constituency number 6.

Hon. Wayne L. Furbert: All right. This goes back, again, to . . . every Minister for some reason does not understand this. If the work is going out for bid, then the work has not been done. So it will not start until April, most likely. If it is going for bid—

The Chairman: Thank you.

Dr. the Hon. E. Grant Gibbons: No, Madam.

The Chairman: Point of—

Dr. the Hon. E. Grant Gibbons: Chairman, point of order on that.

The Chairman: Point of order.

Dr. the Hon. E. Grant Gibbons: A lot of this stuff has already started.

The Chairman: Information. Thank you.

The Chair will recognise the Member from constituency 6.

Hon. Wayne L. Furbert: The Honourable Member said that it is going out for bid. That is what he—

[Inaudible interjections]

Hon. Wayne L. Furbert: We are talking about \$3.58[million], which is being spent between now . . . between April to March 31st. All right? I am not worrying about the bids that are going out for next year. That is the next question. I will ask that later on. I am saying, for the work that is being done for this \$3.3076[million], all the bids have gone out. All the work has probably started. Nothing about April, going, you know, from there on.

So let us be clear on what we are talking about. This is work that is being done right now or

starting next week, whatever. But the month of the accrual will take place for the estimates that they say would be done for the end of March 31st.

I ask the Minister again. How much Burland . . . is included in this for BCM? How much is included in this fee? And was all the work out for bid for this work? Who are some of the contractors for this work?

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Let me answer the Burland thing. The estimate for the Burland, which is the . . . (Sorry, it is getting late.) The arrangement with Burland is that they do project management for 5 per cent of the work. And the estimate for them is . . . We are looking for the January through March 15th period. The estimate is about \$130,000 for their 5 per cent of the work.

The Chairman: Thank you, Minister.

Are there any other Members who would like to speak to Head number 65?

The Chair recognises the Member from constituency number 18. Deputy Opposition Leader, you have the floor.

Mr. E. David Burt: Thank you very much, Madam Chair.

Madam Chair, did the Honourable Minister see if there were any other construction firms that may have been able to beat the 5 per cent? You know, 4.5 [per cent], 4 [per cent], 3.5 [per cent], any?

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

Valid question. Burland was chosen because of their familiarity not only with the whole bid procedure all the way through, but because they effectively had worked very closely with the America's Cup Event Authority and others and there was a trusted relationship there. So the answer was that was not put out to bid. It would not have made sense. Others would have taken a month or two to get up and going. We had to move very, very quickly.

I have no problem in justifying the choice of Burland or BCM McAlpine as the project management. But I think it is important to recognise that, you know, this stuff is being put out to bid for independent contractors.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head number 65?

The Chair recognises the Member from constituency number 6.

Hon. Wayne L. Furbert: Thank you, Madam Chairman.

BCM McAlpine was involved in the actual team. Who decided whether he would be on that team? He did not just show up. There was somebody who decided that he will be on that team. And so, he had pre-knowledge of what was going on. So, no one else had knowledge of what was happening.

To me, there is clearly . . . and as he said, business transactions are friends. But there is some favouritism. Because the contractor, selected by, I am assuming, the Minister, was on the team to negotiate this whole package of going forward with the America's Cup.

I still have not heard from the Minister when he said that the . . . so he bragged at the very beginning that McAlpine was [working] pro bono, and he mentioned the number. Now we are finding out that he will be getting 5 per cent of the actual work. How much does the Minister think will be the total amount of work being done up there that he will have to oversee as far as being the project manager?

I still have not heard from the Minister [in answer to the question], who are some of the contractors up there? And there is a particular reason why I am asking this. Are they small businesses? Who are those? What do they look . . . I do not want to say, *What do they look like?* I mean, I won't get there.

[Inaudible interjections]

Hon. Wayne L. Furbert: Name some of the contractors that are up there that are doing the work.

The Chairman: Thank you, Member.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, thank you, Madam Chairman.

Let me try and tackle the BCM thing. I think probably the best way to say that is that the individual in question who came forward first was Alan Burland, who is, I think CEO or, certainly, you know, a major shareholder in BMC McAlpine. He came forward. He offered his services. There was no question of payment. He did months and months of work for free. I do not even know if it has been quantified. But it was hundreds of hours that were all done for free, basically.

Now, I think the Honourable Member is suggesting somehow he had an inside track. I guess he did have an inside track in that sense. I will not dispute that. But the fact of the matter was, he showed up. He was there. And his services were invaluable. If he had not been there, we would have had probably to go out and pay someone to do some of the quantity

surveying and other things that we had to do to estimate. Initially, it was Morgan's Point, as I think most Honourable Members know. A lot of work was put into that. And then eventually, it shifted to Royal Naval Dockyard. And then all of a sudden, there was a huge scramble to understand what the cost might be there, because it was a very different site than the Morgan's Point.

But the fact of the matter was that he worked with the America's Cup Event Authority. He worked with Morgan's Point. He worked with WEDCO [West End Development Corporation], and he worked . . . all the stuff was done for free up until a point after the bid was essentially, or I should say after the bid was accepted and Bermuda was chosen, at which point we had to move very, very quickly.

There was no guarantee. There was no guarantee that we would have won that bid. So, the honourable member put in hundreds and hundreds, as did his firm, of hours with no guarantee that that bid would have been accepted. When that bid was accepted, it was a very clear choice as to who should be chosen to be project manager there. And it is project management; it is not doing all the work, just so people who are listening understand that.

I am a little reluctant to read out the names of these companies. But I am quite happy to share . . . Because they have to bid on things, and a lot of them are smaller companies. In fact, one of them is . . . Anyway, I would be happy—

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: What? Yes. I would be happy to share that with . . . I think you will recognise them as companies that have come forward and bid on it. But I am a little reluctant to read out the names over the air. I am not sure whether—

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: Yes. Okay. I will not comment further. Thank you.

The Chairman: Thank you, Member.

Are there any Members who would like to speak to Head number 65?

The Chair recognises the Member from constituency number 18, the Deputy Opposition Leader.

Mr. E. David Burt: Yes, Madam Chairman.

Two questions: The first one is that the Honourable Minister did not answer the Honourable Member from constituency number 6, his question as to what is the total value of work that will be done that Burland . . . or the estimated total value of work that Burland will be responsible for? Because I am sure that those estimates were completed.

The second thing is that, regarding this figure of \$3.076 million, was any of this for work that was done at Morgan's Point?

The Chairman: Thank you, Member.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: No, to the last question. And no, this was all work that is being done up at Dockyard. And I am sorry. It is getting late; I missed the first question. Sorry?

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: Oh, the total value.
The 5 per cent works out to, as I said, about \$131,000. Well, the total value is . . . I mean, there are pieces here, for example, where there is no work; you are just ordering something. So, for example, there were (I think I mentioned this) \$650,000 of floating docks, for example. That is just ordering a floating dock. But you are looking at something which is, obviously, around \$2.5 million, roughly, in terms of the construction work which is going to be done there.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: Yes, in this budget period. That is the estimate.

[Inaudible interjection]

Dr. the Hon. E. Grant Gibbons: I just told you. The Honourable Member asked, *What is the total?* The total overall of the work was (where is it?) . . . The overall amount was basically \$3.077 . . . well, \$3.077 million. Of that, if you take out the floating docks, you are looking at roughly \$2.5 million of construction work, very roughly.

The Chairman: Thank you.
The Chair now recognises the Member from constituency number 6.

Hon. Wayne L. Furbert: All right. This is my friend here, so I am going to help him out.

We are paying \$3.0764 [million] ending March 31st. What is the total project—next year, the following year—for the total for the development of that site? That is what I am asking.

The Chairman: Thank you, Member.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Yes, thank you.
I think the Honourable Member is referring to the budget we just passed.

An Hon. Member: No! No!

Dr. the Hon. E. Grant Gibbons: Yes, he is. Yes. And for the budget we just passed, the capital amount for the 2015/16 year . . . I am trying not to reflect—

The Chairman: Try and—

Dr. the Hon. E. Grant Gibbons: I am trying to work with the Honourable Member. It was basically \$4.9 million for capital for the 2015/16 year.

The Chairman: Thank you.
Are there any other Members who would like to speak to Head number 65?

The Chair recognises the Member from constituency number 29.

Hon. Zane J. S. De Silva: Yes, thank you, Madam Chairman.

Minister, my question was, you mentioned that you had looked at Dockyard and you also looked at Morgan's Point. And you chose Dockyard, obviously, over Morgan's Point. So I was just wondering why.

The Chairman: Thank you.
The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chairman.

I would like to rephrase what the Honourable Member said. He said, *We chose Dockyard over Morgan's Point.* That is not actually how it worked out.

In the end, when we were still in the bid process, I think we were at one of two at that particular point. We were looking initially at Morgan's Point because it was a nice, flat area. It was close to the race course and all the rest of it. But in the end, the costs associated with taking essentially a flat pancake and putting in all the utilities and buildings and everything else just could not be justified.

And Dockyard, when we actually looked at it again . . . there had been an initial look at it a long time ago back in probably March or April. But when they looked at it again, they said, actually, this would work better because you have got an existing infrastructure up there. You have got buildings and the South Basin dock. If we were able to clear it, which is what this money is about, it would have worked fairly well for them. So that is why we went to Royal Naval Dockyard. It was cheaper, and it was more cost-effective.

The Chairman: Thank you.
Are there any other Members who would like to speak to Head number 65?
The Chair recognises—

Hon. Michael J. Scott: Minister, as this has been—

The Chairman: Excuse me!

Hon. Michael J. Scott: I am sorry.

The Chairman: I am sorry. The Chair recognises the Member from constituency number 36.

Hon. Michael J. Scott: Thank you, Madam Chairman. This project is an exciting project in the constituency that I represent. I was always concerned, is there a proposal to silt up the South Basin, to dredge and create the platform out of dredged material? Or is it all going to be achieved by floating docks and infrastructure connected with the concrete that you mentioned? Just give me a sense of what is taking place there in the basin, that water area. Thanks.

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Yes. Thanks. I appreciate the question from the Honourable Member from constituency 36.

The answer is the Honourable Member would have been aware that there was a land reclamation plan within that South Basin area. I think it is 10 or 11 acres. And that will form part of what is referred to as the Event Village. And, depending on the number of teams that we end up with, which could be six or seven, it looks like some of the teams may be there as well, because we are running out of space on the South Basin dock.

The Chairman: Thank you.

The Chair now recognises the Member from constituency number 6.

Hon. Wayne L. Furbert: Yes, Madam Chairman.

The Honourable Member accused me of reflecting on the budget. I did not reflect on the budget. I asked the Honourable Minister what is the total budget for that project? That is not reflecting on the budget. This budget is only for it. Unless you are telling me that is all they are doing for next year.

Dr. the Hon. E. Grant Gibbons: Yes.

Hon. Wayne L. Furbert: There is no more capital works after next year's budget, this is this year's budget?

[Inaudible interjection]

Hon. Wayne L. Furbert: That is what I wanted. So the total, is roughly \$7.7 million?

The Chairman: Thank you.

The Chair recognises the Minister.

Dr. the Hon. E. Grant Gibbons: Yes, thanks, Madam Chairman.

What I said was, in the 2015/16 Budget, there are, in round numbers, \$4.9 million allocated for capital works for the America's Cup stuff, which would have been primarily at Dockyard. Okay? In subsequent years, there will probably be additional capital works, as well.

The Honourable Member may remember from the Statement that when we had estimated this, back in December (when I read a Ministerial Statement on it) we were looking at roughly \$37 million in operational and capital works. Off the top of my head at this hour, I cannot split it up for you, but it was about \$37 million in operating and capital. Okay? I hope that helps.

The Chairman: Thank you, Member.

The Chair recognises the Member from constituency number 6.

Hon. Wayne L. Furbert: Thank you. That is what I have been trying to get from the Minister all this time. The Honourable Members are running their mouths over there.

[Inaudible interjections]

Hon. Wayne L. Furbert: The Honourable Member who was the former Minister of Works, who could not even remember what the other Minister did, and she was the second one after, before the . . . How was she telling me about numbers?

All I want to know is . . . I want to thank the Minister for telling me that, \$37 million between operation and capital, which is not clear about the capital. That is all we wanted to know. All right? Verify it. If you told me six months ago, I do not remember that. But I guess if we gave them multiple-choice tests around here, most Members would not.

The Honourable Member keeps on talking, the Honourable Member, Patricia Gordon-Pamplin.

The Chairman: No! We do not name names. Constituency—

Hon. Wayne L. Furbert: Constituency number twenty-whatever—23, 22.

The Chairman: Constituency number 23.

Hon. Wayne L. Furbert: Because, if the Honourable Member knows so much, how much is the capital works for the total budget? If she knows. How much are capital works?

The total is \$37 million between operation and capital. Well, what is the total capital? If the Minister cannot remember, then maybe this Minister here—who knows everything—

The Chairman: Member! Are you asking a question from the Minister—

[Inaudible interjections]

Hon. Wayne L. Furbert: Because the Honourable Minister Patricia Gordon-Pamplin keeps on disrupting me.

The Chairman: Member, you just concentrate on the Chair and we will be fine.

Hon. Wayne L. Furbert: I know, but I hear this chattering-chattering in the background.

The Chairman: Yes. I hear it from both sides.
Do you have a question, Member?

[Inaudible interjections and laughter]

Hon. Wayne L. Furbert: Well done, Madam Chairman.

Madam Chair, it is 3:30. Are we getting bacon and eggs? Because we are going to be here for a long time. Thank you, Madam Chairman.

The Chairman: Thank you.

Are there any other Members who would like to speak to Head number 65?

If there are no other Members who would like to speak to Head number 65, Economic Development Headquarters, I call on the Minister.

Dr. the Hon. E. Grant Gibbons: Thank you, Madam Chair.

I move Head 65, that it be approved.

The Chairman: It has been moved that Head number 65, Economic Development Headquarters, Supplementary Estimate No. 1 for Financial Year 2014/15, be approved.

Are there any objections to that motion?

No objections.

Agreed to.

[Gavel]

The Chairman: Thank you very much.

[Head 65 approved.]

Hon. E. T. (Bob) Richards: Madam Chair, I guess we will report this to the House? I move that we report the Supplementary to the House, as printed.

The Chairman: It has been moved that Supplementary Estimate No. 1 for Financial Year 2014/15, item

numbers 1, 2, 3, 4, 5, 6, 7, 8, 9 are approved and sent to the House.

Hon. E. T. (Bob) Richards: Thank you.

The Chairman: As printed.

[Motion carried: Supplementary Estimate No. 1 for the Financial Year 2014/2015 was considered by a Committee of the whole House and passed without amendment.]

House resumed at 3:25 am

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

SUPPLEMENTARY ESTIMATE NO. 1 FOR THE FINANCIAL YEAR 2014/2015

The Speaker: Right. Honourable Members, the Supplementary Estimates have been approved, and we move on to . . . We are going to now move to . . .

Do you have something to say, Honourable Member?

MATTER OF PRIVILEGE

BREACH OF PRIVILEGE

[Standing Order 13(3)]

Mr. E. David Burt: Yes, Mr. Speaker. As discussed with our Whip, pursuant to Standing Order 13(3)(a), I rise on a question of privilege as, on March 13th, 2015, my rights as a Member of Parliament to be heard on a point of order were breached.

Mr. Speaker, as Honourable Members will recall, I rose on a point of order and was not heard twice at our last sitting. Therefore, your statement earlier this evening about Members' rights to be heard was welcome.

Mr. Speaker, I would like to thank you for your statement earlier, where you reminded all Members of the House of their right to be heard on a point of order, and I hope that Members on both sides of this Honourable House will support this affirmation of our rights as Members of Parliament.

Thank you.

[Applause]

The Speaker: All right. Thank you, Thank you, Honourable Member.

We move now to Order No. 5, in the name of the Minister of Community, Culture and Sports. Minister Gordon-Pamplin, are you here?

Hon. Patricia J. Gordon-Pamplin: I am here.

The Speaker: Good. Good. Good.

You have the floor, Honourable Minister.

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

Mr. Speaker, I move that the Bill entitled the Financial Assistance Amendment Act 2015 be now read the second time and committed.

The Speaker: Any objections to that?

Please carry on, Minister.

BILL

SECOND READING

FINANCIAL ASSISTANCE AMENDMENT ACT 2015

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

Mr. Speaker, the Bill before this Honourable House is entitled the Financial Assistance Amendment Act 2015, and it introduces amendments that are designed to address the fact that expenditures associated with the provision of financial assistance are unsustainable.

Mr. Speaker, earlier today, Members debated the current account budget for the Department of Financial Assistance. Let me remind our listening audience that the budget for Head 55 was approved at \$49.231 million. This represents an increase of almost \$35 million between 2005 and 2015. This is clearly unsustainable.

Mr. Speaker, the original objective of the Financial Assistance Programme was to provide persons who qualified with the necessary assistance to get them back on their feet and to become more financially independent. Over the years, the department has seen the development of a belief that it is an automatic right to receive financial assistance benefits from government, and it has become almost a culture of entitlement.

Mr. Speaker, let me be clear that financial assistance benefits are designed to be a form of interim financial relief for persons who meet the eligibility criteria and conditions of award and are issued without discrimination. It is ultimately our hope, Mr. Speaker, that there will be no able-bodied individuals on financial assistance. This will only be possible when the environment is created to achieve full employment, when individuals take personal responsibility to ensure that they are trained and equipped to take advantage of such opportunities and are willing and able to re-tool and retrain when necessary in order to be self-sufficient.

Mr. Speaker, the correspondence that comes into the Ministry when there is a question or an appeal concerning eligibility criteria show, by and large, that

the applicant does not want to be on financial assistance. We always encourage the use of the Workforce Development Office to enhance existing skills. We encourage parents to ensure that they pursue child maintenance from the noncustodial parent to assist with maintaining the household and, where appropriate, the child or children.

Mr. Speaker, the time has come to place limits on the extent to which government can provide a helping hand. The purpose of the Bill before us is to empower the Minister to make regulations to place a limit on the length of time that an able-bodied person can receive financial assistance benefits and to receive the value of the assistance received over the defined benefit period.

Mr. Speaker, going forward, able-bodied financial assistance recipients must be mindful that government's financial well is finite. We will work together with them to find employment or develop entrepreneurial opportunities during their benefit period. But their objective must align with that of the department—that is, to wean able-bodied persons off of financial assistance.

We will not, Mr. Speaker, leave our people to languish in the wilderness of hunger or despair. The department is required to assist wherever possible to ensure that people can maintain dignity through the process. We also understand that there are many people who may require assistance, and in order for the funds to stretch, we have to re-evaluate the benefits that are offered. Necessary to achieve success is the requirement that employers play their part. They are requested to have a level of empathy in ensuring job opportunities are made available wherever possible and that our people are considered first and foremost when the hiring process is entrain.

On the other hand, our prospective employees must also do their part to show that they are the right choice and to be so outstanding that they cannot be overlooked. The Government will be doing its part to ensure that the economy has robust infusion through the several projects entrain that will create such stimulus.

With the combination of these qualities, we will be in a position to help one another. Bermudians will be employed, employers will have good employees, and the Financial Assistance budget will be able to stretch to enable optimum assistance.

With those few introductory remarks, Mr. Speaker, I invite other Members to contribute. Thank you, sir.

The Speaker: Thank you, Honourable Minister.

Would any other Honourable Member care to speak?

The Chair will recognise the Honourable Member from constituency 21, Pembroke South East. MP Rolfe Commissiong, you have the floor.

Mr. Rolfe Commissiong: Good morning, Mr. Speaker.

The Speaker: Good morning, good morning.

Mr. Rolfe Commissiong: With respect to the Financial Assistance Amendment Act 2015, while on the face of it the effort may seem laudable, I am just concerned, or we are just concerned about the fact that it may be counter-cyclical in the sense that, with the state of Bermuda's economy, notwithstanding the efforts on the part of the Government to seek to turn it around, we need to be careful about placing even greater hardships upon those who, through no fault of their own, again, able-bodied persons, through no fault of their own [find themselves unable] to find gainful employment that will afford them a livable wage . . .

And so, as . . . Well, I do not want to reflect back on earlier debate too much. But that is our main concern, about the timing of this, in light of current economic realities.

The Speaker: Would any other Honourable Member care to speak?

Yes, the Chair will recognise now the Honourable Member from constituency number 16, Pembroke East Central, the Shadow Minister of Community and Cultural Affairs.

MP Michael Weeks, you have the floor.

Mr. Michael A. Weeks: Thank you, Mr. Speaker, and good morning to you.

The Speaker: Good morning.

Mr. Michael A. Weeks: Mr. Speaker, like my colleague, I too have a question as to if this is the right time for this. But I have some other comments I would like to make.

When we talk about having a set time, having a set time for anyone who is on financial assistance, it brings to mind a former Minister who had started a community development programme. I cannot remember exactly what it was called. But I know something . . . It was a programme for skills, skill sets. But anyway, I am saying that I know they have started off with women.

[Inaudible interjections]

Mr. Michael A. Weeks: CDD [Community Driven Development Programme]. Now, I may have missed it. But have they started the programme for men yet?

An Hon. Member: They are doing it now.

Mr. Michael A. Weeks: They are doing it now. Okay. Well, that is a good point.

What I am saying is, are we going to start this ministerial discretion once these projects actually come up and running? Because there are a lot of able-bodied people who, like I heard the Minister say, do not want to be on financial assistance. And, you know, most of them would like to be fully employed. But the reality being as it is, there are not many job opportunities out there.

So we have to be careful, like my colleague said, of the undue pressure that we put on people who walk into the Financial Assistance Office looking for assistance. And like say, if the Minister says they have got two years, and then nearing [the end of] that time, they still have no employment, it kind of puts a strain on as to what happens next.

You know, and something else I saw here, it says *able-bodied under 65*. What happens to those people? Because we know that we are living longer, healthier lives. What happens to those people in our society who are 65, who cannot afford to retire, but are forced to retire, and are land rich, but cash poor, as we know? Are they also eligible for financial assistance under these narrow regulations?

All those kinds of things have to be taken into account as we go forward. Anything that you do to Financial Assistance, with this particular environment and climate that we are living in, we have to be very mindful of what is really out there. So, thank you, Mr. Speaker.

The Speaker: All right. Thank you, Honourable Member.

The Chair will now recognise the Honourable Member from constituency number 33, MP Jamahl Simmons, Sandys South.

Mr. Jamahl S. Simmons: Thank you very much, Mr. Speaker, and good morning to you.

The Speaker: Good morning.

Mr. Jamahl S. Simmons: Mr. Speaker, one of the things I would like to begin with is that Bermudians who have worked hard and paid into the system for years, who now find themselves out of work, unable to find work, are, in my humble opinion, entitled to financial assistance.

We do not speak of the lazy and the layoffs, because we all know of those who would try and gyp the system. But those who have paid into the system and paid their dues and want to work, but cannot find work, should never be made to feel *less than*, [but] to feel that they are entitled to financial assistance. You have paid into it. You have paid your dues. And yes, you deserve the right to reap the benefits of the programmes that are put in place to help our Bermudian people.

Mr. Speaker, the Bill reminds me very much of a programme in the United States that was put in

place in 1993 under President Clinton, the Personal Responsibility and Work Opportunity [Reconciliation] Act, which was very successful at that time of transforming the welfare system in America. You had the issues of the multi-generational families. They put time limits on it, and they, in a lot of ways, were able to break, for at least awhile, the cycle of dependency on financial assistance on the welfare system.

What was different in that time, however, was that the economy was starting to boom in the United States, and they were going through a transformation. They put in place things like AmeriCorps, where they invested in their people. So you may have had a young man whose father had always worked for Ford, putting wheels on a car. But when those jobs ceased to exist, and you had where the grandfather had that job, the son had that job and now the grandson was looking to go to the company, it did not exist. So there had to be an investment in the people to prepare them for today's reality as opposed to what was. So you had the restriction, the tightening up of the eligibility for financial assistance, welfare, but you also had running parallel [to that] the investment in the people to prepare them for the economy that is to come.

Mr. Speaker, I would urge the Minister . . . I am not sure, based on the way it has been restructured, whether this would fall under her remit. But the Progressive Labour Party's Job Corps Programme is something that I believe would be very timely at this time for our people on financial assistance, to be able to prepare them.

If you have a person who, for example, may have worked in IB [international business] who is unable to relocate, and there are jobs in our economy—not even just in IB, there are jobs in our economy that are ceasing to exist. They do not exist anymore. And a person who is in survival mode—as we all know, Bermuda is a very expensive country—they may not have the means to retrain themselves. They may not have the support network to have their children be watched while they take night courses.

I think that we have to do as much as we can with what we [have] to help our people help themselves. And while I do not oppose the restructuring, while I do not oppose what the Minister and her Government have put forward, I do think that we also must begin to look at how we can get our people back to work, prepare our people for work, but also in reforming Financial Assistance.

And let me give you an example of one area where we could reform Financial Assistance, Mr. Speaker, with your indulgence. At present, if you are on financial assistance, you may not have, I believe, it is more than \$5,000 in assets. Minister, you can correct me if that is wrong.

[Inaudible interjection]

Mr. Jamahl S. Simmons: Yes.

For some people, it may be a car, for example. Right?

In this market now, there are many jobs that require you to have a car. I would urge the Minister and her colleagues to examine some of the issues, but one of those in particular. If, for example, you are unemployed, you have lost your job. And you get a job, say, at a hotel. It may be shift work. Not having a car is a major impediment in your ability to seek work, keep work, make time. And this is one of the little things that . . . You know, a car in our society is not a luxury. So this is one example.

But I would urge the Government to look at Financial Assistance. Look at the policies. And look at it from the perspective that there are many people now who are not like the traditional financial assistance recipients. You are dealing with, sometimes, people who have a higher educational level, people who have worked for years who now find themselves in circumstances that they would like to get themselves out of. And I think instead of viewing financial assistance as something that . . . It is almost as though we are punishing you for not making enough money to feed your family. We are punishing you for not having a job.

We should take a more holistic approach and look at elevating the conditions of our people and being a little bit more nurturing. Not for those who want to be lazy, not for those who want to be, you know, intransigent. But those who, it is a temporary fix.

I think I would also recommend that we examine looking at raising the penalties for Financial Assistance fraud to make it a clear, sharp message that, if you are stealing from the people of Bermuda, stealing from the mouths and the families of the people who are in genuine need, there needs to be, not a short, [soft] shock, [but] a severe shock, so that there is an understanding that the risk is not worth it.

So, Mr. Speaker, with those brief remarks, I will take my seat.

The Speaker: Right. Thank you, Honourable Member.

The Chair will now recognise the Minister again, if there are no other speakers.

Minister?

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

Mr. Speaker, I was hoping that during my presentation, albeit it was a brief one, that I was making it very clear that the use of the Workforce Development Office to enhance existing skills is the prerequisite of this programme being successful. We want to ensure that people who are unemployed have the ability to retool, if necessary, to find work if such work is already there. But it is also predicated upon the Government's infusion of new projects and stimuli into the economy in order to ensure that all of this comes to pass.

We recognise that we cannot . . . and I made mention of it specifically. We will not leave our people to languish in the wilderness of hunger or despair. And I believe that that is a very important commitment to make, Mr. Speaker. Because I think it is very important that people who find themselves out of work, that, you know, we are not going to say, *We are cutting you off*. But we have to understand that we cannot continue to borrow money in order to be able to support the Financial Assistance Programme.

The Honourable Member who last took his seat, from [constituency] 33, said that individuals have paid into the system and, therefore, you know, they are entitled to get out of the system what it is that they paid in. And I do know that we have the social insurance, which creates a pension, albeit not perhaps adequate. But there is a social insurance that working individuals pay into, and at the end of their . . . when they get to 65, they do get the benefits out from what they have paid in.

[Inaudible interjection]

Hon. Patricia J. Gordon-Pamplin: And, you know, the Honourable Member says, *You are talking about our age group*. I have to remind the Honourable Member he is probably young enough to be my son.

[Laughter]

Hon. Patricia J. Gordon-Pamplin: Because I have already reached that magic age. And so, you know, that is the reality of it.

Work opportunities, preparation for today's reality . . . that is very true, and that is what we are focusing on. I think that what this Bill is doing tonight is to just enable the Minister to bring the regulation.

Now, I do not want anybody to go home tonight and think that, as of tomorrow, they are no longer eligible for financial assistance. Obviously, any dramatic change in whatever we do, we cannot afford to make it traumatic for people. We have to make sure that people can continue to eat, that they can continue to feed their families, that they can continue to have child day care allowances, and all of the things that are presently in place.

But we also have to be mindful that we have a defined budget that has to stretch. And when the Honourable Member said earlier (without reflecting) that we may be back here next year with supplementaries, I said, *I hope not*. And the reason I hope not is that I believe that, with the injection of new projects coming on board, many people who, up until this point, have been forced to rely on financial assistance, will now find themselves gainfully employed, and hence their reliance on financial assistance will diminish.

That is the hope. And, you know, as I said, Mr. Speaker, we are hoping that nobody, ultimately,

that nobody, will be on financial assistance, no able-bodied person.

The Honourable Member asked, What about people over the age of 65? Well, the people over the age of 65 are not subjected to the terms and conditions of these particular regulations that will be coming into play. This is for able-bodied individuals under the age of 65. So that is where we are going.

The Honourable Member from constituency 16 asked the question concerning the CDD-type programme, but for men. I did mention earlier in the Budget Debate that the Community Driven Development was founded by women for women, which is basically the way I wanted us to see it. And so frequently, Mr. Speaker, women are kind of the afterthought. They are left behind. And I know Honourable Members have actually suggested that we need to have some female gender empowerment, you know, for women. So we have started with the CDD. And what we would like to do is to be able to . . . we are putting in place the structure in order to enhance and to expand that programme to include men.

That programme is really one of self-sufficiency. It is incredible the degree of entrepreneurship that has come out of the CDD Programme and the pride that comes to the individuals who have been able to elevate themselves from relying on financial assistance to some who are maybe only partially now reliant to some of those who ultimately have been able to relieve themselves of the necessity to go into the Financial Assistance Office. That is where we want this to go.

So, as we make these regulations . . . And the regulations will be by negative resolution. So I think that that is important to mention. But those regs will be brought to this Honourable House. They will be put into effect at whatever date and time is appointed by the Minister. And we want to make sure that our people continue to be elevated. We want to make sure that, you know, we flourish and thrive as a people.

The Honourable Member from 33 indicated that it is important that we set strong penalties for fraudulent behaviour and to allow people to understand that the risks are not worth it. We fully understand that. We do have penalties thus far. And we might need to look at upping those penalties. But again, I think that sometimes people think that they will try something on out of, perhaps, a degree of desperation. And I think it is important that people just come to the Ministry, come to the Office of Financial Assistance and let them know if they are in straitened circumstances. Be honest. It is so much easier. And then they do not have to worry about the repercussions on the back end.

In terms of having a car, I believe when we had the question earlier today, I was informed by the director that having a car in and of itself does not make one ineligible for financial assistance. I think it is understood that people do need transportation to get

from point A to point B, and nobody wants to create a hardship by saying that your car is worth \$5,000 or \$10,000 or whatever, and therefore you cannot have a car. That does not make much sense to me. And certainly, that system is already in place, and we will have a look just to confirm that there is nothing there that is creating any impediment.

I think that those were the questions. (Set time for regulations, timing, economic reality, placing greater hardship . . .) No, I think that the Honourable Member from constituency 21 questioned whether this was counter-cyclical, given the fact that we are still in difficult economic circumstances. As I said, these are things that will be implemented *appropriately* so that nobody is just dropped off and left to languish.

So, I believe, with those comments . . . I do not know if there are any other questions, but I think I have answered all of the questions that Members have asked. And with that, Mr. Speaker, I move that the Bill now be committed.

The Speaker: All right. Thank you.

Are there any objections to that?

The Bill will be committed, and I ask the Deputy Speaker to please take the Chair.

House in Committee at 3:52 am

[Mrs. Suzann Roberts-Holshouser, in the Chair]

COMMITTEE ON BILL

FINANCIAL ASSISTANCE AMENDMENT ACT 2015

The Chairman: Good morning, Members. We are in Committee of the whole [House] for further consideration of the Bill entitled [Financial Assistance Amendment Act 2015](#).

I call on the Minister responsible. Please proceed.

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, because this is relatively short, I would like to move . . . There are four clauses. I would like to move all four clauses.

The Chairman: Are there any objections to that?

There are no objections. Please proceed.

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chair.

Madam Chair, clause 1 is the citation, which is cited as the Financial Assistance Amendment Act 2015.

Clause 22 amends section 2 of the principal Act to insert a definition of “able-bodied recipient” being a person who is under the age of 65 and is not a disabled person.

Clause 3 amends section 8 of the principal Act to authorise the Minister to make regulations prescribing the maximum duration of an award and a percentage reduction per annum of the amount of an award which would otherwise be granted under this section.

And clause 4, Madam Chairman, provides for the commencement date of the legislation.

The Chairman: Thank you, Minister.

Are there any Members who would like to speak to clauses 1 through 4?

Are there any Members who would like to speak to clauses 1 through 4?

No Members . . . The Chair recognises the Member from constituency 16, Pembroke East Central, Shadow Minister of Community.

Mr. Michael A. Weeks, you have the floor.

Mr. Michael A. Weeks: Thank you, Madam Chair.

Madam Chair, I think most of the questions that we had asked the Minister, she had answered. And I personally can say that I am satisfied with the answers.

But one thing I failed to ask you, Madam Minister, was, because of the economic climate, and we have to understand that it is not just in Bermuda . . . there are a lot of Bermudians who are coming home looking for greener pastures, so to speak. And I know how the regulations are now that a person has to be here for, I think, a year before they are eligible.

That, too, I think needs to be looked at. Because a lot of people are coming home looking for somewhere to come, lay their head and somehow be able to eat. Right? So, that, too, should be looked at, because I have had a few people come to me who have come home after a few years and not necessarily have put much money into our system. But they are Bermudians. So somehow, we have to look at that. I do not know how or what the answer is. But that too is a real part of the situation we have to look at.

The Chairman: Thank you, Member.

Are there any other Members who would like to speak to clauses 1 through 4?

The Chair recognises the Member from constituency 21, Pembroke South East, Shadow Minister of Home Affairs, Mr. Rolfe P. Commissiong.

Mr. Rolfe Commissiong: Thank you, again, Madam Chairman.

Clause 3, Minister, [proposed] section 8(4)(a), the maximum duration of an award. Is there any guidance right now what the duration would be? Or is there some flexibility there, depending on the unique characteristics of the client in question?

And some explanation with respect to, for want of a better expression right now (it is getting late), the formula that may be used? Again clause 3,

[proposed] section 8(4)(b). It says here “a percentage reduction per annum of the amount of an award which would otherwise be granted under this section.” What sort of formula will be used there (if that is the right way to put it)?

The Chairman: Thank you.

Mr. Rolfe Commissiong: Thank you.

The Chairman: Minister?

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

In response to the Honourable Member asking about Bermudians coming home, the regulations at the moment, the Schedule, requires that residents be back in Bermuda for one year before they become eligible. And I think that that is perhaps a fair way of doing things. And the only reason I say that is because if somebody has been abroad working for an extended period of time, paying into a different system, to come home and to, you know, I guess, participate fully in the benefits of the system that, you know, others who have been here have paid into, I think might be deemed to be slightly unfair.

So, I think, obviously, if one goes in, there might be perhaps extenuating circumstances, I do not know . . . maybe if somebody was abroad because they were ill (let's say) and they have now come back home and they need to be able to eat now that they have returned home, obviously, that would be looked at on a case-by-case basis based on what is available. But I think it is fair that individuals who have been living abroad and who have come home would expect that there is some wait period before they are able to get the benefit of the financial assistance.

The duration of the award, flexibility of time. Let me just say that, while the regulations have not yet been completed, they are not ready to be tabled at this point in time. There are still a few tweaks that need to be done. And as I said earlier, this is just enabling the Minister to put the regs in place. But I will tell you the manner of what I am thinking. And what we are thinking is that perhaps people who have been on financial assistance for, let us say, after a year . . . You know, you get full benefits for a year. When you are on for the second year, maybe you might lose 10 per cent of that benefit. So you will get 90 per cent. And then maybe in the third year, you will be down to maybe 80 per cent, and 70 per cent as the years go on.

So, it does not drop somebody from the programme totally and completely. It does not leave people totally frustrated and saying they have no money or anything. That is where I am hoping to go with this. Obviously, I still have to get the regs themselves passed, you know, the legalese. But I think that is kind of the way we are going. And I think that if you are

able to introduce these programmes, if we are able to introduce these on a measured basis and a stepped basis, then people will be able to adjust to their new financial circumstances and not find themselves tremendously hard-done-by.

As I said, we do not want for people to languish in the wilderness of poverty or in frustration or hunger or anything of that sort. But by the same token, we also have to be mindful that we do not have an infinite amount of money to spread around.

The Chairman: Thank you.

Are there any Members who would like to speak to clauses 1 through 4?

The Chair recognises the Member from constituency 21.

Mr. Rolfe Commissiong: Thank you again, Madam Chair.

You know, the Minister, I guess, alludes to creating the right sort of incentives which can be an aid to achieving policy objectives, in this case to try, as they put it, to wean (I hate to use that expression, *wean*—but to wean) able-bodied recipients off of an over-dependence on financial assistance.

You know, earlier, again without blatantly reflecting, we had my colleague, the Shadow Minister of Finance, talking about the making-work-pay idea or concept, which I think can also assist in creating the right suite of incentives along with things like having the sort of economy that is going to provide employment opportunities for prospective individuals who may fall in this category.

So, like I said, I think the thing is, again, to create the right suite of incentives to help change behaviours here. Thank you.

The Chairman: Thank you.

Are there any other Members who would like to speak to clauses 1 through 4?

There are no other Members.
Minister?

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, as I mentioned in response to the Honourable Member from constituency 18 . . .

The Chairman: That is constituency number 21.

Hon. Patricia J. Gordon-Pamplin: Eighteen.

The Chairman: Oh. Eighteen?

Hon. Patricia J. Gordon-Pamplin: No, 18, earlier. As I mentioned then, the idea of effectively making work pay was something that I had considered.

But let me be very clear that, in trying to offer incentives for people to be able to minimise their de-

pendence on financial assistance, we do not want to make it such that, you know, people say, *Okay, if I am on financial assistance, I get \$100. If I go to work and make \$50, then I will make the \$50, and financial assistance will still give me, instead of deducting \$50, maybe they will only deduct \$20 or \$30.* So in total, you end up with somebody who gets far more in the aggregate than they might otherwise do.

Now, I take the point that some incentive is important, and it could be built into what it is that we are trying to do. But, you know, we want to be absolutely realistic with this, being sensitive, but still being fair to the public purse. So, it is a bit of a dichotomy that we have to dance on this particular one. And we will show a level of sensitivity. And I take the Honourable Member's point.

And I think, with that, I do not know that there are any other questions. I will be happy to take them.

The Chairman: Are there any other Members who would like to speak to clauses 1 through 4?

No? Minister, please proceed.

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, I would like to move the Preamble.

The Chairman: Clauses 1 through 4.

Hon. Patricia J. Gordon-Pamplin: I am sorry.

The Chairman: It has been moved that clauses 1 through 4 be approved.

Are there any objections to that motion?

No objections to that motion.

Agreed to.

[Gavel]

[Motion carried: Clauses 1 through 4 passed]

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Now I move the Preamble.

The Chairman: It has been moved that the Preamble be approved, as printed.

Are there any objections to that motion?

No objections.

Agreed to.

[Gavel]

Hon. Patricia J. Gordon-Pamplin: Thank you, Madam Chairman.

Madam Chairman, I move that the Bill be reported to the House.

The Chairman: It has been moved that the Bill be reported to the House as printed.

Are there any objections to that motion?

No objections.

Agreed to.

[Gavel]

[Motion carried: The Financial Assistance Amendment Act 2015 was considered by a Committee of the whole House and passed without amendment.]

House resumed at 4:03 am

[Hon. K. H. Randolph Horton, Speaker, in the Chair]

REPORT OF COMMITTEE

FINANCIAL ASSISTANCE AMENDMENT ACT 2015

The Speaker: Thank you, Members.

We have completed the Second Reading [and Committee stage] of the Financial Assistance Amendment Act 2015 and move now to Order No. 6, consideration of the Government Omnibus (Fares) Amendment Regulations 2015. That is in the name of the Honourable and Learned Member, the Minister of Tourism Development and Transport, from constituency 31, Minister Crockwell.

Hon. Shawn G. Crockwell: Yes, thank you. Good morning, Mr. Speaker.

The Speaker: Good morning.

REGULATION

GOVERNMENT OMNIBUS (FARES) AMENDMENT REGULATIONS 2015

Hon. Shawn G. Crockwell: Mr. Speaker, with the Governor's recommendation, and in accordance with section 36(3) of the Bermuda Constitution, I move that consideration be given to draft Regulations entitled the [Government Omnibus \(Fares\) Amendment Regulations 2015](#), proposed to be made by the Minister of Tourism Development and Transport under the provisions of section 9 of the Public Transportation Act 1951.

The Speaker: Are there any objections to that? Then, Minister, please carry on.

Hon. Shawn G. Crockwell: Mr. Speaker, the purpose of the Regulations before the House today is to increase the fares payable by passengers other than those exempted travelling on board the government buses across the Island.

Mr. Speaker, the Department of Public Transportation contributes to the public transportation system, to the operation of the public bus services in conjunction with the Sea Express ferry service provided by Marine and Ports Services. The public bus service is utilised by our residents and visitors and is an important component with Bermuda's tourism product. This service operates with a fleet of 114 buses servicing 11 bus routes.

Mr. Speaker, it is customary to review the schedule of fees payable for these services, and this exercise was undertaken in February of 2015. During this review, it was noted that the last fare increase came into effect on the 1st of April 2013. And we bring to your attention that there were no increases in the monthly and quarterly passes or tickets at that time.

Mr. Speaker, this amendment provides for a 10 per cent increase in fares for cash, tokens and the four- and seven-day pass category, and a 25 per cent uplift in fares for tickets, one-day, two-day, three-day, monthly and quarterly passes.

The one-day, two-day and three-day transportation passes are primarily used by our visitors, in particular our cruise visitors arriving on ships that berth in Dockyard. In our continued efforts to improve customer service, the visitor information centres in Dockyard will introduce automated purchasing of public transportation passes, with the installation of credit card vending machines which will dispense passes for our visitors' convenience. This is welcome news for our cruise line partners, especially when we take into consideration that at times over 6,000 cruise passengers arrive in Dockyard on the same day.

Mr. Speaker, I now invite Honourable Members to participate in this debate.

The Speaker: Right. Thank you, thank you, Minister.

Would any other Honourable Members care to speak?

The Chair will recognise the Honourable Member from Warwick South East, constituency number 24.

MP Lawrence Scott, you have the floor.

Mr. W. Lawrence Scott: Thank you, Mr. Speaker, and good morning.

The Speaker: Good morning to you.

Mr. W. Lawrence Scott: Although we on this side are not too big of a fan of raising the fares for the tickets and the passes that our Bermudians will use, we do understand that this is a measure that the Government is using to raise revenues. And, other than that, we just do not have any real major concerns to make this contentious.

The Speaker: All right. Thank you, Honourable Member.

Would any other Honourable Members care to speak?

Minister.

Hon. Shawn G. Crockwell: Thank you.

Again, most of the items that are being raised are items that are primarily used by our guests. And it has been some time since those were raised.

Mr. Speaker, I would move that the draft Regulations be approved and that a message be sent from this Honourable House to His Excellency the Governor.

The Speaker: Are there any objections to that?

There are none.

Therefore, the message will be sent to the Governor.

[Motion carried: The Government Omnibus (Fares) Amendment Regulations 2015 were considered by the House and approved.]

The Speaker: We move now to Order No. 7, consideration of the Marine Board (Ferry Services Fares) Amendment Regulations, again in the name of the Learned Member, the Minister of Tourism Development and Transport.

Minister Crockwell, you have the floor.

MARINE BOARD (FERRY SERVICES FARES) AMENDMENT REGULATIONS

Hon. Shawn G. Crockwell: Mr. Speaker, with the Governor's recommendation and in accordance with section 36(3) of the Bermuda Constitution, I move that consideration be given to be draft Regulations entitled the [Marine Board \(Ferry Services Fares\) Amendment Regulations 2015](#), proposed to be made by the Minister of Tourism Development and Transport under the provisions of section 97 of the Marine Board Act 1962.

The Speaker: Are there any objections?

Minister, carry on, please.

Hon. Shawn G. Crockwell: Mr. Speaker, the purpose of the Regulations before the House today is to increase the fares payable by passengers other than those exempted travelling on board government ferries via various routes that service Hamilton, Paget, Warwick, Southampton, Sandys and the Royal Naval Dockyard year round, and the Town of St. George's during our cruise ship season.

Mr. Speaker, the Department of Marine and Ports Services contributes to the public transportation system through the operation of the Sea Express ferry service that directly complements the public bus services provided by the Department of Public Transport.

The Sea Express service is utilised by our resident commuters, and it is an important component

with Bermuda's tourism product, providing scheduled service for our visitors during the peak season from April through November. These services are provided using a fleet of nine vessels comprising six high-speed catamaran ferries and three conventional mono-haul ferries.

Mr. Speaker, it is customary to review the schedule of fees payable for these services in tandem with the Government Omnibus (Fares) Regulations. This exercise was undertaken in February of 2015. During the review, it was noted that the last increase came into effect on the 1st of April 2013, and we bring to your attention that there was no increase in the monthly and quarterly passes or tickets at that time.

Mr. Speaker, this amendment provides for a 10 per cent increase in fares for cash, tokens and the four- and seven-day pass category, and a 25 per cent uplift in fares for tickets, one-day, two-day, three-day, monthly and quarterly passes. Thank you, Mr. Speaker.

The Speaker: All right. Thank you, Honourable Minister.

The Chair will now recognise the Honourable Member from Warwick South East, constituency number 24, MP Lawrence Scott.

Mr. W. Lawrence Scott: Thank you, Mr. Speaker.

Once again, we do not find anything contentious with this. We just see this as a revenue generator for the Government.

The Speaker: Thank you, Honourable Member.

Would any other Member care to speak?

Then the Chair will recognise the Minister.

Hon. Shawn G. Crockwell: Mr. Speaker, I move that the draft Regulations be approved and that a message be sent from this Honourable House to His Excellency the Governor.

Thank you.

The Speaker: Are there any objections to that?

They are approved, and a message will be sent to the Governor. Thank you.

[Motion carried: The Marine Board (Ferry Services Fares) Amendment Regulations 2015 were considered by the House and approved.]

The Speaker: I believe that the rest of the Orders are carried over.

[Inaudible interjections]

The Speaker: What, you are doing number 8? All right.

The Chair now recognises the Honourable Premier, Premier Dunkley.

RESOLUTION

MINISTERS AND MEMBERS OF THE LEGISLATURE (SALARIES AND PENSIONS) ACT

Hon. Michael H. Dunkley: Thank you, Mr. Speaker.

Mr. Speaker, good morning, and colleagues.

BE IT RESOLVED that previous resolutions of this House made pursuant to section 2 of the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975 be revoked; and

BE IT FURTHER RESOLVED that, pursuant to section 2 of the [Ministers and Members of the Legislature \(Salaries and Pensions\) Act 1975](#), the annual salaries payable to Members of the Legislature listed in Part A and Officers of the Legislature listed in Part B of the table below shall be set out in column 3 of the table with effect from April 1st, 2015, to 31st March 2016.

Mr. Speaker, Honourable Members will recall that in 2013, salaries were set with a 10 per cent reduction in ministerial salaries. They were approved at that time. In 2014, there was no change. Salaries were again approved at the level set in 2013, with the reduction in ministerial salaries and everything else staying the same.

The motion before us today continues the salaries of ministers and members at the same rate as those established in 2013, Mr. Speaker. Existing salaries for ministers and members of the legislature are set out in column 2 of the sheet that was tabled in the Resolution. The proposed salaries unchanged are set out in column 3.

I invite colleagues to comment.

The Speaker: Thank you, Honourable Member.

Are there any Members who would like to speak on this?

Premier, there are no Members who would like to speak. So, there you go.

Hon. Michael H. Dunkley: Thank you, Mr. Speaker.

I move that this Resolution be approved.

The Speaker: All right. Thank you.

It has been moved that the Resolution be approved.

Are there any objections? All those in favour, say Aye.

AYES.

The Speaker: Those against, say nay.

The Ayes have it.

[Motion carried: Resolution approved.]

The Speaker: That concludes . . . Well, I should not say that concludes the Orders. All the rest of the Or-

ders, I have been made to understand, are carried over. So, we move now to the Honourable Minister Patricia Gordon-Pamplin.

You have the floor.

SUSPENSION OF STANDING ORDER 21

Hon. Patricia J. Gordon-Pamplin: Thank you, Mr. Speaker.

Mr. Speaker, I move that Standing Order 21 be suspended to enable me to move that the Bill entitled the Financial Assistance Amendment Act 2015 be now read the third time by its title only.

The Speaker: Are there any objections?
Minister.

BILL

THIRD READING

FINANCIAL ASSISTANCE AMENDMENT ACT 2015

Hon. Patricia J. Gordon-Pamplin: Financial Assistance Amendment Act 2015. I move that the Bill do now pass.

The Speaker: Thank you.
Are there any objections to that?
The Bill has passed.

[Motion carried: The Financial Assistance Amendment Act 2015 was read a third time and passed.]

The Speaker: The Chair will now recognise the Minister of Finance.

SUSPENSION OF STANDING ORDER 21

Hon. E. T. (Bob) Richards: Mr. Speaker, I move that [Standing Order] 21 be suspended to allow me to read the Appropriation Act 2015 a third time as printed.

The Speaker: Are there any objections?
Minister.

BILL

THIRD READING

APPROPRIATION ACT 2015

Hon. E. T. (Bob) Richards: Mr. Speaker, I move that the Bill do now pass.

The Speaker: Right. Any objections to that?
Honourable Members, the Bill has now passed.

[Motion carried: The Appropriation Act 2015 was read a third time and passed.]

The Speaker: The Chair will now recognise the Honourable Premier.

ADJOURNMENT

Hon. Michael H. Dunkley: Thank you, Mr. Speaker.
I move that we adjourn until May 15th.

The Speaker: Thank you, Honourable Premier.

[Inaudible interjection]

Hon. Michael H. Dunkley: Fifteenth.

The Speaker: Fifteenth.
Honourable Members, the House is adjourned to Friday, May the 15th.

[At 4:15 am (Saturday, 17 March), the House stood adjourned until 10:00 am, Friday, 15 May 2015.]

**BERMUDA HOUSE OF ASSEMBLY
2014/15 SESSION**

INDEX

OFFICIAL HANSARD REPORT

(In 2 Volumes —Volume 1, pages 965-1454; Volume 2, pages 1455-1828)

MARCH 2015

*This Index is arranged alphabetically with “Order of Business” headings and MPs’ names in **bold**. “Bills” are arranged both alphabetically and procedurally (i.e., First Reading, Second Reading, Committee, Report, Third Reading; Parliamentary Questions answered in writing are included after last page of index.*

A

Adjournment, Motions thereon

Allegations and defamation

Burgess, Hon. Derrick V., Sr., 1342–1345

Bus accident on East Broadway

Dunkley, Hon. Michael H., 1570–1571

Contracts and conflicts of interest

Burgess, Hon. Derrick V., Sr., 1450–1451

Dunkley, Hon. Michael H., 1453–1454

Immigration-New Work Permit Policy

Bean, Hon. Marc A. R., 1096

Blakeney, Mr. Glenn A., 1075–1076

Brown, Mr. Walton, 1072–1073

Burgess, Hon. Derrick V., Sr., 1073–1075

Burt, Mr. E. David, 1091–1092

Commissioning, Mr. Rolfe, 1090–1091

De Silva, Hon. Zane J. S., 1079–1082

Foggo, Ms. Lovitta F., 1073

Furbert, Hon. Wayne L., 1088–1090

Gordon-Pamplin, Hon. Patricia J., 1092–1096

Moniz, Hon. Trevor G., 1082–1083

Richards, Mr. Sylvan D., Jr., 1076–1077

Roban, Mr. Walter H., 1077–1079

Roberts-Holshouser, Mrs. Suzann, 1086–1087

Scott, Hon. Michael J., 1085–1086

Simmons, Mr. Jamahl S., 1083–1085

Palmetto Road Repairs

Cannonier, Hon. L. Craig, 1451–1452

Dunkley, Hon. Michael H., 1452–1453

Furbert, Hon. Wayne L., 1449–1450

Weeks, Mr. Michael A., 1447–1449

St. George's hotel project delayed

Burt, Mr. E. David, 1567–1569

Crockwell, Hon. Shawn G., 1569

Dunkley, Hon. Michael H., 1569–1570

Allegations and defamation. See Adjournment, Motions thereon

Alzheimer patients in Bermuda, Government's plan to deal with. See Question Period

America's Cup

Supplementary Estimate (No. 1) 2014/15, 1812

Announcements by Speaker or Member presiding

Breach of Privilege (Standing Order 13), 1670, 1671, 1672

Commonwealth Day Message, 1347

Congratulatory and/or Obituary Speeches, 1247

House visitors

Ball, Senator Vic, 1273, 1491, 1659

Baron, Senator, 1491

Announcements by Speaker or Member presiding (continued)

House visitors (continued)

Brangman, Senator Nalton, 1113
Brunson, Mr. Jon, 1152, 1257
Butterfield, Neletha, 1354, 1659, 1733
Daniels, Senator Toni (former), 1001, 1659
Hodgson, Mr. Arthur, 1277
Marshall, Senator, 1113, 1575
Perinchief, Mr. Philip, 1625
Rabain, Senator Diallo, 1096
Tyrrell, Senator Neville, 1278
Youth Parliamentarians, 1348, 1354
 Critchlow, Andrea, 1515
 Simmons, Sophie, 1515
 Taylor, Destiny, 1247
 Trott, Sabrina, 1515
 Williams, Dominique, 1515

Photography not allowed in Gallery, 1348

Question Period

Standing Order 17(5)(g)(i), 1465
Standing Order 19(11)(c), 1465

Rulings

Standing Order 10(5), Member named, 1652
 Statement re: events of 1 March 2015, 165–1656
Standing Order 24(1), (3), (7), Amendments, 1651

Speaker's position in House untenable, 1673, 1674, 1675, 1676, 1677, 1678

Statement re: events of 13 March 2015, 1655–1656

Unparliamentary words

don't know what he has been smoking, 1044
Pilfering, 1004

Appropriation Act 2015. See Bills

Estimates of Revenue and Expenditure (See Bills)

Atherden, Hon. Jeanne J.

Congratulatory and/or Obituary Speeches, 971–972, 1669
Estimates of Revenue and Expenditure 2015/16
 Head 21, Ministry Headquarters, 1380–1389, 1424–1426
 Head 22, Department of Health, 1389–1400, 1424–1426
 Head 24, Hospitals, 1400–1412, 1424–1426
 Head 69, Conservation Services, 1426–1433, 1441
 Head 72, Department of Environmental Protection, 1433–1436, 1441
 Head 91, Health Insurance, 1412–1416, 1424–1426
Family Responsibility, 1237–1238
Protection of Birds Amendment Act 2015, 1331–1332, 1335–1336

B

Bascome, Mr. Kenneth (Kenny)

Estimates of Revenue and Expenditure 2015/16
 Head 33, Tourism, 1325–1326
Hotels Concession (Pink Beach Hotel) Order 2015, 1068–1069

Bean, Hon. Marc A. R.

Adjournment, Motions thereon
 Immigration-New Work Permit Policy, 1096
Bermuda Tourism Authority
 Washington Mall Office, 1457
 Whitfield group, loan terms, 1462, 1463
Club Med property and Starwood Group commitments, 1466, 1467
Congratulatory and/or Obituary Speeches, 968
Customs Tariff Amendment Act 2015, 1560–1561
Estimates of Revenue and Expenditure 2015/16
 Head 09, Cabinet Office, 989–994, 1001
 Head 26, Department of Human Resources, 994–996

Bean, Hon. Marc A. R. (continued)

Estimates of Revenue and Expenditure 2015/16 (continued)

Head 72, Department of Environmental Protection, 1439–1440

Head 80, Office of Project Management and Procurement, 996–1001

Immigration Policy Reform-Establishment of Joint Select Committee

Amendment to Motion, 1648, 1649, 1650, 1651, 1652

Immigration-New Work Permit Policy, 1096

Land Tax Amendment Act 2015, 1174–1175

Miscellaneous Taxes (Rates) Amendment Act 2015, 1217–1220

Payroll Tax Rates Amendment Act 2015, 1181–1183

Pre-certification programme, 1352, 1354

Procurement code of practice, 1099, 1100

Question Period

Bermuda Tourism Authority

Washington Mall Office, 1457

Whitfield group, loan terms, 1462, 1463

Club Med property and Starwood Group commitments, 1466, 1467

Pre-certification programme, 1352, 1354

Procurement code of practice, 1099, 1100

Speaker's position in House untenable, 1673, 1674, 1675, 1676, 1677, 1678, 1679

Bermuda Bar Amendment 2015. *See* Bills

Bermuda Housing Corporation

Supplementary Estimate (No. 1) 2014/15, 1802

Bermuda Status

Immigration Policy Reform-Establishment of Joint Select Committee (*See* Motions)

Bermuda Tourism Authority

CEO bonus package (*See* Question Period)

loans (*See* Question Period)

Washington Mall Office (*See* Question Period)

Whitfield group, loan terms (*See* Question Period)

Bermuda's Exclusive Economic Zone. *See* Statements by Ministers and Junior Ministers

Bills

Appropriation Act 2015,

First Reading, 1755

Second Reading

Richards, Hon. E. T. (Bob), 1755

Third Reading, 1756, 1827

Bermuda Bar Amendment 2015

Second Reading

Moniz, Hon. Trevor G., 1338–1339, 1340

Scott, Hon. Michael J., 1339–1340

Scott, Ms. Leah K., 1340

Committee, 1340–1341

Report, 1341

Third Reading, 1342

Companies Amendment Act 2015,

First Reading, 1679

Corporate Services Tax Amendment Act 2015

Second Reading

Furbert, Hon. Wayne L., 1059

Richards, Hon. E. T. (Bob), 1058–1059, 1060

Committee, 1060–1061

Report, 1061

Third Reading, 1071

Customs Tariff Amendment Act 2015

Second Reading

Bean, Hon. Marc A. R., 1560–1561

Burt, Mr. E. David, 1561–1562

Gibbons, Dr. the Hon. E. Grant, 1561

Bills (continued)

- Customs Tariff Amendment Act 2015 (continued)
 - Richards, Hon. E. T. (Bob), 1558–1560, 1563
 - Roberts-Holshouser, Mrs. Suzann, 1562–1563
- Committee, 1563–1567
 - Amendment to clause 03, 1564
 - Amendment to clause 11, 1564
 - Amendment to clause 13, 1565
- Report, 1567
- Third Reading, 1567
- Decriminalisation of Cannabis Act 2015
 - First Reading, 1361
- Education Amendment Act
 - First Reading, 1102
 - Second Reading
 - Brown, Mr. Walton, 1551–1552
 - Foggo, Ms. Lovitta F., 1548–1551
 - Scott, Hon. R. Wayne, 1546–1548, 1552–1553
 - Committee, 1553–1556
 - Amendment to clause 3, 1554
 - Amendment to clause 7, 1554
 - Report, 1556
 - Third Reading, 1567
- Electronic Communications Amendment Act 2015
 - First Reading, 1102
 - Second Reading
 - Brown, Mr. Walton, 1634–1635
 - Burt, Mr. E. David, 1635
 - Furbert, Hon. Wayne L., 1633–1634
 - Gibbons, Dr. the Hon. E. Grant, 1633, 1635–1636
 - Committee, 1636–1643
 - Report, 1643
 - Third Reading, 1653
- Estimates of Revenue and Expenditure 2015/16 ([Chart of Heads at end of Index](#))
 - Committee of Supply
 - Cabinet Office
 - Head 09, Cabinet Office
 - Bean, Hon. Marc A. R., 989–994, 1001
 - Brown, Mr. Walton, 1001
 - Dunkley, Hon. Michael H., 974–983, 1003–1006
 - Furbert, Hon. Wayne L., 1002–1003
 - Head 26, Department of Human Resources
 - Bean, Hon. Marc A. R., 994–996
 - Dunkley, Hon. Michael H., 984–987, 1003–1006
 - Head 80, Office of Project Management and Procurement
 - Bean, Hon. Marc A. R., 996–1001
 - Cannonier, Hon. L. Craig, 1001–1002
 - Dunkley, Hon. Michael H., 987–989, 1003–1006
 - Furbert, Hon. Wayne L., 1002–1003
 - Ministry of Community, Cultural Development and Sports
 - Head 20, Youth, Sport and Recreation
 - Foggo, Ms. Lovitta F., 1542–1543
 - Gordon-Pamplin, Hon. Patricia J., 1520–1525, 1543–1545
 - Scott, Hon. R. Wayne, 1541–1542
 - Weeks, Mr. Michael A., 1533–1535
 - Head 23, Child and Family Services
 - Gordon-Pamplin, Hon. Patricia J., 1525–1528, 1543–1545
 - Scott, Hon. R. Wayne, 1541
 - Weeks, Mr. Michael A., 1535–1537

Bills (continued)

Estimates of Revenue and Expenditure 2015/16 (continued)

Committee of Supply (continued)

Ministry of Community, Cultural Development and Sports (continued)

Head 52, Community and Cultural Affairs

Brown, Mr. Walton, 1539–1540

Gordon-Pamplin, Hon. Patricia J., 1528–1532, 1543–1545

Weeks, Mr. Michael A., 1537–1538

Head 55, Financial Assistance

Commissiong, Mr. Rolfe, 1696–1705

Foggo, Ms. Lovitta F., 1707–1708

Furbert, Hon. Wayne L., 1709–1710

Gordon-Pamplin, Hon. Patricia J., 1681–1690, 1710–1712

Weeks, Mr. Michael A., 1708–1709

Head 56, Department of Human Affairs

Commissiong, Mr. Rolfe, 1705–1707

Gordon-Pamplin, Hon. Patricia J., 1690–1696, 1710–1712

Head 71, Ministry Headquarters

Gordon-Pamplin, Hon. Patricia J., 1517–1520, 1543–1545

Scott, Hon. R. Wayne, 1540–1541

Weeks, Mr. Michael A., 1532–1533

Ministry of Economic Development

Head 39, Registrar of Companies

Furbert, Hon. Wayne L., 1501–1507

Gibbons, Dr. the Hon. E. Grant, 1483–1488, 1515–1516

Head 46-Department of Telecommunications

Furbert, Hon. Wayne L., 1501–1507

Gibbons, Dr. the Hon. E. Grant, 1489–1494, 1515–1516

Roban, Mr. Walter H., 1508–1510

Head 67, Department of E-Commerce

Furbert, Hon. Wayne L., 1501–1507

Gibbons, Dr. the Hon. E. Grant, 1494–1498, 1515–1516

Roban, Mr. Walter H., 1508

Head 89, Department of Energy

Furbert, Hon. Wayne L., 1501–1507

Gibbons, Dr. the Hon. E. Grant, 1498–1501, 1515–1516

Head 95, Ministry Headquarters

Furbert, Hon. Wayne L., 1501–1507, 1512–1514

Gibbons, Dr. the Hon. E. Grant, 1474–1483, 1515–1516

Jackson, Mrs. Susan E., 1511–1512

Roban, Mr. Walter H., 1510–1511

Ministry of Education

Head 16, Ministry Headquarters

Brown, Mr. Walton, 1129–1131

Burgess, Hon. Derrick V., Sr., 1131

Foggo, Ms. Lovitta F, 1123–1129

Scott, Hon. R. Wayne, 1103–1104, 1131–1133

Head 17, Department of Education

Scott, Hon. R. Wayne, 1104–1120, 1131–1133

Head 41, Bermuda College

Scott, Hon. R. Wayne, 1120–1123, 1131–1133

Ministry of Finance

Head 10, Ministry Headquarters

Burt, Mr. E. David, 1273–1276

Gibbons, Dr. the Hon. E. Grant, 1248–1263, 1276–1278

Head 11, Accountant General

Burt, Mr. E. David, 1274–1275

Gibbons, Dr. the Hon. E. Grant, 1263–1266, 1276–1278

Bills (continued)

Estimates of Revenue and Expenditure 2015/16 (continued)

Committee of Supply (continued)

Ministry of Finance (continued)

Head 12, Customs Revenue

Burt, Mr. E. David, 1273–1276

Gibbons, Dr. the Hon. E. Grant, 1266–1267, 1276–1278

Head 28, Department of Social Insurance

Burt, Mr. E. David, 1275–1276

Gibbons, Dr. the Hon. E. Grant, 1267–1269, 1276–1278

Head 38, Office of Tax Commissioner

Burt, Mr. E. David, 1273–1276

Gibbons, Dr. the Hon. E. Grant, 1269–1272, 1276–1278

Head 58, Interest on Debt

Burt, Mr. E. David, 1273–1276

Gibbons, Dr. the Hon. E. Grant, 1272–1273, 1276–1278

Ministry of Health, Seniors and Environment

Head 21, Ministry Headquarters

Atherden, Hon. Jeanne J., 1380–1389, 1424–1426

Burgess, Hon. Derrick V., Sr., 1422–1424

Wilson, Ms. Kim N., 1416–1421

Head 22, Department of Health

Atherden, Hon. Jeanne J., 1389–1400, 1424–1426

Burgess, Hon. Derrick V., Sr., 1422–1424

Scott, Hon. Michael J., 1424

Head 24, Hospitals

Atherden, Hon. Jeanne J., 1400–1412, 1424–1426

Head 69, Conservation Services

Atherden, Hon. Jeanne J., 1426–1433, 1441

Blakeney, Mr. Glenn A., 1436–1439

Sousa, Mr. Jeff, 1439

Head 72, Department of Environmental Protection

Atherden, Hon. Jeanne J., 1433–1436, 1441

Bean, Hon. Marc A. R., 1439–1440

Blakeney, Mr. Glenn A., 1436–1439

Simons, Mr. N. H. Cole, 1440–1441

Sousa, Mr. Jeff, 1439

Head 91, Health Insurance

Atherden, Hon. Jeanne J., 1412–1416, 1424–1426

Wilson, Ms. Kim N., 1422

Ministry of Home Affairs

Head 27, Department of Immigration

Brown, Mr. Walton, 1602–1605

Richards, Mr. Sylvan D., Jr., 1586–1596, 1605–1606

Head 29, Registry General

Richards, Mr. Sylvan D., Jr., 1596–1602, 1605–1606

Head 60, Department of Workforce Development

Burgess, Hon. Derrick V., Sr., 1377–1379

Commissiong, Mr. Rolfe, 1374–1377

Richards, Mr. Sylvan D., Jr., 1361–1374, 1380

Head 93, Ministry Headquarters

Richards, Mr. Sylvan D., Jr., 1575–1586

Ministry of Legal Affairs

Head 03, Judicial Department

Moniz, Hon. Trevor G., 1611–1614

Head 04, Attorney General's Chambers

Moniz, Hon. Trevor G., 1614–1617

Head 74, Department of Court Services

Moniz, Hon. Trevor G., 1617–1620

Bills (continued)

Estimates of Revenue and Expenditure 2015/16 (continued)

Committee of Supply (continued)

Ministry of Legal Affairs (continued)

Head 75, Department of Public Prosecutions

Moniz, Hon. Trevor G., 1620–1623, 1630–1631

Scott, Hon. Michael J., 1623–1630

Head 87, Department Headquarters

Moniz, Hon. Trevor G., 1606–1611

Ministry of National Security

Head 06, Defence

Dunkley, Hon. Michael H., 1009–1012, 1056

Furbert, Hon. Wayne L., 1048–1050

Roban, Mr. Walter H., 1035–1036

Head 07, Bermuda Police Service

Dunkley, Hon. Michael H., 1012–1015, 1056–1057

Furbert, Hon. Wayne L., 1046–1048

Roban, Mr. Walter H., 1036–1038

Weeks, Hon. Michael A., 1052–1053

Head 12, Customs

Dunkley, Hon. Michael H., 1015–1020

Furbert, Hon. Wayne L., 1050–1052

Roban, Mr. Walter H., 1038–1039

Head 25, Department of Corrections

Dunkley, Hon. Michael H., 1020–1027

Roban, Mr. Walter H., 1039–1040

Head 83, Ministry Headquarters

Dunkley, Hon. Michael H., 1007–1009, 1054–1056

Roban, Mr. Walter H., 1032–1035

Head 88, Department of National Drug Control

Dunkley, Hon. Michael H., 1027–1032

Pettingill, Mr. Mark J., 1043–1046

Roban, Mr. Walter H., 1040–1043

Weeks, Mr. Michael A., 1053–1054

Ministry of Public Works

Head 36, Ministry Headquarters

Cannonier, Hon. L. Craig, 1713–1718, 1753–1754

Furbert, Hon. Wayne L., 1753

Lister, Hon. Dennis P., 1746

Scott, Mr. W. Lawrence, 1753

Weeks, Mr. Michael A., 1753

Head 49, Land Valuation

Cannonier, Hon. L. Craig, 1718–1722, 1753–1754

Lister, Hon. Dennis P., 1746

Head 53, Bermuda Housing Corporation

Cannonier, Hon. L. Craig, 1722–1727, 1753–1754

Lister, Hon. Dennis P., 1746–1747

Head 68, Parks

Burgess, Hon. Derrick V., Sr., 1752–1753

Cannonier, Hon. L. Craig, 1727–1732, 1753–1754

Lister, Hon. Dennis P., 1747–1748

Head 81, Department of Public Lands and Buildings

Cannonier, Hon. L. Craig, 1732–1738, 1753–1754

Lister, Hon. Dennis P., 1748–1751

Head 82, Department of Works and Engineering

Burgess, Hon. Derrick V., Sr., 1752

Cannonier, Hon. L. Craig, 1738–1743, 1753–1754

Head 97, Department of Land Surveys and Registration

Cannonier, Hon. L. Craig, 1743–1745, 1753–1754

Bills (continued)

Estimates of Revenue and Expenditure 2015/16 (continued)

Committee of Supply (continued)

Ministry of Tourism

Head 33, Tourism

Bascome, Mr. Kenneth (Kenny), 1325–1326

Crockwell, Hon. Shawn G., 1279–1302, 1329

De Silva, Hon. Zane J. S., 1303–1325

Furber, Hon. Wayne L., 1328–1329

Roban, Mr. Walter H., 1326–1327

Simons, Mr. N. H. Cole, 1327–1328

Ministry of Tourism Development and Transport

Head 30, Department of Marine & Ports Services

Crockwell, Hon. Shawn G., 1136–1140, 1166–1169

Head 31, Department of Airport Operations

Brown, Mr. Walton, 1166

Crockwell, Hon. Shawn G., 1140–1143, 1166–1169

Scott, Mr. Lawrence W., 1161–1163

Head 34, Transport Control Department

Crockwell, Hon. Shawn G., 1143–1145, 1166–1169

Scott, Mr. W. Lawrence, 1159–1161

Head 35, Department of Public Transportation

Burgess, Hon. Derrick V., Sr., 1163–1164

Crockwell, Hon. Shawn G., 1146–1147, 1166–1169

Scott, Mr. W. Lawrence, 1154–1159

Head 48, Ministry Headquarters

Crockwell, Hon. Shawn G., 1133–1136, 1166–1169

Furber, Hon. Wayne L., 1164–1166

Head 57, Department of Civil Aviation

Crockwell, Hon. Shawn G., 1147–1150, 1166–1169

Head 73, Department of Maritime Administration

Crockwell, Hon. Shawn G., 1150–1154, 1166–1169

Report, 1058, 1169, 1330, 1441, 1546, 1631, 1755

Exempted Partnerships Amendment Act 2015

First Reading, 1679

Financial Assistance Amendment Act 2015

First Reading, 1248

Second Reading

Commissiong, Mr. Rolfe, 1819

Gordon-Pamplin, Hon. Patricia J., 1818, 1820–1821

Simmons, Mr. Jamahl S., 1819–1820

Weeks, Mr. Michael A., 1819

Committee, 1822–1824

Report, 1824

Third Reading, 1827

Land Tax Amendment Act 2015

Second Reading

Bean, Hon. Marc A. R., 1174–1175

Burt, Mr. E. David, 1170–1172

De Silva, Hon. Zane J. S., 1172–1174

Richards, Hon. E. T. (Bob), 1170, 1175–1178

Committee, 1178–1180

Amendment to clause 3, 1179

Report, 1180

Third Reading, 1235

Limited Partnerships Amendment Act 2015

First Reading, 1679

Bills (continued)

Miscellaneous Taxes (Rates) Amendment Act 2015

Second Reading

Bean, Hon. Marc A. R., 1217–1220
Burt, Mr. E. David, 1229–1232
Crockwell, Hon. Shawn G., 1220–1223
De Silva, Hon. Zane J. S., 1223–1225
Richards, Hon. E. T. (Bob), 1217, 1232–1234
Scott, Hon. Michael J., 1227–1228
Scott, Mr. W. Lawrence, 1225–1226

Committee, 1234–1235

Report, 1235

Third Reading, 1236

Partnership Amendment Act 2015

First Reading, 1679

Payroll Tax Rates Amendment Act 2015

Second Reading

Bean, Hon. Marc A. R., 1181–1183
Blakeney, Mr. Glenn A., 1198–1201
Burt, Mr. E. David, 1183–1189
De Silva, Hon. Zane J. S., 1201–1207
Dunkley, Hon. Michael H., 1189–1196
Gibbons, Dr. the Hon. E. Grant, 1197–1198
Gordon-Pamplin, Hon. Patricia J., 1207–1210
Richards, Hon. E. T. (Bob), 1180–1181, 1210–1215
Simmons, Mr. Jamahl S., 1196–1197

Committee, 1215–1216

Report, 1217

Third Reading, 1235

Protection of Birds Amendment Act 2015

Second Reading

Atherden, Hon. Jeanne J., 1331–1332, 1335–1336
Blakeney, Mr. Glenn A., 1332–1333
Foggo, Ms. Lovitta F., 1334
Roberts-Holshouser, Mrs. Suzann, 1334–1335
Sousa, Mr. Jeff, 1333–1334

Committee, 1336–1338

Report, 1338

Third Reading, 1341

Public Service Superannuation Temporary Amendment Act 2015

Second Reading

Burt, Mr. E. David, 1442–1443
Richards, Hon. E. T. (Bob), 1441–1442, 1443–1444

Committee, 1443–1446

Report, 1447

Third Reading, 1447

Supplementary Estimate (No. 1) 2014/15

Second Reading

Richards, Hon. E. T. (Bob), 1756

Committee, 1756–1817

Ministry of Community, Culture and Sports, 1770

Ministry of Economic Development, 1791

America's Cup, 1812

Bermuda Housing Corporation, 1802

Ministry of Home Affairs, 1776

Ministry of Legal Affairs, 1757

Ministry of National Security, 1774

Ministry of Public Works, 1768

Ministry of Tourism Development and Transport, 1759

Report, 1817

Bills (continued)

Temporary Loans (Repeal) Act 2015
Second Reading
Furbert, Hon. Wayne L., 1061–1062
Richards, Hon. E. T. (Bob), 1061, 1062
Committee, 1062
Report, 1063
Third Reading, 1071

Blakeney, Mr. Glenn A.

Adjournment, Motions thereon
Immigration-New Work Permit Policy, 1075–1076
Bermuda Tourism Authority
Washington Mall Office, 1457
Bermuda's Exclusive Economic Zone, 1666
Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from
Office of Project Management and Procurement, 1661, 1662
Club Med property and Starwood Group commitments, 1467
Congratulatory and/or Obituary Speeches, 971–972
Estimates of Revenue and Expenditure 2015/16
Head 69, Conservation Services, 1436–1439
Head 72, Department of Environmental Protection, 1436–1439
Immigration-New Work Permit Policy, 1075–1076
Payroll Tax Rates Amendment Act 2015, 1198–1201
Pre-certification programme, 1353
Protection of Birds Amendment Act 2015, 1332–1333
Question Period
Bermuda Tourism Authority
Washington Mall Office, 1457
Bermuda's Exclusive Economic Zone, 1666
Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from
Office of Project Management and Procurement, 1661, 1662
Club Med property and Starwood Group commitments, 1467
Pre-certification programme, 1353

Breach of Privilege. See Matters of Privilege

Brown, Mr. Walton

Adjournment, Motions thereon
Immigration-New Work Permit Policy, 1072–1073
Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from
Office of Project Management and Procurement, 1662–1663
Education Amendment Act, 1551–1552
Electronic Communications Amendment Act 2015, 1634–1635
Estimates of Revenue and Expenditure 2015/16
Head 09, Cabinet Office, 1001
Head 16, Ministry Headquarters, 1129–1131
Head 27, Department of Immigration, 1602–1605
Head 31, Department of Airport Operations, 1166
Head 52, Community and Cultural Affairs, 1539–1540
Family Responsibility, 1241, 1242
Hotels Concession (Pink Beach Hotel) Order 2015, 1067–1068
Immigration Policy Reform-Establishment of Joint Select Committee, 1643–1648
Amendment to Motion, 1648
Immigration-New Work Permit Policy, 1072–1073
PRC licences, number issued to purchase condominiums, 1471
Question Period
Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from
Office of Project Management and Procurement, 1662–1663
Family Responsibility, 1241, 1242
PRC licences, number issued to purchase condominiums, 1471
United Kingdom Government, not acting in best interests of Bermuda, 1473

Burgess, Hon. Derrick V., Sr.

Adjournment, Motions thereon

Allegations and defamation, 1342–1345

Contracts and conflicts of interest, 1450–1451

Immigration-New Work Permit Policy, 1073–1075

Allegations and defamation, 1342–1345

Alzheimer patients in Bermuda, Government's plan to deal with (written answer), 1574

Bermuda Tourism Authority

bonuses, 1239, 1240

loans, 1238

Washington Mall Office, 1456

Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from
Office of Project Management and Procurement, 1664

Contracts and conflicts of interest, 1450–1451

Estimates of Revenue and Expenditure 2015/16

Head 16, Ministry Headquarters, 1131

Head 21, Ministry Headquarters, 1422–1424

Head 22, Department of Health, 1422–1424

Head 35, Department of Public Transportation, 1163–1164

Head 60, Department of Workforce Development, 1377–1379

Head 68, Parks, 1752–1753

Head 82, Department of Works and Engineering, 1752

Family Responsibility, 1243

ILS (Insurance-linked securities) Conference, 1239

Immigration-New Work Permit Policy, 1073–1075

Non-Bermudians, acreage owned by, 1471

North Channel dredging, status of, 1665

PRC licences, number issued to purchase condominiums, 1471

Public Service Bursary Award Scheme, 1665

Public Transportation Department, consultants, amount paid to, 1459

Question Period

Alzheimer patients in Bermuda, Government's plan to deal with (written answer), 1574

Bermuda Tourism Authority

bonuses, 1239, 1240

loans, 1238

Washington Mall Office, 1456

Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from
Office of Project Management and Procurement, 1664

Family Responsibility, 1243

ILS (Insurance-linked securities) Conference, 1239

Non-Bermudians, acreage owned by, 1471

North Channel dredging, status of, 1665

PRC licences, number issued to purchase condominiums, 1471

Public Service Bursary Award Scheme, 1665

Public Transportation Department, consultants, amount paid to, 1459

Residential Care Homes and Nursing Homes Act 2001, amendment of (written answer), 1574

Residential Care Homes and Nursing Homes Act 2001, amendment of (written answer), 1574

Burt, Mr. E. David

Adjournment, Motions thereon

Immigration-New Work Permit Policy, 1091–1092

St. George's hotel project delayed, 1567–1569

Bermuda Tourism Authority

CEO bonus package, 1469

Whitfield group, loan terms, 1461, 1462, 1463, 1464

Breach of Privilege, 1670, 1671, 1672, 1673, 1817

Canadian Commercial Corporation (CCC) memorandum of understanding with re:

Advice received from Office of Project Management and Procurement, 1660, 1663

Waivers issued to bypass multiple quote requirement, 1660

Club Med property and Starwood Group commitments, 1466

Congratulatory and/or Obituary Speeches, 973, 1247

Burt, Mr. E. David (continued)

Customs Tariff Amendment Act 2015, 1561–1562
Electronic Communications Amendment Act 2015, 1635
Estimates of Revenue and Expenditure 2015/16
 Head 10, Ministry Headquarters, 1273–1276
 Head 11, Accountant General, 1274–1275
 Head 12, Customs Revenue, 1273–1276
 Head 28, Department of Social Insurance, 1275–1276
 Head 38, Office of Tax Commissioner, 1273–1276
 Head 58, Interest on Debt, 1273–1276
Government Fees Amendment (No. 2) Regulations 2015, 1557
Immigration Policy Reform-Establishment of Joint Select Committee
 Amendment to Motion, 1649, 1650, 1651, 1652
Immigration-New Work Permit Policy, 1091–1092
L. F. Wade International Airport, rejection of sole sourcing at, 1575
Land Tax Amendment Act 2015, 1170–1172
Ministers/Members of Legislature Pension Fund Actuarial Valuation as of March 31, 2014, 1357, 1358
Miscellaneous Taxes (Rates) Amendment Act 2015, 1229–1232
Payroll Tax Rates Amendment Act 2015, 1183–1189
PRC licences, number issued to purchase condominiums, 1472
Procurement code of practice, 1098, 1099, 1100
Public Service Superannuation Fund Actuarial Valuation as at March 31, 2014, 1354, 1355, 1356
Public Service Superannuation Temporary Amendment Act 2015, 1442–1443
Public Transportation Department, consultants, amount paid to, 1460
Question Period
 Bermuda Tourism Authority
 CEO bonus package, 1469
 Whitfield group, loan terms, 1461, 1462, 1463, 1464
 Canadian Commercial Corporation (CCC) memorandum of understanding with re:
 Advice received from Office of Project Management and Procurement, 1660, 1663
 Waivers issued to bypass multiple quote requirement, 1660
 Club Med property and Starwood Group commitments, 1466
 Ministers/Members of Legislature Pension Fund Actuarial Valuation as of March 31, 2014, 1357, 1358
 PRC licences, number issued to purchase condominiums, 1472
 Procurement code of practice, 1098, 1099, 1100
 Public Service Superannuation Fund Actuarial Valuation as at March 31, 2014, 1354, 1355, 1356
 Public Transportation Department, consultants, amount paid to, 1460
 St. George's hotel project delayed, 1567–1569
Bus accident on East Broadway. See Adjournment, Motions thereon

C

Canadian Commercial Corporation (CCC) memorandum of understanding with re:
 advice received from Office of Project Management and Procurement. See Question Period
 L.F. Wade International Airport, rejection of sole sourcing at. See Motions
 waivers issued to bypass multiple quote requirement. See Question Period

Cannonier, Hon. L. Craig

Adjournment, Motions thereon
 Palmetto Road Repairs, 1451–1452
Congratulatory and/or Obituary Speeches, 1669
Estimates of Revenue and Expenditure 2015/16
 Head 36, Ministry Headquarters, 1713–1718, 1753–1754
 Head 49, Land Valuation, 1718–1722, 1753–1754
 Head 53, Bermuda Housing Corporation, 1722–1727, 1753–1754
 Head 68, Parks, 1727–1732, 1753–1754
 Head 80, Office of Project Management and Procurement, 1001–1002
 Head 81, Department of Public Lands and Buildings, 1732–1738, 1753–1754
 Head 82, Department of Works and Engineering, 1738–1743, 1753–1754
 Head 97, Department of Land Surveys and Registration, 1743–1745, 1753–1754
Government Fees Amendment (No. 2) Regulations 2015, 1557–1558
Palmetto Road Repairs, 1451–1452

Censure Motions

Leader of Opposition (See Motions)

Speaker of the House (See Motions)

Club Med property

and Starwood Group commitments (See Question Period)

clarification to parliamentary question (See Personal Explanation)

St. George's hotel project delayed (See Adjournment, Motions thereon)

Commissioning, Mr. Rolfe

Adjournment, Motions thereon

Immigration-New Work Permit Policy, 1090–1091

Estimates of Revenue and Expenditure 2015/16

Head 55, Financial Assistance, 1696–1705

Head 56, Department of Human Affairs, 1705–1707

Head 60, Department of Workforce Development, 1374–1377

Family Responsibility, 1245, 1246

Financial Assistance Amendment Act 2015, 1819

Gaming Commission members' remuneration, 1471

Immigration-New Work Permit Policy, 1090–1091

Question Period

Family Responsibility, 1245, 1246

Gaming Commission members' remuneration, 1471

Commonwealth Day Message

Young Commonwealth, 1347

Confirmation of Minutes

27 February 2015, 1097

02, 04, March 2015, 1455

06 March 2015, 1655

Congratulatory and/or Obituary Speeches

Atherden, Hon. Jeanne J., 971–972, 1669

Bean, Hon. Marc A. R., 968

Blakeney, Mr. Glenn A., 971–972

Burt, Mr. E. David, 973, 1247

Cannonier, Hon. L. Craig, 1669

Crockwell, Hon. Shawn G., 971, 1359

De Silva, Hon. Zane J. S., 966, 1359

Dunkley, Hon. Michael H., 973–974, 1101–1102, 1472–1473

Foggo, Ms. Lovitta F., 967, 1668

Gibbons, Dr. the Hon. E. Grant, 965–966

Gordon-Pamplin, Hon. Patricia J., 967, 1101, 1246–1247, 1360, 1667–1668

Lister, Hon. Dennis P., 970–971

Outerbridge, Ms. Nandi, 968, 1358–1359, 1668

Richards, Mr. Sylvan D., 973, 1668–1669

Roban, Mr. Walter H., 968–969

Roberts-Holshouser, Mrs. Suzann, 1247

Scott, Hon. R. Wayne, 969

Scott, Mr. W. Lawrence, 1472

Simmons, Mr. Jamahl, 972, 1473

Simons, Mr. N. H. Cole, 1360

Sousa, Mr. Jeff, 968, 1359–1360, 1669

The Speaker, 1247

Weeks, Mr. Michael A., 969–970, 1360

Contracts and conflicts of interest. See Adjournment, Motions thereon

Corporate Services Tax Amendment Act 2015. See Bills

Crockwell, Hon. Shawn G.

Adjournment, Motions thereon

St. George's hotel project delayed, 1569

Club Med property and Starwood Group commitments, clarification of answer to parliamentary question, 1679

Congratulatory and/or Obituary Speeches, 971, 1359

Estimates of Revenue and Expenditure 2015/16

Crockwell, Hon. Shawn G. (continued)

Estimates of Revenue and Expenditure 2015/16 (continued)

Head 30, Department of Marine & Ports Services, 1136–1140, 1166–1169

Head 31, Department of Airport Operations, 1140–1143, 1166–1169

Head 33, Tourism, 1279–1302, 1329

Head 34, Transport Control Department, 1143–1145, 1166–1169

Head 35, Department of Public Transportation, 1146–1147, 1166–1169

Head 48, Ministry Headquarters, 1133–1136, 1166–1169

Head 57, Department of Civil Aviation, 1147–1150, 1166–1169

Head 73, Department of Maritime Administration, 1150–1154, 1166–1169

Government Omnibus (Fares) Amendment Regulations 2015, 1455, 1824–1825

Hotels Concession (Pink Beach Hotel) Order 2015, 1063–1064, 1069–1070

Marine Board (Ferry Services Fares) Amendment Regulations, 1455, 1825–1826

Miscellaneous Taxes (Rates) Amendment Act 2015, 1220–1223

Roadside Sobriety Testing, introduction of, update, 1659

St. George's hotel project delayed, 1569

Customs Tariff Amendment Act 2015. *See* Bills

D

De Silva, Hon. Zane J. S.

Adjournment, Motions thereon

Immigration-New Work Permit Policy, 1079–1082

Bermuda Tourism Authority

bonuses, 1240

Washington Mall Office, 1456, 1457, 1458

Whitfield group, loan terms, 1461, 1463

Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from

Office of Project Management and Procurement, 1663

Club Med property and Starwood Group commitments, 1467

Congratulatory and/or Obituary Speeches, 966, 1359

Estimates of Revenue and Expenditure 2015/16

Head 33, Tourism, 1303–1325

Family Responsibility, 1240, 1242

Gaming Commission members' remuneration, 1470

Hotels Concession (Pink Beach Hotel) Order 2015, 1064–1065

Immigration-New Work Permit Policy, 1079–1082

Land Tax Amendment Act 2015, 1172–1174

Miscellaneous Taxes (Rates) Amendment Act 2015, 1223–1225

Payroll Tax Rates Amendment Act 2015, 1201–1207

Pre-certification programme, 1352, 1354

Public Transportation Department, overtime, 1458, 1459

Question Period

Bermuda Tourism Authority

bonuses, 1240

Washington Mall Office, 1456, 1457, 1458

Whitfield group, loan terms, 1461, 1463

Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from

Office of Project Management and Procurement, 1663

Club Med property and Starwood Group commitments, 1467

Family Responsibility, 1240, 1242

Gaming Commission members' remuneration, 1470

Pre-certification programme, 1352, 1354

Public Transportation Department, overtime, 1458, 1459

Draft Orders. *See* Orders

Draft Regulations. *See* Regulations

Dunkley, Hon. Michael H.

Adjournment, Motions thereon

Bus accident on East Broadway, 1570–1571

Contracts and conflicts of interest, 1453–1454

Palmetto Road Repairs, 1452–1453

St. George's hotel project delayed, 1569–1570

Dunkley, Hon. Michael H. (continued)

Adjournment, Motions thereon (continued)

Bermuda's Exclusive Economic Zone, 1657–1658

Bus accident on East Broadway, 1570–1571

Congratulatory and/or Obituary Speeches, 973–974, 1101–1102, 1472–1473

Contracts and conflicts of interest, 1453–1454

Estimates of Revenue and Expenditure 2015/16

Head 06, Defence, 1009–1012, 1056

Head 07, Bermuda Police Service, 1012–1015, 1056–1057

Head 09, Cabinet Office, 974–983, 1003–1006

Head 12, Customs, 1015–1020

Head 25, Department of Corrections, 1020–1027

Head 26, Department of Human Resources, 984–987, 1003–1006

Head 80, Office of Project Management and Procurement, 987–989, 1003–1006

Head 83, Ministry Headquarters, 1007–1009, 1054–1056

Head 88, Department of National Drug Control, 1027–1032

Ministers and Members of the Legislature (Salaries and Pensions) Act 1975, 1575, 1826

Palmetto Road Repairs, 1452–1453

Payroll Tax Rates Amendment Act 2015, 1189–1196

Public Service Bursary Award Scheme, 1657

St. George's hotel project delayed, 1569–1570

E

Education Amendment Act. *See* Bills

EEZ (Exclusive Economic Zone)

Bermuda's Exclusive Economic Zone (*See* Statements by Ministers and Junior Ministers)

Electronic Communications (Regulatory Authority Fees) Regulations 2015. *See* Papers and other

Communications to House; Regulations

Electronic Communications Amendment Act 2015. *See* Bills

Estimates of Revenue and Expenditure 2015/16. *See* Bills

F

Family Responsibility. *See* Statements by Ministers and Junior Ministers

Financial Assistance Amendment Act 2015. *See* Bills

Foggo, Ms. Lovitta F.

Adjournment, Motions thereon

Immigration-New Work Permit Policy, 1073

Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from

Office of Project Management and Procurement, 1661, 1662

Club Med property and Starwood Group commitments, 1466, 1467, 1468

Congratulatory and/or Obituary Speeches, 967, 1668

Education Amendment Act, 1548–1551

Estimates of Revenue and Expenditure 2015/16

Head 16, Ministry Headquarters, 1123–1129

Head 20, Youth, Sport and Recreation, 1542–1543

Head 55, Financial Assistance, 1707–1708

Immigration-New Work Permit Policy, 1073

Procurement code of practice, 1100, 1101

Protection of Birds Amendment Act 2015, 1334

Question Period

Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from

Office of Project Management and Procurement, 1661, 1662

Club Med property and Starwood Group commitments, 1466, 1467, 1468

Procurement code of practice, 1100, 1101

Furbert, Hon. Wayne L.

Adjournment, Motions thereon

Immigration-New Work Permit Policy, 1088–1090

Palmetto Road Repairs, 1449–1450

Bermuda Tourism Authority

bonuses, 1240

CEO bonus package, 1469, 1470

Whitfield group, loan terms, 1462, 1464

Furbert, Hon. Wayne L. (continued)

Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from Office of Project Management and Procurement, 1661
Club Med property and Starwood Group commitments, 1468
Corporate Services Tax Amendment Act 2015, 1059
Electronic Communications (Regulatory Authority Fees) Regulations 2015, 1632
Electronic Communications Amendment Act 2015, 1633–1634
Estimates of Revenue and Expenditure 2015/16
 Head 06, Defence, 1048–1050
 Head 07, Bermuda Police Service, 1046–1048
 Head 09, Cabinet Office, 1002–1003
 Head 12, Customs, 1050–1052
 Head 33, Tourism, 1328–1329
 Head 36, Ministry Headquarters, 1753
 Head 39, Registrar of Companies, 1501–1507
 Head 46, Department of Telecommunications, 1501–1507
 Head 48, Ministry Headquarters, 1164–1166
 Head 55, Financial Assistance, 1709–1710
 Head 67, Department of E-Commerce, 1501–1507
 Head 80, Office of Project Management and Procurement, 1002–1003
 Head 89, Department of Energy, 1501–1507
 Head 95, Ministry Headquarters, 1501–1507, 1512–1514
Gaming Commission members' remuneration, 1470
Hotels Concession (Pink Beach Hotel) Order 2015, 1065–1066
Immigration-New Work Permit Policy, 1088–1090
Palmetto Road Repairs, 1449–1450
Pre-certification programme, 1353
Question Period
 Bermuda Tourism Authority
 bonuses, 1240
 CEO bonus package, 1469, 1470
 Whitfield group, loan terms, 1462, 1464
Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from Office of Project Management and Procurement, 1661
Club Med property and Starwood Group commitments, 1468
Gaming Commission members' remuneration, 1470
Pre-certification programme, 1353
Temporary Loans (Repeal) Act 2015, 1061–1062

G

Gaming Commission members' remuneration. See Question Period

Gibbons, Dr. the Hon. E. Grant

Congratulatory and/or Obituary Speeches, 965–966
Customs Tariff Amendment Act 2015, 1561
Electric Communications (Regulatory Authority Fees) Regulations 2015, 1097
Electronic Communications (Regulatory Authority Fees) Regulations 2015, 1631–1632
Electronic Communications Amendment Act 2015, 1633, 1635–1636
Estimates of Revenue and Expenditure 2015/16
 Head 10, Ministry Headquarters, 1248–1263, 1276–1278
 Head 11, Accountant General, 1263–1266, 1276–1278
 Head 12, Customs Revenue, 1266–1267, 1276–1278
 Head 28, Department of Social Insurance, 1267–1269, 1276–1278
 Head 38, Office of Tax Commissioner, 1269–1272, 1276–1278
 Head 39, Registrar of Companies, 1483–1488, 1515–1516
 Head 46, Department of Telecommunications, 1489–1494, 1515–1516
 Head 58, Interest on Debt, 1272–1273, 1276–1278
 Head 67, Department of E-Commerce, 1494–1498, 1515–1516
 Head 89, Department of Energy, 1498–1501, 1515–1516
 Head 95, Ministry Headquarters, 1474–1483, 1515–1516
Payroll Tax Rates Amendment Act 2015, 1197–1198

Gordon-Pamplin, Hon. Patricia J.

Adjournment, Motions thereon

Immigration-New Work Permit Policy, 1092–1096

Congratulatory and/or Obituary Speeches, 967, 1101, 1246–1247, 1360, 1667–1668

Estimates of Revenue and Expenditure 2015/16

Head 20, Youth, Sport and Recreation, 1520–1525, 1543–1545

Head 23, Child and Family Services, 1525–1528, 1543–1545

Head 52, Community and Cultural Affairs, 1528–1532, 1543–1545

Head 55, Financial Assistance, 1681–1690, 1710–1712

Head 56, Department of Human Affairs, 1690–1696, 1710–1712

Head 71, Ministry Headquarters, 1517–1520, 1543–1545

Financial Assistance Amendment Act 2015, 1818, 1820–1821

Immigration-New Work Permit Policy, 1092–1096

Payroll Tax Rates Amendment Act 2015, 1207–1210

Government Fees Amendment (No. 2) Regulations 2015. *See* Regulations

Government Omnibus (Fares) Amendment Regulations 2015. *See* Papers and other Communications to House; Regulations

H

Hotels Concession (Pink Beach Hotel) Order 2015. *See* Orders

I

ILS (Insurance-linked securities) Conference. *See* Question Period

Immigration Policy Reform-Establishment of Joint Select Committee. *See* Motions

Immigration Policy, need to consider continuing reform of

(Immigration Policy Reform-Establishment of Joint Select Committee Motion, as amended) (*See* Motions)

Immigration-New Work Permit Policy. *See* Adjournment, Motions thereon

J

Jackson, Mrs. Susan E.

Estimates of Revenue and Expenditure 2015/16

Head 95, Ministry Headquarters, 1511–1512

K

King Edward Memorial Hospital Quality Assurance programme. *See* Question Period

L

L. F. Wade International Airport, rejection of sole sourcing. *See* Motions

Canadian Commercial Corporation (CCC) memorandum of understanding with re:

advice received from Office of Project Management and Procurement. *See* Question Period

L.F. Wade International Airport, rejection of sole sourcing at. *See* Motions

waivers issued to bypass multiple quote requirement. *See* Question Period

Land Tax Amendment Act 2015. *See* Bills

Lister, Hon. Dennis P.

Congratulatory and/or Obituary Speeches, 970–971

Estimates of Revenue and Expenditure 2015/16

Head 36, Ministry Headquarters, 1746

Head 49, Land Valuation, 1746

Head 53, Bermuda Housing Corporation, 1746–1747

Head 68, Parks, 1747–1748

Head 81, Department of Public Lands and Buildings, 1748–1751

Government Fees Amendment (No. 2) Regulations 2015, 1558

Pre-certification programme, 1353

Question Period

Pre-certification programme, 1353

M

Maintenance Orders (Reciprocal Enforcement) (Designation) Amendment Order 2015. *See* Orders

Marine Board (Ferry Services Fares) Amendment Regulations 2015. *See* Papers and other Communications to House; Regulations

Matters of Privilege

Breach of Privilege

Burt, Mr. E. David, 1670, 1671, 1672, 1673, 1817

Moniz, Hon. Trevor G., 1671

The Speaker, 1670, 1671, 1672

Matters of Privilege (continued)

Speaker's position in House untenable

Bean, Hon. Marc A. R., 1673, 1674, 1675, 1676, 1677, 1678, 1679

Moniz, Hon. Trevor G., 1676

Scott, Hon. Michael J., 1675

The Speaker, 1673, 1674, 1675, 1676, 1677, 1678

Wilson, Ms. Kim N., 1676, 1677

Ministers and Members of Legislature (Salaries and Pensions) Act 1975. *See* Motions

Ministers/Members of Legislature Pension Fund Actuarial Valuation as of March 31, 2014. *See* Papers and other Communications to House

Miscellaneous Taxes (Rates) Amendment Act 2015. *See* Bills

Moniz, Hon. Trevor G.

Adjournment, Motions thereon

Immigration-New Work Permit Policy, 1082–1083

Bermuda Bar Amendment 2015, 1338–1339, 1340

Breach of Privilege, 1671

Estimates of Revenue and Expenditure 2015/16

Head 03, Judicial Department, 1611–1614

Head 04, Attorney General's Chambers, 1614–1617

Head 74, Department of Court Services, 1617–1620

Head 75, Department of Public Prosecutions, 1620–1623, 1630–1631

Head 87, Department Headquarters, 1606–1611

Immigration Policy Reform-Establishment of Joint Select Committee, 1648, 1651

Immigration Policy, need to consider continuing reform of

(Immigration Policy Reform-Establishment of Joint Select Committee Motion as amended), 1652–1653

Immigration-New Work Permit Policy, 1082–1083

Maintenance Orders (Reciprocal Enforcement) (Designation) Amendment Order 2015, 1070–1071

Speaker's position in House untenable, 1676

Motions

Censure Motion-Leader of Opposition

Pettingill, Mr. Mark J., 1680

Censure Motion-Speaker of the House

Scott, Hon. Michael J., 1680

Immigration Policy Reform-Establishment of Joint Select Committee

Amendment to Motion

Bean, Hon. Marc A. R., 1648, 1649, 1650, 1651, 1652

Brown, Mr. Walton, 1648

Burt, Mr. E. David, 1649, 1650, 1651, 1652

Moniz, Hon. Trevor G., 1648, 1651

Wilson, Ms. Kim N., 1649, 1650

Brown, Mr. Walton, 1248, 1643–1648

Immigration Policy, need to consider continuing reform of

(Immigration Policy Reform-Establishment of Joint Select Committee Motion as amended)

Moniz, Hon. Trevor G., 1652–1653

L. F. Wade International Airport, rejection of sole sourcing at

Burt, Mr. E. David, 1575

Ministers and Members of the Legislature (Salaries and Pensions) Act 1975 (*See Also* Resolutions)

Dunkley, Hon. Michael H., 1575

United Kingdom Government, not acting in best interests of Bermuda

Brown, Mr. Walton, 1473

N

Non-Bermudians, acreage owned. *See* Question Period

North Channel dredging, status. *See* Question Period

O

Orders

- Hotels Concession (Pink Beach Hotel) Order 2015
 - Bascome, Mr. Kenneth (Kenny), 1068–1069
 - Brown, Mr. Walton, 1067–1068
 - Crockwell, Hon. Shawn G., 1063–1064, 1069–1070
 - De Silva, Hon. Zane J. S., 1064–1065
 - Furbert, Hon. Wayne L., 1065–1066
 - Richards, Mr. Sylvan D., Jr., 1066–1067
- Maintenance Orders (Reciprocal Enforcement) (Designation) Amendment Order 2015
 - Moniz, Hon. Trevor G., 1070–1071
 - Scott, Hon. Michael J., 1071

Outerbridge, Ms. Nandi

- Congratulatory and/or Obituary Speeches, 968, 1358–1359, 1668

P

Palmetto Road Repairs. *See* Adjournment, Motions thereon

Papers and other Communications to House

- Electronic Communications (regulatory Authority Fees) Regulations 2015, 1097
 - Government Omnibus (Fares) Amendment Regulations 2015, 1455
 - Marine Board (Ferry Services Fares) Amendment Regulations 2015, 1455
 - Ministers/Members of the Legislature Pension Fund Actuarial Valuation as of March 31, 2014, 1348 (*See also* Statements by Ministers and Junior Ministers)
 - Public Service Superannuation Fund Actuarial Valuation as at March 31, 2014, 1348 (*See also* Statements by Ministers and Junior Ministers)
 - Supplementary Estimate (No. 1) for financial year 2014/15, 1097 (*See also* Bills)
- Parliamentary Questions. *See* Question Period
- Payroll Tax Rates Amendment Act 2015. *See* Bills
- Perimeter Lane

Palmetto Road Repairs (*See* Adjournment, Motions thereon)

Personal Explanations

- Club Med property and Starwood Group commitments, clarification of parliamentary question
 - Crockwell, Hon. Shawn G., 1679

Pettingill, Mr. Mark J.

- Censure Motion-Leader of Opposition, 1680
 - Estimates of Revenue and Expenditure 2015/16
 - Head 88, Department of National Drug Control, 1043–1046
- Pink Beach Hotel
- Hotels Concession (Pink Beach Hotel) Order 2015 (*See* Orders)
- PRC licences, number issued to purchase condominiums. *See* Question Period
- Pre-certification programme. *See* Question Period
- Procurement code of practice. *See* Question Period
- Protection of Birds Amendment Act 2015. *See* Bills
- Public Service
- Bursary Award Scheme (*See* Statements by Ministers and Junior Ministers)
 - Superannuation Fund Actuarial Valuation as at March 31, 2014 (*See* Papers and other Communications to House)
 - Superannuation Temporary Amendment Act 2015 (*See* Bills)
- Public Transportation Department
- consultants, amount paid to (*See* Question Period)
 - overtime (*See* Question Period)

Q

Question Period

- Alzheimer patients in Bermuda, Government's plan to deal with (written answer)
 - Burgess, Hon. Derrick V., Sr., 1574
- Bermuda Tourism Authority
 - bonuses
 - Burgess, Hon. Derrick V., Sr., 1239, 1240
 - De Silva, Hon. Zane J. S., 1240
 - Furbert, Hon. Wayne L., 1240

Question Period (continued)

Bermuda Tourism Authority (continued)

CEO bonus package

Burt, Mr. E. David, 1469

Furbert, Hon. Wayne L., 1469, 1470

loans

Burgess, Hon. Derrick V., Sr., 1238

Washington Mall Office

Bean, Hon. Marc A. R., 1457

Blakeney, Mr. Glenn A., 1457

Burgess, Hon. Derrick V., Sr., 1456

De Silva, Hon. Zane J. S., 1456, 1457, 1458

Whitfield group, loan terms

Bean, Hon. Marc A. R., 1462, 1463

Burt, Mr. E. David, 1461, 1462, 1463, 1464

De Silva, Hon. Zane J. S., 1461, 1463

Furbert, Hon. Wayne L., 1462, 1464

Scott, Mr. W. Lawrence, 1463

Simmons, Mr. Jamahl S., 1460, 1461, 1463, 1464

Weeks, Hon. Michael A., 1468, 1469

Bermuda's Exclusive Economic Zone

Blakeney, Mr. Glenn A., 1666

Roban, Mr. Walter H., 1665, 1666

Canadian Commercial Corporation (CCC) memorandum of understanding with re:

Advice received from Office of Project Management and Procurement

Blakeney, Mr. Glenn A., 1661, 1662

Brown, Mr. Walton, 1662–1663

Burgess, Hon. Derrick V., Sr., 1664

Burt, Mr. E. David, 1660, 1663

De Silva, Hon. Zane J. S., 1663

Foggo, Ms. Lovitta F., 1661, 1662

Furbert, Hon. Wayne L., 1661

Roban, Mr. Walter H., 1661, 1662

Waivers issued to bypass multiple quote requirement

Burt, Mr. E. David, 1660

Club Med property and Starwood Group commitments

Bean, Hon. Marc A. R., 1466, 1467

Blakeney, Mr. Glenn A., 1467

Burt, Mr. E. David, 1466

clarification to parliamentary question, 1679

De Silva, Hon. Zane J. S., 1467

Foggo, Ms. Lovitta F., 1466, 1467, 1468

Furbert, Hon. Wayne L., 1468

Family Responsibility

Brown, Mr. Walton, 1241, 1242

Burgess, Hon. Derrick V., Sr., 1243

Commissioning, Mr. Rolfe, 1245, 1246

De Silva, Hon. Zane J. S., 1240, 1242

Roban, Mr. Walter H., 1241

Wilson, Ms. Kim N., 1244, 1245

Gaming Commission members' remuneration

Commissioning, Mr. Rolfe, 1471

De Silva, Hon. Zane J. S., 1470

Furbert, Hon. Wayne L., 1470

ILS (Insurance-linked securities) Conference

Burgess, Hon. Derrick V., Sr., 1239

King Edward Memorial Hospital Quality Assurance programme

Wilson, Ms. Kim N., 1351

Ministers and Members of the Legislature Pension Fund Actuarial Valuation as of March 31, 2014

Burt, Mr. E. David, 1357, 1358

Question Period (continued)

- Non-Bermudians, acreage owned by
 - Burgess, Hon. Derrick V., Sr., 1471
- North Channel dredging, status of
 - Burgess, Hon. Derrick V., Sr., 1665
- PRC licences, number issued to purchase condominiums
 - Brown, Mr. Walton, 1471
 - Burgess, Hon. Derrick V., Sr., 1471
 - Burt, Mr. E. David, 1472
- Pre-certification programme
 - Bean, Hon. Marc A. R., 1352, 1354
 - Blakeney, Mr. Glenn A., 1353
 - De Silva, Hon. Zane J. S., 1352, 1354
 - Furbert, Hon. Wayne L., 1353
 - Lister, Hon. Dennis P., 1353
 - Wilson, Ms. Kim N., 1351, 1352
- Procurement code of practice
 - Bean, Hon. Marc A. R., 1099, 1100
 - Burt, Mr. E. David, 1098, 1099, 1100
 - Foggo, Ms. Lovitta F., 1100, 1101
 - Roban, Mr. Walter H., 1099, 1100, 1101
- Public Service
 - Bursary Award Scheme
 - Burgess, Hon. Derrick V., Sr., 1665
 - Superannuation Fund Actuarial Valuation as at March 31, 2014
 - Burt, Mr. E. David, 1354, 1355, 1356
- Public Transportation Department
 - consultants, amount paid to
 - Burgess, Hon. Derrick V., Sr., 1459
 - Burt, Mr. E. David, 1460
 - Scott, Mr. W. Lawrence, 1459, 1460
 - overtime
 - De Silva, Hon. Zane J. S., 1458, 1459
 - Scott, Mr. W. Lawrence, 1458, 1459
- Residential Care Homes and Nursing Homes Act 2001, amendment of (written answer)
 - Burgess, Hon. Derrick V., Sr., 1574
- Roadside Sobriety Testing, introduction of, update
 - Roban, Mr. Walter H., 1667

R

Regulations

- Electronic Communications (Regulatory Authority Fees) Regulations 2015
 - Furbert, Hon. Wayne L., 1632
 - Gibbons, Dr. the Hon. E. Grant, 1631–1632
 - Government Fees Amendment (No. 2) Regulations 2015
 - Burt, Mr. E. David, 1557
 - Cannonier, Hon. L. Craig, 1557–1558
 - Lister, Hon. Dennis P., 1558
 - Richards, Hon. E. T. (Bob), 1556–1557, 1558
 - Government Omnibus (Fares) Amendment Regulations 2015
 - Crockwell, Hon. Shawn G., 1824–1825
 - Scott, Mr. W. Lawrence, 1825
 - Marine Board (Ferry Services Fares) Amendment Regulations
 - Crockwell, Hon. Shawn G., 1825–1826
 - Scott, Mr. W. Lawrence, 1826
- Residential Care Homes and Nursing Homes Act 2001, amendment of. See Question Period

Resolutions

- Ministers and Members of the Legislature (Salaries and Pensions) Act 1975, 1826
 - Dunkley, Hon. Michael H., 1826

Richards, Hon. E. T. (Bob)

Appropriation Act 2015

Richards, Hon. E. T. (Bob), 1755

Corporate Services Tax Amendment Act 2015, 1058–1059, 1060

Customs Tariff Amendment Act 2015, 1558–1560, 1563

Government Fees Amendment (No. 2) Regulations 2015, 1556–1557, 1558

Land Tax Amendment Act 2015, 1170, 1175–1178

Ministers/ Members of Legislature Pension Fund Actuarial Valuation March 31, 2014, 1348, 1350–1351

Miscellaneous Taxes (Rates) Amendment Act 2015, 1217, 1232–1234

Payroll Tax Rates Amendment Act 2015, 1180–1181, 1210–1215

Public Service Superannuation Fund Actuarial Valuation as at March 31, 2014, 1348, 1349–1350

Public Service Superannuation Temporary Amendment Act 2015, 1441–1442, 1443–1444

Supplementary Estimate (No. 1) 2014/15, 1097, 1756

Temporary Loans (Repeal) Act 2015, 1061, 1062

Richards, Mr. Sylvan D., Jr.

Adjournment, Motions thereon

Immigration-New Work Permit Policy, 1076–1077

Congratulatory and/or Obituary Speeches, 973, 1668–1669

Estimates of Revenue and Expenditure 2015/16

Head 27, Department of Immigration, 1586–1596, 1605–1606

Head 29, Registry General, 1596–1602, 1605–1606

Head 60, Department of Workforce Development, 1361–1374, 1380

Head 93, Ministry Headquarters, 1575–1586

Hotels Concession (Pink Beach Hotel) Order 2015, 1066–1067

Immigration-New Work Permit Policy, 1076–1077

Roadside Sobriety Testing, introduction of, update. See Statements by Ministers and Junior Ministers

Roban, Mr. Walter H.

Adjournment, Motions thereon

Immigration-New Work Permit Policy, 1077–1079

Bermuda's Exclusive Economic Zone, 1665, 1666

Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from
Office of Project Management and Procurement, 1661, 1662

Congratulatory and/or Obituary Speeches, 968–969

Estimates of Revenue and Expenditure 2015/16

Head 06, Defence, 1035–1036

Head 07, Bermuda Police Service, 1036–1038

Head 12, Customs, 1038–1039

Head 25, Department of Corrections, 1039–1040

Head 33, Tourism, 1326–1327

Head 46, Department of Telecommunications, 1508–1510

Head 67, Department of E-Commerce, 1508

Head 83, Ministry Headquarters, 1032–1035

Head 88, Department of National Drug Control, 1040–1043

Head 95, Ministry Headquarters, 1510–1511

Family Responsibility, 1241

Immigration-New Work Permit Policy, 1077–1079

Procurement code of practice, 1099, 1100, 1101

Question Period

Bermuda's Exclusive Economic Zone, 1665, 1666

Canadian Commercial Corporation (CCC) memorandum of understanding with re: Advice received from
Office of Project Management and Procurement, 1661, 1662

Family Responsibility, 1241

Procurement code of practice, 1099, 1100, 1101

Roadside Sobriety Testing, introduction of, update, 1667

Roadside Sobriety Testing, introduction of, update, 1667

Roberts-Holshouser, Mrs. Suzann

Adjournment, Motions thereon
Immigration-New Work Permit Policy, 1086–1087
Congratulatory and/or Obituary Speeches, 1247
Customs Tariff Amendment Act 2015, 1562–1563
Immigration-New Work Permit Policy, 1086–1087
Protection of Birds Amendment Act 2015, 1334–1335

S

Scott, Hon. Michael J.

Adjournment, Motions thereon
Immigration-New Work Permit Policy, 1085–1086
Bermuda Bar Amendment 2015, 1339–1340
Censure Motion-Speaker of the House, 1680
Estimates of Revenue and Expenditure 2015/16
Head 22, Department of Health, 1424
Head 75, Department of Public Prosecutions, 1623–1630
Immigration-New Work Permit Policy, 1085–1086
Maintenance Orders (Reciprocal Enforcement) (Designation) Amendment Order 2015, 1071
Miscellaneous Taxes (Rates) Amendment Act 2015, 1227–1228
Speaker's position in House untenable, 1675

Scott, Hon. R. Wayne

Congratulatory and/or Obituary Speeches, 969
Education Amendment Act, 1546–1548, 1552–1553
Estimates of Revenue and Expenditure 2015/16
Head 16, Ministry Headquarters, 1103–1104, 1131–1133
Head 17, Department of Education, 1104–1120, 1131–1133
Head 20, Youth, Sport and Recreation, 1541–1542
Head 23, Child and Family Services, 1541
Head 41, Bermuda College, 1120–1123, 1131–1133
Head 71, Ministry Headquarters, 1540–1541

Scott, Mr. W. Lawrence

Bermuda Tourism Authority, Whitfield group, loan terms, 1463
Congratulatory and/or Obituary Speeches, 1472
Estimates of Revenue and Expenditure 2015/16
Head 31, Department of Airport Operations, 1161–1163
Head 34, Transport Control Department, 1159–1161
Head 35, Department of Public Transportation, 1154–1159
Head 36, Ministry Headquarters, 1753
Government Omnibus (Fares) Amendment Regulations 2015, 1825
Marine Board (Ferry Services Fares) Amendment Regulations, 1826
Miscellaneous Taxes (Rates) Amendment Act 2015, 1225–1226
Public Transportation Department
consultants, amount paid to, 1459, 1460
overtime, 1458, 1459
Question Period
Bermuda Tourism Authority, Whitfield group, loan terms, 1463
Public Transportation Department
consultants, amount paid to, 1459, 1460
overtime, 1458, 1459

Scott, Ms. Leah K.

Bermuda Bar Amendment 2015, 1340

Senate, Messages to/from

Appropriation Act 2015, 1756

Simmons, Mr. Jamahl S.

Adjournment, Motions thereon
Immigration-New Work Permit Policy, 1083–1085
Bermuda Tourism Authority
Whitfield group, loan terms, 1460, 1461, 1463, 1464
Congratulatory and/or Obituary Speeches, 972, 1473
Financial Assistance Amendment Act 2015, 1819–1820

Simmons, Mr. Jamahl S. (continued)

Immigration-New Work Permit Policy, 1083–1085
Payroll Tax Rates Amendment Act 2015, 1196–1197
Question Period
Bermuda Tourism Authority
Whitfield group, loan terms, 1460, 1461, 1463, 1464

Simons, Mr. N. H. Cole

Congratulatory and/or Obituary Speeches, 1360
Estimates of Revenue and Expenditure 2015/16
Head 33, Tourism, 1327–1328
Head 72, Department of Environmental Protection, 1440–1441

Sousa, Mr. Jeff

Congratulatory and/or Obituary Speeches, 968, 1359–1360, 1669
Estimates of Revenue and Expenditure 2015/16
Head 69, Conservation Services, 1439
Head 72, Department of Environmental Protection, 1439
Protection of Birds Amendment Act 2015, 1333–1334

Speaker's position in House untenable. *See* Matters of Privilege

Speaker's Rulings. *See* Announcements by Speaker or Member presiding

St. George's hotel project delayed. *See* Adjournment, Motions thereon

Club Med property and Starwood Group commitments, clarification of parliamentary question (*See* Personal Explanations)

Starwood Group

Club Med property and Starwood Group commitments (*See* Question Period)
Clarification to parliamentary question (*See* Personal Explanations)
St. George's hotel project delayed (*See* Adjournment, Motions thereon)

Statements by Ministers and Junior Ministers

Bermuda's Exclusive Economic Zone, 1657–1658 (*See also* Question Period)
Family Responsibility, 1237–1238 (*See also* Question Period)
Ministers/Members of Legislature Pension Fund Actuarial Valuation as of March 31, 2014, 1350–1351 (*See also* Resolutions)
Public Service
Bursary Award Scheme, 1657 (*See also* Question Period)
Superannuation Fund Actuarial Valuation as at March 31, 2014, 1349–1350 (*See also* Question Period)
Roadside Sobriety Testing, introduction of, update, 1659 (*See also* Question Period)

Supplementary Estimate (No. 1) 2014/15. *See* Bills; Papers and other Communications to House

T

Temporary Loans (Repeal) Act 2015. *See* Bills

U

United Kingdom Government, not acting in best interests of Bermuda. *See* Motions

Unparliamentary words

don't know what he has been smoking, 1044
Pilfering, 1004

W

Wade, L. F. International Airport

Canadian Commercial Corporation (CCC) memorandum of understanding with re:
Advice received from Office of Project Management (*See* Question Period)
Procurement and Waivers issued to bypass multiple quote requirement (*See* Question Period)
L. F. Wade International Airport, rejection of sole sourcing (*See* Motions)

Weeks, Mr. Michael A.

Adjournment, Motions thereon
Palmetto Road Repairs, 1447–1449
Bermuda Tourism Authority
Whitfield group, loan terms, 1468, 1469
Congratulatory and/or Obituary Speeches, 969–970, 1360
Estimates of Revenue and Expenditure 2015/16
Head 07, Bermuda Police Service, 1052–1053
Head 20, Youth, Sport and Recreation, 1533–1535
Head 23, Child and Family Services, 1535–1537

Weeks, Mr. Michael A. (continued)

Estimates of Revenue and Expenditure 2015/16 (continued)
Head 36, Ministry Headquarters, 1753
Head 52, Community and Cultural Affairs, 1537–1538
Head 55, Financial Assistance, 1708–1709
Head 71, Ministry Headquarters, 1532–1533
Head 88, Department of National Drug Control, 1053–1054
Financial Assistance Amendment Act 2015, 1819
Palmetto Road Repairs, 1447–1449
Question Period
Bermuda Tourism Authority
Whitfield group, loan terms, 1468, 1469

Wilson, Ms. Kim N.

Estimates of Revenue and Expenditure 2015/16
Head 21, Ministry Headquarters, 1416–1421
Head 91, Health Insurance, 1422
Family Responsibility, 1244, 1245
Immigration Policy Reform-Establishment of Joint Select Committee
Amendment to Motion, 1649, 1650
King Edward Memorial Hospital Quality Assurance programme, 1351
Pre-certification programme, 1351, 1352
Question Period
Family Responsibility, 1244, 1245
King Edward Memorial Hospital Quality Assurance programme, 1351
Pre-certification programme, 1351, 1352
Speaker's position in House untenable, 1676, 1677
Work Permit Policy
Immigration-New Work Permit Policy (See Adjournment, Motions thereon)

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**Dates of Sittings: 2, 4, 6, 9, 11, 13, 16 March 2015**  
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ESTIMATES OF REVENUE AND EXPENDITURE 2015/16

Heads listed alphabetically by Ministry

Cabinet Office	Heads 09, 26, 80
Community, Cultural Development and Sports	Heads 20, 23, 52, 55, 56, 71
Economic Development	Heads 39, 46, 67, 89, 95
Education	Heads 16, 17, 41
Finance	Heads 10, 11, 12, 28, 38, 58
Health Seniors and Environment	Heads 21, 22, 24, 72, 91
Home Affairs	Heads 27, 29, 60, 93
Legal Affairs	Heads 03, 04, 74, 75, 87
National Security	Heads 06, 07, 12, 25, 83, 88
Public Works	Heads 36, 49, 53, 68, 82, 97
Tourism	Head 33
Tourism Development and Transport	Heads 30, 31, 34, 35, 48, 57, 73

Heads listed numerically

Head 03—Judicial Department	Head 16—Education Ministry Headquarters
Head 04—Attorney General's Chambers	Head 17—Department of Education
Head 06—Defence	Head 20—Youth, Sport and Recreation
Head 07—Bermuda Police Service	Head 21—Health, Seniors and Environment Ministry
Head 09—Cabinet Office	Headquarters
Head 10—Finance Headquarters	Head 22—Department of Health
Head 11—Accountant General	Head 23—Child and Family Services
Head 12—Customs	Head 24—Hospitals
Head 12—Customs Revenue	Head 25—Department of Corrections

Head 26—Department of Human Resources
Head 27—Department of Immigration
Head 28—Department of Social Insurance
Head 29—Registry General
Head 30—Department of Marine & Ports Services
Head 31—Department of Airport Operations
Head 33—Tourism
Head 34—Transport Control Department
Head 35—Department of Public Transportation
Head 36—Public Works Ministry Headquarters
Head 38—Office of Tax Commissioner
Head 39—Registrar of Companies
Head 41—Bermuda College
Head 46—Department of Telecommunications
Head 46—Department of Telecommunications
Head 48—Tourism Development and Transport
Ministry Headquarters
Head 49—Land Valuation
Head 52—Community and Cultural Affairs
Head 53—Bermuda Housing Corporation
Head 55—Financial Assistance
Head 56—Department of Human Affairs
Head 57—Department of Civil Aviation
Head 58—Interest on Debt

Head 60—Department of Workforce Development
Head 67—Department of E-Commerce
Head 68—Parks
Head 69—Conservation Services
Head 71—Community, Cultural Development and
Sports Ministry Headquarters
Head 72—Department of Environmental Protection
Head 73—Department of Maritime Administration
Head 74—Department of Court Services
Head 75—Department of Public Prosecutions
Head 80—Office of Project Management and
Procurement
Head 81—Department of Public Lands and Buildings
Head 82—Department of Works and Engineering
Head 83—National Security Ministry Headquarters
Head 87—Legal Affairs Department Headquarters
Head 88—Department of National Drug Control
Head 89—Department of Energy
Head 91—Health Insurance
Head 93—Home Affairs Ministry Headquarters
Head 95—Economic Development Ministry
Headquarters
Head 97—Department of Land Surveys and
Registration



Government of Bermuda
Ministry of Health, Seniors and Environment

Written Responses
by the Hon. Jeanne Atherden, JP, MP
Minister of Health, Seniors and Environment
To Questions raised by
Hon. Derrick Burgess, JP, MP
Shadow Minister of Labour and Seniors
on 13 March 2015

PARLIAMENTARY QUESTIONS

1. Will the Honourable Minister please advise this Honourable House what are the Government's plans to deal with the increased number of dementia and Alzheimer patients in Bermuda?
- A1. I, as Minister of Health, Seniors and Environment announced the formation of a Seniors Advisory Council. As I stated in a press conference held on 2nd March, 2015, one of the Council's tasks will be "to review the need for and development of what I am calling an Alzheimer's and dementia care strategy."**
2. Will the Honourable Minister please confirm for this Honourable House when will the Government amend the Residential Care Homes and Nursing Homes Act 2001 so that it differentiates between nursing homes and rest homes?
- A2. The Residential Care Homes and Nursing Homes Act 1999 already differentiates between a "residential care home" and a "nursing home" in section 2 of the Act.**