



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement

To the House of Assembly

By

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Minister of Finance

Public Treasury (Administration and Payments) Amendment and Validation Act 2021

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Mr. Speaker, I rise today to advise Honourable Members of the tabling today of the Public Treasury (Administration and Payments) Amendment and Validation Act 2021 (the Act). The amendments provide the Government with the legislative mechanism to set-off funds owed arising from benefit payments against future payments to be made to individuals. The Act will also validate certain matters related to unemployment benefit payments effected during the COVID-19 global pandemic.

Mr. Speaker, the COVID-19 pandemic has highlighted just how vulnerable and fragile our world is. The infection has challenged the way we socialize, put the lives of the citizens of every country in great peril, while also creating significant financial and economic challenges. In approximately 18 months, the World Health Organization (WHO) estimated that the COVID-

19 pandemic has infected somewhere around 182 million individuals and killed almost 4 million people. The total costs to countries and their people has reached unprecedented levels. It is arguably the worst pandemic in history, especially from a health, financial and socioeconomic standpoint.

Mr. Speaker, it is quite clear that we all have been affected by the current COVID-19 pandemic. However, the impact of the pandemic and its consequences have been felt differently, depending on each person's personal circumstances. For some people, in addition to dealing with actual or potential health challenges, they have had to struggle to even take care of their basic needs, due to no or significantly reduced income.

Mr. Speaker, in most developed nations they typically have some form of an unemployment insurance that helps to support workers who become unemployed and meet certain criteria. Normally, these unemployment insurance programs are funded by either employee/employer contributions or some form of a tax. However, Mr. Speaker, Bermuda has never had such a program.

Mr. Speaker, when the need arose to protect the health and lives of Bermuda residents by shutting our borders and limiting people's movement throughout the country, this resulted in a large number of vulnerable people who desperately needed financial help. These persons suddenly found themselves out of work and unable to determine how they would be able to pay their rent and feed themselves and their families.

Mr. Speaker, this was an unprecedented and very serious situation, which

understandably generated high levels of anxiety within our community. The Government immediately realized that we must ensure that the most vulnerable were assisted and that time was of the essence. Therefore, in short order, we designed a temporary program that became known as the Unemployment Benefit or UEB scheme. The Unemployment Benefit scheme provided financial assistance to persons that were laid off, terminated or had their income significantly reduced, as a result of restrictions imposed to address the COVID-19 pandemic. Such persons were paid up to a maximum of \$500 per week.

Mr. Speaker, the demand for the UEB was overwhelming and substantial. Over 10,000 persons applied to receive support for their financial predicament on an expedited and emergency basis. Because of the critical nature of ensuring that funding was provided to these vulnerable persons on a timely basis, there were instances in which there was insufficient time for UEB applications to be completed within the full review and approval process, prior to making payments (in accordance with the UEB Regulations). Thus, there were occasions where payments were expeditiously made without prior approval by the Director of the Department of Workforce Development and by the Permanent Secretary of Labour. There is therefore a need to validate any such payment made, under any of the UEB Regulations, to an eligible person without prior approval, as required by the relevant UEB Regulations.

Mr. Speaker, there were also limited instances, due to extenuating circumstances, where a regulation was not appropriately extended or replaced on a timely basis. Thus a few payments were made before the

new or amended regulation was brought into force..

Mr. Speaker, I must however make it clear that while there were some processes that were not properly followed due to the unprecedented and life altering challenges we were facing, there were other processes that were developed and implemented to ensure that there still “checks and balances” and an effective audit trail. Thus there was adequate information on the payees and the appropriate linkages to the accounts where payments were made to allow for appropriate review. It is important to also note that once the vast number of applications was processed to a manageable level, further checks and adjustments were carried out.

Mr. Speaker, to limit the financial impact to those in need during this trying period, during the initial phase of UEB persons continued to be paid until they advised that they had returned to work. Unfortunately, this led to some overpayments, as persons did not always provide the required notification accurately or on a timely basis. Some of these funds have subsequently been recovered. It is the Government’s intention to pursue, in a methodical and fair manner, the recovery of all outstanding overpaid amounts directly from respective recipients.

Mr. Speaker, under the current provisions, the government’s only legal recourse is through the Courts. The amendments to the Public Treasury (Administration and Payments) Act will allow provisions relating to “set-off” (the netting of funds payable to a recipient by the government against what the recipient owes to government) to be extended to benefit payments.

Mr. Speaker, this set-off mechanism in place will allow for more efficient recovery of funds. Once the provision is in place, the Government will be reaching out to individuals to recover funds that have not yet been returned.

Mr. Speaker, the over-payments and the need to validate certain actions may on the face of the matter seem somewhat alarming. However, this crisis required the well-being of Bermuda residents to be given the highest priority. We made the necessary decisions to ensure that the most vulnerable in our society had funding for the basic necessities of life and to keep them and their families out of extreme poverty during a time of unprecedented hardship. It was a time when saving lives had to take precedence over rigid adherence to rules for the greater good. Notwithstanding the fact that we now need to take these steps, it is our strong belief that this was the right and humane thing to do for our people, given the devastating circumstances.

Thank you, Mr. Speaker