GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement
To the House of Assembly

By

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2026/27 Mid-Year Review: Stronger Finances, Meaningful Relief, Greater Investment

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Mr Speaker, last month in this Honourable House, I provided an update on the Government's financial performance for fiscal year 2025/26. At that time, I outlined the progress made in strengthening Bermuda's public finances since this Government took office in 2017, moving from persistent annual deficits to consecutive budget surpluses, while we reduced taxes for workers and invested in essential services and our infrastructure.

Mr Speaker, I also indicated that when we returned to this Honourable House in November, I would provide an update on the current fiscal year. Today, I rise to set out the Government's latest financial projections for FY 2026/27 and the progress we continue to make in responsibly managing Bermuda's public finances.

Mr Speaker, the Government's latest assessment projects total revenue for fiscal year 2026/27 of $2.09 billion, approximately $61.9 million above the original budget estimate of $2.02 billion. The increase is principally driven by Corporate Income Tax receipts, projected at $800 million, $46.8 million above the original estimate, and Payroll Tax receipts of $650 million, $15 million above budget.

Mr Speaker, current account expenditure is projected at $1.26 billion, approximately $14.5 million above the original estimate due to supplementary funding approved earlier this year, while capital expenditure remains on track at $182 million. Interest and Guarantee Management costs are projected at $124.8 million, in line with the original budget. The Government is therefore projecting a budget surplus of $520 million for 2026/27, $47.3 million above the original estimate of $472.7 million.

Mr Speaker, this projection includes the supplementary estimate approved by this Honourable House in July, supporting Bermuda College, the Department of Corrections and the purchase and initial renovations of Compass Point. Our capital programme also includes $16.4 million for affordable housing through the Bermuda Housing Corporation, $12 million for the Bermuda Hospitals Board, $9.4 million for Swing Bridge and $8.8 million for the Tynes Bay expansion.

These figures demonstrate that we are continuing to manage expenditure responsibly while investing in Bermuda's infrastructure and public services. At the same time, we will repay $605 million Bermuda's debt in January.

Since this Government returned to office, it has been our commitment that stronger public finances will not simply stop at celebrating larger surpluses on Government balance sheets. We have continually said that improved fiscal performance must translate into tangible benefits for Bermudians. And most importantly, we have backed what we said with action.

Mr Speaker, throughout the last nine years, this Government has taken action to provide relief to families with reductions in payroll taxes which have brought taxes on workers to the lowest levels in history. We have also implemented reduced or eliminated customs duty on essential goods and fuel, alongside additional investment in critical social needs.

As our financial position has strengthened, we have continued to provide further relief, most recently through the decision to again freeze fuel prices to protect households and businesses from record high global gas prices.

However, Mr Speaker, this Government recognises that the cost of living remains a significant challenge for many households. That is why when this Honourable House last met in October, I also promised that upon our return, I would announce further measures of relief in keeping with this Government's commitment to share the benefits of stronger financial performance and provide more relief to the people of Bermuda. Some of these changes were intended to come into effect earlier this year, however the Government wanted to ensure it had the funds to repay the $605 million in debt that this Government will retire next month.

Therefore Mr Speaker, today as part of the Government's Mid-Year Review, I am pleased to announce more relief through further tax reductions, alongside additional investment in the services and programmes that directly improve the lives of Bermudians.

Mr Speaker, effective 1 January 2027, the Government will reduce payroll taxes for every worker in Bermuda. These changes will reduce tax bills up to $1,560 a year, putting more money back into the pockets of hardworking Bermudians at a time when household budgets remain under pressure. No one working in Bermuda will pay more in taxes and will mean the average worker in Bermuda will be paying about $2,500 less a year in payroll taxes, compared to their tax bill under the former OBA Government.

Mr Speaker, the Government will also reduce the employer payroll tax rate by half a percentage point for all categories, providing relief to businesses of all sizes. Additional concessions will extend the reduced rate for restaurants to takeaway food establishments, while registered trade unions and licensed credit unions will benefit from a reduced rate equivalent to the BHB & Municipal Corporations. Additionally, we will also provide land tax exemptions for sporting and social clubs.

Mr Speaker, many families rely on their cars to transport their loved ones around the island, but we all know the high prices for vehicles is largely due to a tax put in place over 30 years ago that hasn't changed. From Jan 1, in line with recommendations from the bi-partisan Tax Reform Commission, customs duty will be reduced to 50 per cent on the first $20,000 of value, reducing the import duties on private cars by up to $12,500.

Mr Speaker, the Government is confident these measures will provide meaningful relief for workers, businesses and community organisations, as we build on the tax reductions this Government has delivered over successive budgets.

However, Mr Speaker, while reducing taxes is helpful, we must also continue to invest. Today, the Government is pleased to announce an additional $19.5 million in expenditure for Fiscal Year 2026/27, directed towards platform commitments and urgent needs identified across our community. These investments will support healthcare, housing, education, public safety, social development, and community organisations.

Mr Speaker, an additional $2.8 million, will be allocated to the Ministry of Health to support the introduction of a mobile health clinic, expansion of harm prevention programmes, additional support for those requiring overseas medical treatment, and essential upgrades medical equipment and technology at our government facilities.

The Ministry of Housing and Municipalities will receive an additional $2.5 million for solar installations in Bermuda Housing Corporation homes; and a further $1.95 million will be allocated to the Ministry of Home Affairs to expand the balcony solar programme. These investments will provide more access to Bermudian families & seniors to renewable energy, leading to a reduction in their electricity costs.

Mr Speaker, an additional $2.2 million, will be allocated to the Ministry of Youth, Social Development and Seniors to address critical social needs. This includes funding for a children's group home, additional support for youth programmes, expansion in services for our seniors and financial backing for the Government's Plan to End Homelessness.

The Ministry of Education will receive an additional $2 million for increased funding to the Berkely Institute, upgrades to Cedarbridge Academy, the purchase of Sandy's 360 to support the Signature School at Sandys Secondary, additional funding for scholarships and funding to deliver on our platform promise to provide *Baby Boxes* to the parents of newborn children.

Mr Speaker, an additional $2.6 million, will be allocated to the Ministry of National Security to strengthen public safety and law enforcement capabilities. This will mean more tools for our police to tackle crime, improved detection equipment at our border for Customs, upgraded protective equipment for our firefighters, and modernised facilities at the Royal Bermuda Regiment.

The Ministry of Justice will be allocated an additional $1.7 million to commence the implementation of recommendations arising from the Commission of Inquiry into Historic Land Losses, progress work on Bermuda’s wrongful convictions' framework, and boost funding to the Criminal Injuries Compensation Board.

Mr Speaker, an additional $1.2 million, will be allocated through the Cabinet Office, including $500,000 to provide more capital development grants for community & sporting organisations, a boost to funding for Public Service Bursaries, and support for faster recruitment in the public service

A further $1 million will be allocated to the Ministry of Tourism & Transport, Culture & Sport, to provide additional funding to sporting bodies, support the purchase of equipment for community fields, while an additional $850,000 will be allocated to the Ministry of Public Works and Environment to give my Honourable Colleague the Minister of Public works more capacity to support requests for neighbourhood beautification projects from honourable members, while providing more funding for environmental protection.

Mr Speaker, an additional $680,000 will be allocated to the Ministry of Economy and Labour to expand graduate trainee programmes, bursaries & scholarships, and hospitality training while proving even more support to entrepreneurs. The BEDC will receive an additional grant to deliver more community commercial kitchens.

And Mr Speaker, $100,000 will be allocated to the Ministry of Finance to support financial literacy initiatives which this Government promised in our Election Manifesto.

Mr Speaker, the investments I have outlined today reflect the commitments this Government made to the people of Bermuda during the last election. From healthcare and housing to education, public safety and support for our young people, these are priorities that Bermudians have told us matter to them. This government is now demonstrating our capacity to deliver on those commitments.

Mr Speaker, some may ask why we are introducing further tax relief and additional investment at this point in the fiscal year. The answer is straightforward. The stronger financial position we have built over the last nine years has given us the capacity to do more, and the people of Bermuda should not have to wait to benefit from that progress.

The people of this country expect their government to listen to them, understand the challenges they face and take meaningful action to address them. That is what they voted for in February 2025, and that is what we are delivering through this Mid-Year Review as we fulfil the commitments we made to the people of Bermuda.

Mr Speaker, as I prepare to conclude my tenure as Premier and Minister of Finance, I am proud that Bermuda is in a stronger financial position than when I assumed office. But the true measure of that progress is the difference it makes in the lives of Bermudians, both today and in the years ahead.

From 1 January, workers will keep more of what they earn. Whether they use that money to meet household expenses, spend in our local shops or save for the future, the choice will be theirs. Local businesses will also pay less in tax, giving them more room to invest and grow.

Mr Speaker, we promised that stronger public finances would bring tangible benefits to the people of Bermuda. Today, we are keeping that promise: lowering taxes, investing in the services our people rely on and ensuring that the progress we have made is felt in every home across our island.

Thank you, Mr Speaker.