



MINISTRY OF TRANSPORT & REGULATORY AFFAIRS

MINISTERIAL STATEMENT

**SUBJECT: A Fleet Status Report -
 Department of Marine & Ports
 Services**

29 September 2017

Mr Speaker, I rise today in this House to report on the Department of Marine & Ports Services. Unfortunately, right now the Department requires additional funding for the year, which, if it is not addressed, would leave Bermuda's marine fleet service unable to properly serve the island's residents and visitors alike. This is as a result of a number of inter-related factors.

Marine & Ports Services is a key department within Bermuda's transport structure. The Department is essential to all our shipping; transports commuters and visitors on the water from St George's, to Sandys and all throughout the island; and, manages aids to navigation and all matters related to activity on Bermuda waters.

In respect of the funding shortfall, first, there is the factor of the America's Cup event this year, which required additional passenger lift between Dockyard, Hamilton and St Georges. This resulted in an additional ferry boat schedule in May and June of this year, which operated in conjunction with the normal full service ferry schedule. The two schedules combined to all but exhaust the Department's budget allocation in the areas of Fuel, Inventory, and Overtime.

During the America's Cup event, the Department of Marine & Ports Services operated a total of nine (9) ferries at the weekend compared with the normal summer schedule of four (4) week day ferries and (2) weekend ferries. The additional lift caused an excessive burden on these budget items. Exacerbating the situation is the fact that, unfortunately, the Department did not have additional funding in its budget to cover the expense of the America's Cup.

I pause here, **Mr Speaker**, to commend the Marine & Ports staff, who performed to a very high standard throughout the America's Cup, and received many well deserved kudos for their hard work and professionalism.

However, the America's Cup was only one factor to take into consideration with respect to the Department's shortfall.

A second factor was the leasing of the Rhode Island Millennium Ferry for a fifth year in a row, which caused a further drain on the funding resources of Marine & Ports.

Mr Speaker, you will recall the Millennium Ferry was originally leased to assist with passenger lift from Dockyard to St George's during a period when the Marine & Ports ferry fleet was to undergo major maintenance by way of a required mid-life refit. Except it appears the maintenance did not take place until this past winter when a portion of the required work was carried out, some five years after the Millennium was first brought to Bermuda. (So far, these 'catch up' repairs have cost the Bermuda Government two million, four hundred and eighteen thousand, four hundred and thirty-five dollars (\$2,418,435) in materials, parts and labour.)

To meet the expenses of the Millennium Ferry, the Department was allocated eight hundred and sixty-two thousand dollars (\$862,000) in the current fiscal year. However, actual costs will be approximately one million five hundred thousand dollars (\$1,500,000) for the six month period. This amount consists of the ferry's base contract price of one million two hundred and fifty thousand dollars (\$1,250,000) together with crew travel costs, housing, fuel, international crew wages and vessel delivery fees.

To meet a contractual obligation with respect an installment payment in June of this year, the Department completed a budget virement that

transferred funds from the very areas - Fuel, Inventory, and Overtime – now impacted by the budget shortfall.

Mr Speaker, given the total cost of the Millennium Ferry to Bermuda by the end of this year will be approximately seven million nine hundred and thirty-three thousand seven hundred and twenty-eight dollars (\$7,933,728), one can argue we should have simply purchased a new ferry ourselves.

Third, and this gets to the crux of the matter, for the fiscal year 2017/18, the Department of Marine & Ports Services received an operational budget allocation of twenty million ninety-seven thousand one hundred and thirty-eight dollars (\$20,097,138), this represents an increase of just one percent (1%) over the prior year's budget allocation of nineteen million nine hundred thousand dollars (\$19,900,000), which itself proved inadequate to meet the demands of the marine fleet during the 2016/17 fiscal year.

A combination of the above factors means the current year's budget allocations for Fuel, Inventory and Overtime are now largely depleted, and we have more than half of the budget year left. The funds have been spent on the America's Cup and the Millennium Ferry.

Therefore, **Mr Speaker**, Honourable Members are being informed the Department will require additional funding in the amount of one million six hundred and seventy-four thousand four hundred and forty dollars (\$1,674,440). This is absolutely necessary to enable the Ferry and Tug Boat Services to meet service level schedules for the remainder of the 2007/18 fiscal year. The funds cannot be obtained elsewhere in the Department's or Ministry's budget allocation and, as such, a Supplementary Estimate has already been placed before the House.

Although, like other government departments, Marine & Ports has experienced extensive vacancies as a result of retirement, resignation and the hiring freeze, in addition to having newly established posts linked to the approved re-organisation of the Department, it is critical for the Department to maintain its marine fleet in an optimal condition. A programme of maintenance and repair is required for the fleet to keep its Lloyds of London class certification. Falling out of class is not an option. Additionally, with the Millennium Ferry contract coming to an end this year, it is imperative the existing fleet be properly maintained, with repairs taking place in a timely manner.

Mr Speaker, going forward, I am pleased to report Marine & Ports can satisfy its service obligations to the Bermuda community with its existing fleet, which is fully operational now. The Department is recruiting the staff needed to ensure it retains the necessary class certification with a regular maintenance and repair programme. The future looks good for the Department of Marine & Ports Services.

Thank you, **Mr Speaker**.