



**2020/2021 SESSION
of the
BERMUDA SENATE
OFFICIAL HANSARD REPORT**

24 MARCH 2021

Virtual Sitting

*Sitting 10 of the 2020/2021 Session
(pages 205–274)*

**Sen. The Hon. Joan E. Dillas-Wright, MBE, JP
President**

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BERMUDA SENATE**OFFICIAL HANSARD REPORT
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24 MARCH 2021
10:08 AM***Sitting Number 10 of the 2020/21 Session*

[Sen. the Hon. Joan E. Dillas-Wright, President, presiding]

The President: Good morning, Senators, and the listening audience. The Senate is in session.
Shall we pray?

PRAYERS

[Prayers read by Sen. the Hon. Joan E. Dillas-Wright, President]

CONFIRMATION OF MINUTES*[Minutes of 3 March 2021]*

The President: The second item on our agenda is the confirmation of minutes, Senator Michelle Simmons.

Sen. Michelle Simmons: Good morning, Madam President.

The President: Good morning.

Sen. Michelle Simmons: I move that the Minutes of the meeting of Wednesday, the 3rd of March 2021, be taken as read.

The President: Is there any objection to that motion?
No objection.

Sen. Michelle Simmons: Madam President, I move that the Minutes of Wednesday, the 3rd of March 2021, be confirmed.

The President: Is there any objection to that motion?
No objection. The Minutes of Wednesday, the 3rd of March are confirmed.
Thank you, Senator Simmons.

[Minutes of Wednesday, 3 March 2021, confirmed.]

MESSAGES

The President: We have a message of the Honourable House of Assembly.

MESSAGE FROM HOUSE OF ASSEMBLY**APPROPRIATION ACT 2021**

The Clerk: Yes, we do, Madam President.

The message is number 9, and the message reads:

“To the Honourable the President and Members of the Senate: The House of Assembly has the honour to forward herewith the undernoted Bill for the concurrence of your House, the Appropriation Act 2021. Copies of the Estimates of Revenue and Expenditure for 2021/22 are also forwarded for the information of your House.”

And that is signed by the Speaker, the Honourable Dennis P. Lister, [Jr.] JP, MP, and dated March 22, 2021.

The President: Thank you, Mr. Somner.

REPORTS OF COMMITTEES

The President: There are none.

ANNOUNCEMENTS**GOVERNMENT OF BERMUDA'S RESPONSE
TO COVID-19, AUDITOR GENERAL'S
PUBLIC INTEREST REPORT**

The President: We have a few announcements. The first one is [from] the Auditor General.

Senators, I wish to announce that in accordance with the provision of section 13 of the Audit Act 1990, a [Public Interest Report](#) by the Auditor General on the Government of Bermuda's Response to COVID-19 dated February 2021 has been produced by the Auditor General and submitted to the Honourable House of Assembly and that the said report is hereby tabled in the Senate for the information of Senators.

Senators, you may access a copy of the report on the Parliament website.

The next announcement is in the name of the Junior Minister of Social Development and Seniors, Senator Simmons.

You have the floor.

**HUMAN RIGHTS COMMISSION ANNUAL REPORT
FOR YEAR ENDING 31ST DECEMBER 2019**

Sen. Lindsay Simmons: Madam President, I hereby present for the information of Senate the Annual Report of the [Human Rights Commission](#) for the Year Ending 31st December 2019.

The President: Thank you, Lindsay Simmons, Junior Minister of Social Development.

The third announcement is the Annual Report of the Information Commissioner. That is in the name of Senator Darrell, Junior Minister for the Cabinet Office. You have the floor.

**INFORMATION COMMISSIONER'S OFFICE
2020 ANNUAL REPORT:
CHAMPIONING TRANSPARENCY**

Sen. Owen Darrell: Madam President, I hereby present for the information of the Senate the following report: The Information Commissioner's Office 2020 Annual Report entitled: [Championing Transparency](#), submitted in accordance with the provisions of sections 58(1) of the Public Access to Information Act 2010.

NOTICES OF MOTIONS

The President: We have a few here that are in the name of Senator Darrell [*sic*].

You have the floor, you can continue.

Sen. Curtis Richardson: Madam President, it is actually in my name. Senator Richardson.

The President: Oh, I am sorry, Senator Richardson. You have the floor.

**MARINE AND PORTS AUTHORITY (PORT DUES)
AMENDMENT REGULATIONS 2021**

Sen. Curtis Richardson: Thank you.

Madam President, I do hereby present for the consideration of Senate the following draft Regulations: The Marine and Ports Authority (Port Dues) Amendment Regulations 2021 proposed to be made by the Minister responsible for Marine and Ports Services under the provision of section 76 of the Marine Board Act 1962.

**MARINE BOARD (SEABORNE SERVICES)
REGULATIONS 2021**

Sen. Curtis Richardson: In addition, the Marine Board (Seaborne Services) Regulations 2021 proposed to be made by the Minister responsible for Marine and Ports Services under the provision of section 97 of the Marine Board Act 1962.

**MARINE BOARD (PILOTAGE DUES)
AMENDMENT REGULATIONS 2021**

Sen. Curtis Richardson: And, the Marine Board (Pilotage Dues) Amendment Regulations 2021 proposed to be made by the Minister responsible for Marine and Ports Services under the provision of section 103 of the Marine Board Act 1962.

And I give notice at the next day of meeting I will move that the said Draft Regulations be approved.

Thank you, Madam President.

The President: Thank you, Senator Richardson, Junior Minister of Transport.

The next motion is in the name of Senator Darrell, Junior Minister for the Cabinet Office.

You have the floor.

**BERMUDA IMMIGRATION AND PROTECTION
(RENTAL AND USE) AMENDMENT
REGULATIONS 2021**

Sen. Owen Darrell: Madam President, I hereby present for the consideration of the Senate draft Regulations entitled: Bermuda Immigration and Protection (Rental and Use) Amendment Regulations 2021 proposed to be made by the Minister responsible for land licence under the provisions of section 102C(1)(c) of the Bermuda Immigration and Protection Act 1956.

And I give notice that at the next day of meeting I will move that the said draft Regulations be approved.

The President: Thank you, Senator Darrell.

The next one is in the name of Senator Arianna Hodgson, the Junior Minister for Finance. You have the floor.

Sen. Adrianna Hodgson: Thank you, Madam President.

Madam President, I hereby present for the consideration of Senate the draft Regulations entitled Government Fess Amendment (No. 2) Regulations 2021 proposed to be made by the Minister of Finance under the provisions of section 2 of the Government Fees Act 1965.

I give notice that at the next day of meeting I will move that the said draft Regulation be approved.

The President: Thank you, Senator Hodgson.

PETITIONS

The President: There are none.

We have a couple of Statements. The first one is the Human Rights Commission Annual Report 2019.

This is in the name of Senator Lindsay Simmons. You have the floor.

STATEMENTS

HUMAN RIGHTS COMMISSION ANNUAL REPORT FOR THE YEAR ENDING 31ST DECEMBER 2019

Sen. Lindsay Simmons: Madam President, I am pleased today to submit to the Senate the Annual Report of the [Human Rights Commission for the year ending 31st December 2019](#).

Madam President, the Commission has a statutory remit to protect and promote human rights under the Human Rights Act 1981. The Commission's mandate is to both educate and promote the principles of non-discrimination and equality and to investigate and endeavour to settle allegations of discrimination.

Madam President, the Human Rights Commission is required to:

- Encourage an understanding of the fundamental rights and freedoms of the individual guaranteed by the Constitution and 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 each other.
- Promote an understanding of, acceptance of, and compliance with the Human Rights Act 1981.
- Conduct research and develop initiatives designed to eliminate discriminatory practices.
- Encourage and coordinate activities which seek to forward the principle that every member of the community is of equal dignity and has equal rights.
- Promote the conciliation 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.

Madam President, the Human Rights Commission provides assistance to those who believe they have experienced discrimination, or have any questions related to their rights and responsibilities under the Human Rights Act.

The Commission is both a public watchdog for human rights compliance, and a resource to foster and promote human rights principles by working with stakeholders across the Island including government, community organisations, schools, businesses and individuals.

Madam President, the Commission works to further its objective of eradicating discrimination through the following means:

- Helping to address any and all queries related to rights in Bermuda.

- Assisting with complaints of discrimination under the Human Rights Act 1981.
- Providing dispute resolution services through mediation and conciliation to help settle complaints of discrimination.
- Policy review and guidance with all stakeholders in support of human rights obligations.
- Engaging in collaborative presentations, research and educational programming.
- Consultations to support the evolution of legislation, just practices and policies in support of human rights compliance.
- Educational presentations, workshops and training tailored to meet stakeholder need in support of their human rights education and compliance commitments.
- Advice and consultation with Government on proposed legislative amendments to ensure consistency with international standards.
- Administering of Human Rights Tribunals.
- Providing guidance to government, organisations, businesses, and educational institutions on the development and implementation of a human rights-based approach to legislation, policies, programmes and complaint-handling mechanisms to ensure compliance with the Act and international human rights agreements.

Madam President, included in the annual report you will note that during the 2019 calendar year:

- The Commission received 128 complaints with the majority of the complaints citing claims of discriminatory difference in treatment on the grounds of disability (34 per cent); race (11 per cent); place of origin (11 per cent); ethnic or national origins (11 per cent).

- Of those complaints, the majority cited claims of discrimination within the protected area of employment at 40 per cent. Claims of discrimination within the protected area of goods, facilities and services amounted to 17 per cent of intakes while complaints of discriminatory workplace harassment amounted to 15 per cent of intakes. Workplace related sexual harassment claims accounted for 18 per cent of intakes.

- Persons with Bermudian status represented 84 per cent of the total number of complainants in 2019 reflecting a trend in an increasing number of complaint filings by persons with Bermudian status since 2016. The increased reliance by Bermudians appears to coincide with the transfer of the Commission from the Government of Bermuda's Department of Human Affairs to a Non-Ministry Office. This transfer further aligned the Commission with the Paris Principles, a set of international standards adopted by the Global Alliance of National Human Rights Institutions to assess the extent to which National Human Rights Institutions operate in practice

without the influence of any political, economic or reputational agendas of States.

- As Bermuda's National Human Rights Institution, the Commission recognises it has a crucial role in ensuring the indivisibility and interdependence of human rights for all.

- On August 9th, 2018, under this Government, approval was given for Legal Counsel recruitment and on the 11th of February 2019, the post of Legal Counsel was filled by Mr. Arion Mapp. The introduction of Legal Counsel in 2019 represented a tremendous milestone, signalling strengthened capacity in support of fulfilling its statutory duties. The installation marked the first in-house Counsel for the Commission providing legal advice related to human rights complaints and procedures, tribunal litigation, management and administration.

- The Commission participated in the 2019 United Nations International Day for Persons with Disabilities [commemoration]. The Executive Officer provided the keynote addressing the 2019 theme, "The Future Is Accessible." This bold assertion inspired the Executive Officer's testimony chronicling the reality of Bermuda's inhospitable landscape for persons with disabilities. The Commission's message emphasised the need for inclusive national action, starting first with asking: Do we want an accessible Bermuda? If so, what is going to change? What are we prepared to do differently—in all spheres of life—to truly make Bermuda accessible and inclusive for all who are differently-abled?

- The Commission partnered with the University of Oxford for its "Racialization and Publicness in Africa and the African Diaspora" 2019 Conference. An international call for papers resulted in the acceptance of a full panel of Bermudian academics and researchers. Bermuda's highly lauded panel was entitled: "Racialisation in (post)colonial Bermuda: Past and Present" and featured Bermudians Dr. Dana Selassie, Dr. Rosemary Hall, LeYoni Junos, H. Alicia Kirby and Dr. Kristy Warren. The conference reinforced the necessity of understanding the impact of racial legacies, and the value of supporting Bermuda's researchers and scholars in promoting Bermuda's history to aid in building a healthy and equitable community today.

Madam President, I would like to thank the Commissioners for the important work they do under the leadership of Chairman, Mr. Vaughan Caines and the staff of the Commission under the leadership of the Executive Officer, Ms. Lisa Reid, for their dedication and hard work during the year.

Madam President, tabling of this report is pursuant to the requirements of the Human Rights Act 1981, and specifically section 30A that requires "(1) The Commission . . . [no] later than six months after the end of each calendar year make a report

to the Minister on the activities of the Commission. (2) The Minister shall as soon as may be after receiving the Commission's annual report lay it before both Houses of the Legislature."

Madam President, in accordance with section 30A of the Human Rights Act 1981 I am pleased to have laid before the Senate the Human Rights Commission Annual Report for the year ending 31st of December 2019. Thank you, Madam President.

The President: Thank you, Senator Lindsay Simmons.

The second statement is in the name of Senator Darrell, the Junior Minister for Education. The tabling of the Bill the Education Amendment Act.

Senator Darrell, you have the floor.

Sen. Owen Darrell: Good morning, Madam President.

The President: Good morning.

TABLING OF A BILL ENTITLED EDUCATION AMENDMENT ACT 2021

Sen. Owen Darrell: Bermuda's economy continues to be dominated by international business and tourism. Additionally, we know that over the years the trades have also undergirded steady growth in the economy. There are a variety of career paths in these sectors and our responsibility as a Government, as educators and as a community is to equip our children with the tools to choose those careers that drive and sustain this economy. Honourable Members and the public will note that the Bill to be tabled and passed in another place last Friday is specific in setting out some of the areas of instruction which our children will receive.

Madam President, the cornerstone of this aspect of education reform will be to provide, for the first time, instruction for our children that directly correlates to the very careers that drive the economy in their country. We are determined that our children will not be spectators to the success of others but will have the fighting chance to join top-level tertiary institutions and technical and vocational schools, where they will arrive already familiar with the careers and studies in these areas.

Madam President, before coming into power, this Government made an earnest promise to Bermuda and her people. This promise was to "*Reform public education by phasing out middle schools and introducing signature schools at the secondary level . . .*"

Also, in the 2020 Speech [from] the Throne, this Government indicated that it would advance a Bill to give effect to the necessary changes to the public school system. While these changes will eventually see our system move from a three-tier to a two-tier system, the ultimate objectives go far beyond the

structural changes that we need. We will dramatically improve and transform the quality of public education and lifetime opportunities for each and every young person in Bermuda.

Therefore, Madam President, it will be my greatest privilege as the Junior Minister of Education to table the [Education Amendment Act 2021](#) in the Senate today. The Bill brings to the Senate, for the consideration of its members, the first legislative step in delivering the Government's commitment to phase out middle schools, introduce signature schools and move from a three-tier to a two-tier public education system. In advance of the future debate on the Bill, there are three main points that I would like to emphasise for the Senate today.

Point 1. This Government is serious about transforming public school education. This is demonstrated not by our commitments, but by the delivery of those commitments—delivery with clarity, quality, fidelity and perseverance.

Point 2. We are serious about education because we value young people in Bermuda. As a country, we have failed our young people and have done so for generations. This failure precedes the advent of middle schools and is as old as the provision of education on this Island. It was not and it is not good enough to provide quality education to some, but not to all. This, Madam President, is inequity.

It was not good enough to label some schools as elite and some students as bright. It was not good enough to make decisions that would send students on a path of no return based on results of a test taken at 11 years of age, or to say that a child can only do this or only do that based on our misperceptions of their abilities and potential. It was not good enough to undermine the success of students and schools who beat all expectations of them. And it was not good enough to pretend that there was ever a thing such as “separate but equal,” because we have never had true equity across education in Bermuda. Never!

Point 3. The changes we are making are absolutely what we need in Bermuda for our young people, their families, our economy and our entire society. We know that the world continues to change, but the pace and complexity of this change are only accelerating, and education has not kept up.

Our parents and grandparents likely got a job at a young age and kept that job or stayed in a particular industry for their entire career. Many of us may have changed jobs a few times, and some of us have made major career changes. But this has not been the norm. Young people are not going to have the one or two jobs that our parents had or the few jobs that we had. They will have multiple jobs over their lifetimes not only by choice, but by necessity.

Madam President, it is our obligation as a Government to prepare our young people for the jobs of today and tomorrow. This requires us to teach and develop the body of skills and knowledge that are

transferrable across occupations, going into the future. We will not only develop knowledge, but real-world applicability of knowledge and skills. We will not just focus on employment, but employability. And we will do this for each and every senior school student.

Therefore, beginning in September 2022 we will introduce the first of two signature schools. Each senior school will have one or more *signatures*, referred to in the Bill as “signature learning programmes.” The selection, design and future delivery of signatures will be based on global social, economic and environmental trends that are shaping the workforce internationally and right here in Bermuda. These signatures will reflect career pathways for students and will be based on sectors of the economy with potential growth and sustainability, and clusters of skills essential to developing graduates with competencies that are and will be in demand in Bermuda.

Madam President, we have already identified in the Bill sectors of the economy upon which certain signatures will be based. These are tourism, finance, insurance and the trades—pillars of our economy and our community. These signatures reflect our past and present. And more critically, as evidenced by research and analysis, they are our future. Examples of signatures that are skills-based include STEAM and entrepreneurialism. It is important to emphasise and make clear that while signatures are career focused, this focus includes foundational skills such as creativity, communications, collaboration, problem-solving and critical thinking, digital fluency and social emotional learning. This is not only about creating employability, but it also recognises that the skills and attributes of the graduates whom we want to develop are the same as [those skills and attributes of] the kinds of young people and citizens we want to thrive and shape Bermuda's future.

Madam President, although we have already determined four signatures, we will engage and consult our community in modern, progressive and meaningful ways before decisions are made on additional signatures. Engagement has already occurred with the Department of Workforce Development, the Learning First Design Teams and others. It will continue throughout this process and into the future. And in time signatures will change and evolve as Bermuda and the world changes and evolves.

In addition to introducing signature schools and signature education, the Bill also begins the phasing out of middle schools. It does this by moving M3 level to S1 through a simple change in the age ranges for middle and senior schools. This change will be effective for the introduction of signature schools in September 2022.

Madam President, I would like to give reassurance to my Senate colleagues, students and parents that there will be a choice of signatures. I have already mentioned many times before that education reform will be conducted in phases and that we will

inform, communicate, listen and consider as we make the necessary changes for our education system. We understand the value and the importance of executing a sound transition process for staff and students as these changes are implemented. Therefore, a transition plan will be developed and communicated well in advance of these changes.

Madam President, today is a momentous day for Bermuda. As a collective body of representatives for the people of Bermuda, we are delivering not only on our promise to reform public education in Bermuda, but we are providing a springboard for the collective aspirations for *all* young people in Bermuda.

Madam President, on the day that my firstborn came into this world, 10 years ago (she also attends Harrington South Primary School), I would like to pledge on her birthday that we will continue to be relentless in our focus and efforts to ensure that we not only talk of change, but we deliver change as a moral, economic and social imperative for the future of our young people and the future of Bermuda.

Thank you, Madam President.

The President: Thank you, Senator Darrell, Junior Minister of Education.

The third Statement is in the name of Senator Richardson, who is the Junior Minister for National Security. Senator Richardson, you have the floor.

¹ PUBLIC HEALTH (COVID-19 EMERGENCY POWERS) REGULATIONS 2021, REMINDERS

Sen. Curtis Richardson: Thank you, Madam President, fellow Senators, and the listening public.

Madam President, I rise this morning to provide to this Honourable House and the public with a reminder of the legal measures of the [Public Health \(COVID-19 Emergency Powers\) Regulations 2021](#), which have been enacted and from time to time amended in an effort to prevent another surge in COVID-19 positive cases in Bermuda.

Madam President, Honourable Members will be aware that over the course of the last two weeks, the Ministry of Health has reported a total of 33 COVID-19 active cases. Five of the new cases were the result of local transmission. Following a period of a consistent decrease in locally transmitted cases, this increase should be concerning to the public. What should also be concerning, Madam President, are the recent activities that have taken place that are in direct violation of the Regulations.

Through traditional news media and social media, many of us have seen the evidence of parties and gatherings that exceeded the approved group gathering limits. The fact that the attendees of these events also violated the health and safety protocols by not wearing masks or practicing physical distancing

further compounds the recklessness of hosting these events.

Madam President, I understand the community's outrage that these events are taking place, particularly when the majority of our community are rightly adhering to the Regulations. I also appreciate the community's frustration at the perception that we are all being punished because of the few who do not adhere to the Regulations and that enough is not being done to hold those accountable who blatantly break the law.

Madam President, I am advised that the Bermuda Police Service and the Department of Public Prosecutions are diligently taking steps to bring those who violate the Public Health Act and the associated Regulations before the courts.

Madam President, as we continue to navigate through the pandemic, please allow me to set out some reminders of the parameters of the Public Health (COVID-19 Emergency Powers) Regulations 2021. First and foremost, we remain under nightly curfew from 11:00 pm until 5:00 am. There is also a curfew in effect from 8:00 pm until 5:00 am for recreational boating. Bars and nightclubs are not permitted to be open beyond 11:00 pm and are limited to table service only.

Large group gatherings are still limited to 25 persons. For indoor services or ceremonies in a church or other religious establishment, the number of persons who can gather is limited to 25 per cent of the indoor area's full capacity. At outdoor services or ceremonies (including weddings and funerals) the number of attendees cannot exceed 50 persons. More importantly, Madam President, appropriate physical distancing and the proper wearing of masks covering both the nose and mouth are required in all public and private spaces.

Madam President, the Regulations provide the Bermuda Police Service with a number of enforcement tools. If a contravention of the Public Health (COVID-19 Emergency Powers) Regulations has occurred on the premises, the police can order a licensed premise to close for a period not exceeding 24 hours.

Madam President, the public is reminded that as outlined in the Regulations, the police or any other enforcement officer may stop and question any individual to ensure compliance with the Regulations. If any person is found to be in contravention of the Regulations or does not satisfy an enforcement officer's requests to comply with the Regulations, the enforcement officer may take actions to enforce the Regulations, including the dispersal of any group of more than 25 persons. If necessary, an enforcement officer may use reasonable force in the exercise of a power under these Regulations.

It is an offence to resist, obstruct or assault an enforcement officer who is acting in the execution of their duty under these Regulations.

¹ Statement [updated](#) at page 215

Madam President, a person who fails to comply with any of these Regulations commits an offence and is liable to the following:

- a fine of \$6,000 in respect of a first offence;
- for a second or subsequent offence, a fine of \$10,000 or imprisonment for a term not exceeding three months, or both;
- in the case of a continuing offence, a fine of \$1,000 in respect of each day during which the offence is continued.

Similarly, Madam President, it is an offence to not wear a mask in accordance with the Regulations. A person who fails to wear a mask when one is required commits an offence and is liable on summary conviction to:

- a fine of \$500, for the first offence;
- a fine of \$1,000, for a second or a subsequent offence.

Madam President, these Regulations are not meant to be punitive. They have been enacted to minimise the impact of COVID-19 with the hope that we will soon be able to safely gather together again. Notwithstanding, the Government has included the noted penalties as a deterrent against violating the Regulations.

Madam President, I would like to note that yesterday the Bermuda Police Service submitted 12 files to the Department of Public Prosecutions. To date the Department of Public Prosecutions has received 22 files in total for curfew violations and non-compliance to the COVID-19 Regulations, and more continue to be submitted regularly.

Madam President, there have been a number of questions regarding the Government's proposed fixed penalty legislation. As the Honourable Premier advised at a press update earlier this week, the Ministry of Health has prepared the framework for legislation that would see fixed penalties apply for a finite set of material breaches of COVID-19 Regulations. This legislation is in the drafting stages with the Attorney General's Chambers. While it is unlikely that the legislation will be retroactive, the public is again reminded that under the current Regulations, people linked to recent parties could be subject to a fine or conviction.

In closing, Madam President, I would like to say that as a country we have demonstrated resilience and discipline in navigating this pandemic and we must remain vigilant.

Madam President, we all know that Good Friday and the Easter holiday are upon us. As a result the Ministry team have received a number of large-gathering requests. Please note that a careful review will be done before there can be an approval of any event. During the Good Friday/Easter holiday and any other holiday especially, I am urging residents to exercise a degree of personal responsibility by making smart and sensible decisions to protect themselves and their families, their friends and their loved ones.

Madam President, we all must continue to do what we can to mitigate and limit the spread of the virus by complying with the policy in place. I understand that we are all suffering from the COVID-19 fatigue, but we must remain vigilant. It is up to each of us to keep our families and our friends safe. Please continue to follow the health guidelines. This includes wearing a mask, hand sanitising and maintaining the appropriate physical distancing.

Thank you, Madam President.

The President: Thank you, Senator Curtis Richardson, the Junior Minister for National Security.

INTRODUCTION OF BILLS

The President: There are none.

FIRST READING OF PUBLIC BILLS

APPROPRIATION ACT 2021

MOTOR CAR (DRIVER'S LICENCE RENEWAL) AMENDMENT ACT 2021

MOTOR CAR AND AUXILIARY BICYCLES (VALIDATION AND AMENDMENT) ACT 2021

BERMUDA HEALTH COUNCIL AMENDMENT ACT 2021

RENT INCREASES (DOMESTIC PREMISES) CONTROL TEMPORARY AMENDMENT ACT 2021

EDUCATION AMENDMENT ACT 2021

CUSTOMS TARIFF AMENDMENT ACT 2021

RETAIL SHOPS (TEMPORARY CUSTOMS DUTY RELIEF FOR CAPITAL INVESTMENTS) AMENDMENT ACT 2021

PAYROLL TAX AMENDMENT ACT 2021

The President: The following public Bills have been received from the Honourable House of Assembly and are now read for the first time.

The titles are, respectively, the Appropriation Act 2021, (Governor's recommendations signified); the Motor Car (Driver's Licence Renewal) Amendment Act 2021; the Motor Car and Auxiliary Bicycles (Validation and Amendment) Act 2021; the Bermuda Health Council Amendment Act 2021; the Rent Increases (Domestic Premises) Control Temporary Amendment Act 2021; the Education Amendment Act 2021; the Customs Tariff Amendment Act 2021, (Governor's recommendation Signified); the Retail Shops (Temporary Customs Duty Relief for Capital Investments) Amendment Act 2021, (Governor's Rec-

ommendation Signified); and the Payroll Tax Amendment Act 2021, (Governor's recommendation Signified).

FIRST READING OF PRIVATE BILLS

The President: There are none.

QUESTION PERIOD

The President: Senators, we will now entertain questions from any of the Senators on the first Statement, which was the Human Rights Commission, which was delivered by Senator Lindsay Simmons.

Would any Senator care to ask questions on this Statement?

Sen. Robin Tucker: Yes, good morning, Madam President.

The President: Yes. Senator Tucker, you have the floor.

QUESTION 1: HUMAN RIGHTS COMMISSION ANNUAL REPORT FOR THE YEAR ENDING 31ST DECEMBER 2019

Sen. Robin Tucker: Thank you. Thank you, Madam President.

My question is: Given that there were 128 complaints lodged with the Human Rights Commission in 2019, how many of those complaints still remain unresolved? And what is the expected timeframe for resolving those cases?

[Crosstalk]

The President: Do you have a second . . . Well, Senator Lindsay Simmons can respond to that first question.

Sen. Lindsay Simmons: Madam President, I would get back to Senator Tucker.

The President: All right.

Senator Tucker, you have a second question or a supplementary?

QUESTION 2: HUMAN RIGHTS COMMISSION ANNUAL REPORT FOR THE YEAR ENDING 31ST DECEMBER 2019

Sen. Robin Tucker: Yes, I do, Madam President. I have a second question.

The second question is: Given the 84 per cent increase in Bermuda's status complaints to the Human Rights Commission, what was the actual number of reported cases so we can appreciate the magnitude of what "increase" actually means?

[Crosstalk]

Sen. Lindsay Simmons: Thank you, Senator Tucker. Just give a few minutes and I will get you the answer.

[Pause]

The President: Senator Tucker, is that your second question, do you have . . . while we wait for Senator Lindsay Simmons to get her response for the second question, do you have a supplementary or a third question?

Sen. Robin Tucker: No, Madam President, thank you. I do not.

The President: Thank you.

Sen. Lindsay Simmons: Madam President, I will have the answers in a few minutes. If you would like to move on, I could get back to you.

The President: Yes. Would any other Senator care to ask questions on this Statement?

[No audible response]

The President: I would ask the question again. Would any other Senator care to ask questions on the Human Rights Commission annual report, the first Statement that was given?

[Pause]

The President: No, then hearing none . . .

[Crosstalk]

The President: Senator Simmons, is this the . . . would you need more time, or should I move on to the next Statement?

Senator Lindsay Simmons?

Sen. Lindsay Simmons: Good day to you, Madam President.—

[Inaudible interjections]

Sen. Lindsay Simmons: I have been advised—

The President: Sorry.

Sen. Lindsay Simmons: Sorry, Madam President. We do not have the exact numbers on hand but I could email the Senate team once we get the numbers.

The President: Thank you.

Senators, we will now move on to the second Statement that was given by Senator Darrell which was the Education Amendment Act. Would any Senator care to ask questions on this Statement?

Sen. Marcus Jones: Yes, Madam President.

The President: Senator Marcus Jones, you have the floor.

Sen. Marcus Jones: Thank you, Madam President. Good morning to you and Senators and to the listening audience.

The President: Good morning.

[Crosstalk]

QUESTION 1: TABLING OF A BILL ENTITLED EDUCATION AMENDMENT ACT 2021

Sen. Marcus Jones: Can the Junior Minister of Education provide data and quantifiable evidence of the failure of the middle school to warrant and justify the public school system moving from the three-tier system back to the two-tier system?

Sen. Owen Darrell: I will undertake to get you the data on the quantifiable evidence that you seek, Senator.

The President: Thank you, Senator [Darrell].

Senator [Jones], did you have a second question or a supplementary question?

QUESTION 2: TABLING OF A BILL ENTITLED EDUCATION AMENDMENT ACT 2021

Sen. Marcus Jones: Well, based on the answer I received from the Junior Minister, if that information is not available and readily available at this moment, will he and his team be providing that data and quantifiable evidence when this Bill is officially tabled in this Chamber?

Sen. Owen Darrell: When we have our full debate on it, we will make sure you have the information you require, Senator. Thank you.

Sen. Marcus Jones: Most appreciated.

The President: Senator Jones, do you have a supplementary question or are those the only questions you are presenting?

Sen. Marcus Jones: That is it, Madam President. Thank you.

The President: Thank you.

Would any other Senator care to ask questions on this Statement given by the Education Junior Minister?

Sen. John Wight: Madam Chairman.

The President: Yes. Senator Wight, you have the floor.

QUESTION 1: TABLING OF A BILL ENTITLED EDUCATION AMENDMENT ACT 2021

Sen. John Wight: I would just ask the Junior Minister, what is the reaction of the teachers and other professionals who will be affected by this new legislation should it be passed?

Sen. Owen Darrell: As you have seen probably in multiple different places, the reaction is mixed, but overall this is a mandate of the PLP Government and it is something that, as I said in my Statement, has been promised for a long time.

Education reform is definitely needed, but there is a lot of consultation taking place with educators, with parents, with the stakeholders, and I am sure we will get a full understanding on how they feel, and the more we talk with them the more comfortable they will become.

The President: Senator Wight, do you have second question or supplementary?

Sen. John Wight: Madam President, I do not. Thank you.

The President: Thank you.

Would any other Senator care to ask questions on this Statement?

[Inaudible interjection]

The President: Senator Ben Smith, you have the floor.

QUESTION 1: TABLING OF A BILL ENTITLED EDUCATION AMENDMENT ACT 2021

Sen. Ben Smith: Could the Junior Minister give us some information on the specific consultation that has happened regarding the removal of middle schools? A lot of the consultation that has been happening since the election has been based on the plan forward, but there has not been a lot specifically to this middle school area which is the first piece we will be dealing with. Thank you.

The President: Senator Darrell, did you hear the question?

Sen. Owen Darrell: Yes, I did, Madam President.

Madam President, I do not know if Senator Jones was the Junior Minister when the previous Administration was in power. I do not think he was a Senator then. However, the multiple school improvement plans that were done by the last Administration showed clear failure in the public education system. You do not have to look further than any neighbourhood up and down this Island where individuals have taken their children out of middle school, sent them to private school for three years, and then come back to secondary school. I have seen that multiple times, students transferring in from multiple private schools when I was an educator, because they were just not comfortable, not confident in the middle school system.

So all of this has been done; we have consulted. And the people have asked, clearly. The PLP has had two clear mandates where people have asked for middle schools to be removed. And we have been talking about this plan for two years.

So, we will get the numbers and the quantifiable data that the Opposition Senators are looking for, but I mean, if the Senators would take a walk down the street, and listen to the individuals in the community, they will have a clear understanding of what the individuals and people in this country want for education going forward.

Sen. Ben Smith: Madam President.

The President: Senator Smith—

QUESTION 2: TABLING OF A BILL ENTITLED EDUCATION AMENDMENT ACT 2021

Sen. Ben Smith: I would just like to remind the Junior Minister that the PLP has been in power for almost 20 years. So a lot of the issues he is referring to came under their mandate.

So, as we move forward the questions are: Has the consultation process happened? Can you provide the data? It is not about a narrative; it is about the data that makes us make the decision so that at the end of this we know that the changes we are making are going to be better for the students. That is our goal—both sides. So all we are asking for is the data that leads us to that goal.

Sen. Owen Darrell: Madam President, Plan 2022 spoke to the removal of middle schools—a plan that was implemented in 2018. Plan 2022 was a plan by the people of Bermuda.

The President: Thank you, Senator.

Senator Ben Smith, do you have a supplementary or a third question?

Sen. Ben Smith: That's okay, Madam President. We will wait for the data.

The President: Thank you.

Would any other Senator care to ask questions on this Statement?

Hearing none, we will move on to the third Statement that was given by Senator Richardson, the Junior Minister for National Security.

Would any Senator care to ask questions on this Statement in reference to the Public Health Emergency Regulations?

Sen. Ben Smith: Yes, Madam President.

The President: Senator Ben Smith, you have the floor.

QUESTION 1: PUBLIC HEALTH (COVID-19 EMERGENCY POWERS) REGULATIONS 2021, REMINDERS

Sen. Ben Smith: Yes, thank you. And thank you to the Junior Minister.

Obviously with the rise in cases everybody is aware that as a whole the country has been doing a really good job with following the rules. People have been putting on masks, staying away, you know, most people have had to cancel celebrations and it has had an impact on our sports. It has had an impact on our schools. So everybody has a keen awareness of what has to be done for the health position.

And I agree with the Junior Minister that some of the behaviour of a small portion of the Island has impacted the larger population. But there are two things: One, I am asking for a clarification because in the Statement the times for the curfew, I just wonder if we can get clarification because I am not sure that the Statement times are correct considering what has actually been implemented. He could correct me if I am wrong on that one.

Secondly, we have talked a lot about the local transmission. So, have there been any thoughts on how that virus, because specifically, when you look at the outbreak we are having now a lot of it is based off of the UK variant? That means that this came into the Island and then became local transmission. So, a lot of the cases we are seeing where people are getting positive tests on day 4, day 8, day 14, has there been any consideration with the Regulations to change how long we are keeping people who are traveling into the Island away from the population? So that once we get this under control we are not back here again because people are coming back and joining too early and socialising with our community and spreading the virus when everybody who has stayed here and followed the rules is the group being impacted by this.

The President: Thank you Senator Smith.

Senator Richardson.

Sen. Curtis Richardson: Yes, Madam President, if I could ask for your indulgence. I must apologise slightly.

The statement that I read from the Minister of National Security, there has been an update as of yesterday from the Ministry of Health. I do have an updated statement if this Honourable Chambers would allow me to read that and provide a little bit more insight.

As the statement from National Security deals with the Emergency Powers Regulations, I believe it is deemed necessary for me to provide members of the public and Members of this Chamber the statement that was read . . . again, updated as of yesterday from the Ministry of Health. If you would allow that.

The President: Yes, Senator Richardson. This is a critical and important issue and statement, so I think all Senators would agree with me that they would like to hear the updated information.

So you have the floor.

Sen. Curtis Richardson: Thank you, Madam President.

STATEMENTS

[Recommitted]

PUBLIC HEALTH (COVID-19 EMERGENCY POWERS) REGULATIONS 2021, REMINDERS

[UPDATED]

Sen. Curtis Richardson: Again, from the Ministry of Health.

I rise today to inform this Honourable House of the latest outbreak of COVID-19 in Bermuda, and the measures put in place to reduce and depress the spread of this disease.

Madam President, a year ago the Bermuda Government made the difficult decision to suspend services, close businesses, and impose restrictions on our resident population in our efforts to reduce the spread of the coronavirus in Bermuda. The shelter in place was very necessary, and the resulting financial, social and emotional hardships were very real. Madam President, I am just going to provide the new restrictions.

Madam President, to curtail the spread as much as possible, Cabinet made the decision to proactively roll back earlier relaxations and put certain restrictions in place immediately. In accordance with the Public Health (COVID-19 Emergency Powers) Amendment (No. 5) Regulations 2021 [please note the following:]

- The curfew will now be in place from 11:00 pm until 5:00 am.

- Bars and clubs are prohibited from serving patrons indoors, and outdoor service is permitted, but for table service only.
- Restaurants, bars and clubs are permitted a maximum of six persons at any one table,
- With all personal care services—spas, beauty salons and barber shops—staff and customers are required to wear a mask at all times.
- Gyms must ensure patrons keep 10 feet apart.
- The permitted gathering size is reduced to 10 persons.
- Indoor services and ceremonies are limited to 20 per cent of the venue's capacity. And outdoor services, including funerals, are restricted to 20 persons in total.

The current 8:00 pm recreational boating curfew remains in place. Also, we recommend that those businesses which can operate with staff working remotely should do so.

Madam President, these measures are serious, but this action will enable us to slow the transmission of the virus while we work to continue our vaccination programme.

Madam President, that is the necessary update to the Ministry of National Security, [Public Health (COVID-19 Emergency Powers) Amendment (No. 5) Regulations 2021], as updated by the Ministry of Health as of yesterday.

Thank you very much.

QUESTION PERIOD

[Continuation thereof]

The President: Thank you, Senator Richardson.

Would any Senator care to ask questions on this update that has just been given by the Senator?

QUESTION 1: PUBLIC HEALTH (COVID-19 EMERGENCY POWERS) REGULATIONS 2021, REMINDERS (UPDATED)

Sen. Ben Smith: Yes, Madam President, I am just following on from the question that I asked regarding specific Regulations, or at least discussion around Regulations when it comes to how we are importing the virus, because all the Regulations that we are discussing right now are for the people that are here to follow. We have seen in the population, with the words from the Junior Minister, *the fatigue* of the country with COVID-19. And we are starting to see people react in a certain way that is not helpful to the population.

Is there a plan going forward to minimise the way that the virus is getting into the Island and a plan for how we can systematically start to move towards normalcy? Because with all of the restrictions there is only so long that the population can be held this way. I am 100 per cent behind trying to keep our population

safe, but we are starting to see some cracks in the system and I am just wondering if those are being addressed.

The President: Senator Richardson.

Sen. Curtis Richardson: The answer is yes, those measures are being looked at, Madam President, addressed.

The President: Thank you, Senator Richardson.

Would any other Senator care to ask questions on this updated Statement?

Hearing none we will move on—

[Inaudible interjection]

The President: I beg your pardon?

Sen. Marcus Jones: I would like to ask—

The President: Senator Jones, you have a question on this updated Statement?

Sen. Marcus Jones: Yes.

The President: You have the floor.

QUESTION 1: PUBLIC HEALTH (COVID-19 EMERGENCY POWERS) REGULATIONS 2021, REMINDERS (UPDATED)

Sen. Marcus Jones: Can the Junior Minister explain the difference of offence violated by the organiser of an event and the attendee to the event? Let me sort of expound on that. What I am hearing from the public is that there is a little bit confusion on [the offence of] a person who organises an event with too many people in that party or gathering [versus] those who attend, if the police show up, how will both of these participants, the organiser vis-à-vis the person who is just attending be convicted by the law? Will it be equal or will there be a greater offence for the organiser over that person who just attended?

Sen. Curtis Richardson: Madam President, I will look into the Ministry and get back to the Senator's question with an answer.

The President: Thank you, Senator Richardson.

Senator Jones, did you have a follow up, second question?

Sen. Marcus Jones: No. I will wait for the Junior Minister to update us.

The President: Thank you.

Would any other Senator care to ask a question on this updated information on the Regulations?

Hearing none, then we will move on to item number 13.

ORDERS OF THE DAY

The President: And the Orders of the Day is that the Senate will now undertake debate on the 2021/22 Estimates of Revenue and Expenditure with the second reading of the Appropriation Act 2021 and the Governor's recommendation signified. And this is in the name of Senator Arianna Hodgson, Junior Minister for Finance. You have the floor.

Sen. Adrianna Hodgson: Thank you, Madam President. (Sorry. I think my video is working.)

The President: Yes, we see you.

BILL

SECOND READING

APPROPRIATION ACT 2021

Sen. Adrianna Hodgson: Perfect.

Madam President, I move that the provisions of Standing Order 25 be granted so that the Senate may now proceed with the second reading of the Public Bill entitled the Appropriation Act 2021.

The President: Is there any objection to that motion?

No objection.

Carry on, Senator Hodgson.

Sen. Adrianna Hodgson: Thank you, Madam President.

Madam President, with this motion we begin the General Economic Debate in this Honourable Chamber. I am privileged to lead this debate and it is my hope that the ideas explored by Senators during this debate will be useful for the good governance of our Island home.

Let me begin by saying that it is an honour as a young, or relatively young, person to represent the Progressive Labour Party and the future of Bermuda in this Chamber on this very important day. At a time when many of us are concerned about our Island's economy I am even more concerned by the lack of interest among our young people. And so I challenge each of us as well as the listening audience to encourage at least one young person to tune in over the next few days.

[Inaudible interjections]

Sen. Adrianna Hodgson: I am humbled by the support I receive my colleagues and I am encouraged by the ideas that are shared with me on a daily basis by

persons from all walks of society. I start this speech with the knowledge that no matter what the naysayers want to predict—

The President: Senator Hodgson, sorry to interrupt, but can you move the second motion? You have to move it.

Sen. Adrianna Hodgson: I apologise

Madam President, I move that the Bill entitled the Appropriation Act 2021 be now read a second time together with consideration of the Estimates of Revenue and Expenditure for the fiscal year 2021/22.

The President: Is there any objection to that motion?

No objection.

Carry on, Senator Hodgson. Sorry to have interrupted you.

BUDGET STATEMENT IN SUPPORT OF THE ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2021/22

Sen. Adrianna Hodgson: No worries. I do apologise.

Madam President, the COVID-19 pandemic has had a severe impact on the global economy and has prompted governments worldwide to take unprecedented action. To support their economies governments have enacted massive fiscal responses with early estimates suggesting these have totalled nearly \$14 trillion, equivalent to 14 per cent of the global GDP in 2020. As a result of public health measures, necessary to contain the spread of the virus, the International Monetary Fund expects the world economy to have contracted by approximately 4.5 per cent in 2020, a decline not seen since the Great Depression of the 1930s.

Madam President, as the Minister of Finance mentioned in his Budget Statement, 2020 was “A Year Like No Other.” Economic and humanitarian impacts of the global pandemic have been extreme. Bermuda certainly was not spared. With the onset of the pandemic in March 2020, the Government moved quickly to take action to protect the country on the health front. This included providing emergency funding of \$2.8 million to the Ministry of Health to fund personal protective equipment, testing kits and testing equipment among other things. This was followed by a number of financially supported initiatives including unemployment insurance and relief from or deferral of various fees, taxes, and penalties.

Madam President, overall the Government’s initial emergency economic support is estimated to total \$127.2 million in fiscal year 2020/21. This includes more than \$60 million in the unemployment benefit programmes, \$12 million in financial support for small to medium-sized businesses and additional funding for COVID-19-related health costs, including vaccination services which have positioned Bermuda

as a global leader. These and other short-term actions were promptly implemented and were largely effective in mitigating the worst of the economic impact of COVID-19 on Bermuda’s citizens.

Other unbudgeted expenses related to COVID-19 included the embodying of the Royal Bermuda Regiment, entering into enhanced cleaning contracts, providing grant funding for the BEDC’s Business Sustainability and Continuity Funding Programme, and funding the Bermuda Airport Authority to honour the airport minimum revenue guarantee for Skyport.

Comparatively, Bermuda fared well in our response to the pandemic due to a number of factors: aggressive testing, excellent compliance with public health rules, a resilient international business sector, and unemployment benefits to assist those in other sectors, just to name a few. Still, the economic impact has been substantial.

Despite resilience in international business Bermuda’s GDP is expected to contract by approximately 9 per cent in 2020. And sectors such as tourism and hospitality, which are particularly important for the employment of Bermudians, have been severely affected. Unemployment levels are exceptionally high and income disparity has widened. The high cost of living also remains a challenge and some Bermudians are struggling daily to make ends meet, despite the efforts of so many in our community to help their neighbours in times of need.

Madam President, while progress was being made until early 2020 to address the fiscal imbalances built up over a number of years, the COVID-19 pandemic has resulted in government finances deteriorating significantly in fiscal year 2020/21. So government expenditure in 2020/21 is now estimated to be just over \$1.2 billion, an increase of \$87.9 million compared to estimates made in last years’ budget, and government’s revenue originally estimated to be \$1.1 billion declined by 14.4 per cent to approximately \$961 million.

Madam President, the Government took decisive action to reduce operating expenses. The projected 2020/21 normal operating expenses of the Government are now \$880 million, or \$55.6 million lower than the original budget of \$935.6 million. This is 5.9 per cent lower. This was accomplished by a number of government cost-savings initiatives including: a freeze in funding of vacant posts not required to address COVID-19 or to protect Bermuda’s national interests; a ban on nonessential government travel; reductions in discretionary spending including grants, consultancy, training, materials and supplies, clothing and uniforms, et cetera; and temporary payroll or government employee overhead savings as a result of negotiations with the unions and including the decision to temporarily suspend matching contributions into the pension funds.

We thank those public service unions who participated in the cost-saving initiatives for fiscal 2020/21 and advise that at the conclusion of each individual agreement there is no intention to extend these initiatives.

Notwithstanding these actions taken, almost \$130 million of unplanned expenses related to COVID-19, combined with over 14 per cent of lost revenues, resulted in a projected deficit for this fiscal year of \$245.5 million and net debt will be approximately \$2.9 billion.

Madam President, the economic weakness currently underway in Bermuda has come on the back of a decade of low growth and with Bermuda facing a number of longer term structural challenges, today we have significant financial commitments including almost \$3 billion in net public debt, financial guarantees for the new airport, an acute care wing, and the block grant which covers health services. There are also significant actuarial funding gaps in the Public Service Superannuation Fund, the Government Employees Health Insurance Fund and Bermuda's Contributory Pension Fund.

More broadly, there are important social issues requiring continued Government attention such as improving the quality and affordability of health care, strengthening education and addressing the impact on government services of an ageing population and declining workforce. As sobering a thought as it is, Madam President, for the reasons mentioned above Bermuda finds itself on the edge of a fiscal cliff. It has a relatively high level of government debt and obligations. Although Bermuda currently enjoys very good access to international capital markets, it cannot be assumed that there are no limits to how much Bermuda can borrow. Our legacy to our children in terms of our fiscal responsibility cannot darken their economic future. Going over the fiscal cliff, a point where Bermuda may not be able to borrow any more, could then lead to a cut in household incomes, increased unemployment rate, and undermine consumer and investor confidence in Bermuda.

Clearly, continued deficit budgets are not sustainable. In our view, 2021 will also be a year like no other in terms of the bold decisions this Government will make to facilitate economic recovery and more importantly stronger future growth. That starts with this budget for fiscal 2021/22. This budget is not about getting back to Bermuda's pre-pandemic state. It is not about austerity when the country needs stimulus. It is also not about excessive stimulus spending and relying on optimistic recovery and growth assumptions. This budget is about collaboration, pragmatism and action. Now is the time to create an environment for real economic growth.

Collaboration on an Economic Recovery Plan has been ongoing over the last year, including with key stakeholders such as the Economic Advisory Committee, the Financial Policy Council and the Fis-

cal Responsibility Panel. The primary objective of this budget is to support the Economic Recovery Plan while prudently ensuring that Government finances achieve and stay within established financial guardrails. Guardrails are placed to generate maximum ratios to government revenue, or national GDP, and include debt service and gross and net debt. Of course, holding the debt ceiling at \$3.5 billion is an important one the Minister's highlighted on a number of occasions.

The headline for the 2021/22 national budget is a deficit of \$124.7 million. While significant, it is \$120.7 million, or 49 per cent lower than this year. Cash limits for operating expenditure has been set at \$888 million, or 5.1 per cent lower than 2020/21 plus a contingency of \$15 million for further COVID-19 expenses. Additionally, the Government has allocated \$92.9 million of capital expenditure to fund Economic Recovery Plan initiatives and provide much-needed stimulus.

As we planned during the capital market's transaction of August of last year, no borrowing is required this year since the deficit has been prefunded via the Sinking Fund and no debt is maturing until late 2022.

Madam President, as the Minister signalled in the Pre-Budget Report, some revenue-raising measures were under consideration. He further advised in his Budget Statement of the following:

- Payroll tax relief to troubled sectors will be continued through the 31st of March 2022.
- The Tax Incentives to Grow Jobs programme will be continued through 31 March 2022.
- The Retail Shops (Temporary Customs Duty Relief for Capital Investments) Act 2008, which provides a zero rate of customs duty on imported capital goods intended for renovations and refurbishment of retail shops, will be extended for a further five years through the 31st of March 2026.
- The 2015 land valuation list will remain in force for a further 10 years, and as such there will be no increases to land tax and the bands will remain as is.
- To further strengthen the regulatory oversight undertaken by the Registrar of Companies [ROC] and to support the digitisation of the functions of the ROC to meet changing international obligations and increase efficiency, there will be increases within the fee structure of the ROC which will take effect in the coming fiscal year. Bermuda cannot fail to compete with other jurisdictions, recognising the bedrock of our revenue generation is the very sector supervised by the ROC.

Madam President, there are no other meaningful increases to the cost of government services or other fees and taxes. There is a fragility to local fi-

nances that cannot be further strained by increased taxes.

Madam President, the revenue estimate for 2021/22 is \$998.9 million, \$123.3 million, or 11.0 per cent, lower than the original estimate for the previous year and \$38.3 million, or 4.0 per cent higher than the revised budget for 2020/21. The most significant decreases will be in relation to the continued impact of the COVID-19 pandemic on the global economy through the lack of cruise and air travel (forecast to be down \$20.7 million versus the 2020/21 original budget), as well as customs duty and payroll tax (forecast to be down \$34.4 million and \$19.3 million, respectively).

Madam President, total expenditures including debt service of \$127.8 million and capital investment of \$92.9 million are estimated at \$1.1 billion, \$18.4 million, or 1.6 per cent, lower than the original estimate for 2020/21. The primary reason for this decrease relates to the Government's proactive approach to cutting expenditure across all ministries by an average of 5.1 per cent and a lower spend on COVID-19-related expenses as the COVID-19 vaccine is more widely distributed locally and globally.

Madam President, this level of spending will enable the Government to execute on its priorities of improving the quality of education for our children, improving the health care system and providing adequate support to our citizens who are less fortunate and more vulnerable. It will also allow us to provide targeted investments to grow and diversify the Bermuda economy and to recover from the impacts of the COVID-19 pandemic in as fiscally prudent a manner as is possible. Operating expenditure for 2021/22 is forecast to be \$888 million. This amount represents a decrease of \$47.6 million, or 5.1 per cent, when compared to the 2020/21 original estimate of \$935.6 million.

Madam President, to properly manage and allocate public finances in support of the Government's mandate, the public service must be the right mix of human resources, programmes and prudent spending. Achieving this is no easy task, but in this coming fiscal year we will renew the effort. Therefore, in fiscal year 2021/22, the Minister of Finance has determined to defund any vacant post unless the funding for it has been allocated in support of delivering a service or active recruitment for the post is already underway. This results in an estimated savings to the public purse of approximately \$20 million. This will mean that the public service will trim its sails to meet the actual tasks required, managing public expectations accordingly, and the funding that remains will be put to better use achieving greater value for money.

Budget processes will require policy prioritisation at the start to facilitate a better alignment of the allocation of limited resources with the Government's overall policy initiatives and objectives.

Madam President, debt service costs for the fiscal year 2021/22 are projected at \$127.8 million. Approximately \$5.4 million of this is due to the debt related to the Caroline Bay project.

Madam President, in April 2020 in anticipation of the negative impacts of the COVID-19 pandemic, the Government raised the debt ceiling by \$150 million to \$2.9 billion to ensure that it could raise the necessary liquidity to fund a variety of public health and emergency financial measures to support Bermuda's people and economy. In July, in anticipation of accessing the capital markets, the Government further raised the [debt] ceiling by \$600 million to \$3.5 billion.

Madam President, while we accept that increased debt was necessary due to COVID-19 and of course the Caroline Bay obligations, the current debt ceiling is set as an important guard rail in our Economic Recovery Plan that we do not expect to breach. In fact, we expect that a surplus budget beginning in 2023/24 will allow Bermuda to continue with our pre-pandemic debt management strategy, which included balanced budgets, no further increases in the debt ceiling and applying surpluses to reduce debt.

Madam President, the Government's capital expenditure plan is a collection of maintenance, remediation and new works intended to preserve the integrity of the government estate, encourage infrastructure improvement and provide a measured economic stimulus in times like these. The capital plan for fiscal year 2021/22 is set at \$92.9 million and will achieve these broad intentions, playing a vital role in economic recovery. The highlights of the plan include:

- the development of a shoreside facility to support a new fishing cooperative;
- renewed grants to community clubs and community organisations;
- desperately needed upgrades to the physical plant of the Mid-Atlantic Wellness Institute consistent with this Government's approach to the importance of mental health; and
- long-awaited upgrades to the Marine & Ports workshop and the Department of Public Transport Headquarters, both of which address long-standing concerns around worker safety and working conditions.

As I mentioned earlier, Madam President, the Government has developed an Economic Recovery Plan which has informed this budget. The Plan has been a whole-of-government effort and includes the input of key stakeholders including the Economic Advisory Committee, Financial Policy Council and the Fiscal Responsibility Panel.

The development of this Plan has been guided by six key principles.

- 1) Combatting COVID-19 as a priority.
- 2) Reducing the cost of living.
- 3) Fairness and equity.
- 4) Financial viability.
- 5) Fiscal prudence.

6) Timeliness.

The Government will execute this plan mindful of the two key commitments: Firstly, that Bermuda will return to a balanced budget in three fiscal years once tourism has fully recovered from the pandemic; and secondly, that Bermuda will maintain the current ceiling on total government debt.

We believe the challenges we face are solvable. We can successfully execute our Economic Recovery Plan and build an economy that all can participate in. As the Minister has said, *an economy that works for all of us*.

COVID-19 has been disruptive. But now is the time to focus on growth in a measured and prudent roadmap. We must all do our part. If we do, Bermuda will return to a balanced budget within three fiscal years.

Thank you, Madam President.

The President: Would any Senator care to speak on this Bill?

Senator Jones, you have the floor.

Sen. John Wight: I think you are mute, Senator Jones.

The President: Senator Jones, you need to unmute yourself.

GENERAL ECONOMIC DEBATE BASED ON GOVERNMENT'S 2020/21 BUDGET STATEMENT

Sen. Marcus Jones: I am sorry, Madam President, is that much better?

The President: Yes, it certainly is. We can hear you.

Sen. Marcus Jones: Very good.

The President: You have the floor.

Sen. Marcus Jones: Let me repeat myself. I first of all want to thank the Junior Minister of Finance for giving and presenting this particular brief. I believe it was the shortened and abbreviated brief that came from another place. I appreciate her brevity. I appreciate her targeted presentation of the Government's budget for the year [2021/22].

Before I launch into my presentation, Madam President, it has not escaped me that only last year at this time it was only you, Madam President, the Vice President of the Senate, Senator Michelle Simmons, and myself (being the younger of that triumvirate) that sat in Senate when the announcement was made and Bermuda was going through the major changes and the major trauma from this pandemic.

At that time, we had no idea what we were looking at or expecting. And I believe we can look back over this past year and say quite candidly, *Truly the Lord has been good to us*. It could have been worse; but I believe that with the efforts of the people, with the direction of this Government, with the assistance of the OBA Opposition, Bermuda has been able to navigate the worst. And my prayer and belief is that the worst is behind us.

We are still doing things remotely, which tells us that we are not out of the woods yet. But we hope that things will get better as we go along.

First of all, Madam President, let me just put a couple of markers down and this will help us get a full understanding of why we are here, why the legislative process requires for the Government to give a budget and for then the Opposition to give its Reply and its feedback. First and foremost, the purpose of a Budget Statement is important for two reasons. It is a report and analysis of the Government's finances for the past fiscal year within the context of the overarching external conditions in Government objectives.

Secondly, the purpose of a Budget Statement is for the Government to present its plans for the country for the next fiscal year and how those plans will affect the Government's revenue expenditure and balance sheet. No Government enjoys being a bearer of bad news. They prefer to give a glowing report of its successes and not mention its failures. Here is where the importance of an Opposition plays its role in the Parliamentary process. Our job is to hold the Government accountable for the collection of its revenues through taxation and fees, prudent spending within financial guidelines, servicing of its debt and delivering on its services to the public in an efficient manner. This is what an annual budget seeks to do when a government falls short on its yearly budget aspirations.

We the Opposition are duty-bound to bring these shortfalls to the attention of the Government and provide alternative plans and ideas for the betterment of the management of the country. Very rarely does a government take the advice of its opposing party, and this PLP administration is no different. Most governments would like to stay in power so they do not admit their wrong planning and decision-making. Assuming the incorrect deduction that the population does not see its fallacy or make allowances for their poor management of the nation's economy and vote them back in despite the overwhelming evidence that suggests that they have run out of ideas or lack the ability to execute good economic recovery plans.

In my introduction to the Opposition's Reply to the 2021/22 Budget it is important that I highlight how this past year has been greatly impacted by this COVID-19 pandemic that has not only decimated Bermuda's economy but the global economy. No one could have predicted this natural disaster and its debilitating effect on our health care systems which in

turn negatively impacted our ability to function as a service-driven economy.

Madam President, I readily and without hesitation applaud this Government's management of the COVID-19 pandemic and with the legislative assistance of the OBA have put guidelines in place to ensure that significant increases in positive testing of the virus is minimised and our hospital will not be overrun with an uncontrollable number of patients infected that would drive our health care system, more specifically, the hospital, in an extreme crises level.

Our frontline health care workers are to be congratulated. Essential services management and staff who remained open through the lockdown are to be congratulated. Uniformed service men and women who risk their own safety to protect us are to be congratulated. And last, but not least, you the public need to be congratulated for adhering to the Regulations put in place for curfews, for social distancing and mask wearing that went a long way in mitigating the possibility of an extensive ordeal of enduring this pandemic.

Bermuda is a service economy with no physical exports and only two pillar industries, one of which produces much of our foreign exchange employment and tax revenue, which is international business. The other pillar is more a reflection of who we are. Blessed with an Island of physical beauty, tropical climate, location on the map, and most importantly the friendliness of its people, which is tourism. Although we are an Island, we are not an island to ourselves. We are directly impacted by external forces which encourage or discourage people whether leisurely or work related to visit our shores. Just as the tragedy of 9/11 changed the way we travel forever, this COVID-19 pandemic has changed the way we work and live forever.

According to the International Money Fund [IMF], global growth was projected to be 4.4 per cent in 2020 and forecasted at 5.2 per cent in 2021, better numbers than previously estimated which can be attributable to the raised hopes of vaccine approvals that can be a firewall to this pandemic. The strength of the recovery depends on the country. The IMF has recommended that multi-lateral cooperation be used to bring the pandemic under control everywhere. Governments worldwide have been supporting their economies via fiscal stimulus until their countries can land on their feet. Bermuda's recovery is closely tied to the global market's recovery and, more importantly, its largest trade partner, the US's recovery.

In 2020, Bermuda's international business sector provided 4,199 jobs in the economy, reflecting growth of 4.5 per cent year over year, or an increase of 179 posts. There were 733 new international companies and partnerships registered in Bermuda cushioning the blow, allowing this sector to chug along far better than if our economy was more hospitality dependent than international business dependent. Many

of the employees in this sector were able to work remotely from home, secure in the knowledge that many of these exempt companies had a well-structured national disaster plan in place to continue functioning almost seamlessly, and the strong business statistics reflect that fact.

But we must not forget the second pillar to Bermuda's economy that took a near death blow and to some degree is still haemorrhaging. From March 21 to June 30, 2020 there were no commercial flights running on a regularised schedule. As was expected, compared to 2019, total air visitors were down 84 per cent. Cruise visitors were down 98 per cent. Total leisure visitor spending was down 87 per cent. As flights to Bermuda returned to a level of normalcy and more residents, especially in the tourism sector get vaccinated, we will begin to see the hospitality business resuscitate and most of the employees in this sector return to work.

We encourage the Government to do its best to find out how many of these jobs were lost temporarily due to the pandemic with hopes of a return and how many of these jobs will be lost permanently. This data will allow the Government to plan for the financial support of employees who may never be able to return to their jobs and to make policy decisions that can induce retraining of employees in this sector for other industries.

The PLP pledged in its 2020 election platform that once tourism has fully recovered it will return to a balanced budget within three fiscal years. So one can see the importance of a vibrancy of this industry as it will be one of the measurements that Government will use to determine a return to economic normalcy. Over the last few days the PLP Government has unveiled its economic recovery plan. It has been touted as the blueprint that will get Bermuda back on the road to recovery. We in the Opposition remain hopeful and ready to lend a hand if the invitation to contribute in a meaningful way as equal partners to stand shoulder to shoulder with the Government to make this economic recovery a reality is extended.

Madam President, allow me to highlight some positive aspects of this Budget Statement 2021/22. I am a glass-half-full type of person who looks for the positive aspect of a thing before I inspect it with a critical eye. So allow me to pick out the things in this Budget Statement that I was glad to see. Yes, I did read it. Several times in fact. And here are my observations.

On page 7, it states that Government responded by creating an emergency unemployment scheme quickly as a safety net for those who lost income due to the pandemic and stepped up to pay the redundancies of laid-off workers at Fairmont Southampton.

On page 13, we see that the Government has designed a six-point Economic Recovery Plan intended to expand the existing pillars of the economy and

diversification (more on that subject later on in this presentation), and a goal of a return to a balanced budget in three fiscal years once tourism has fully recovered.

Page 14 reveals the Government's objective to expand the resident population. Do I perceive true immigration reform in our future? Or just the tired window-dressing demonstrated by finding solutions to the low-hanging fruit that signals optimism but leaves some of our residents who have invested their expertise, sweat and enterprise without a home to call their own.

Page 14 goes on to give a plan for an independent project management team selected with the necessary skill sets to manage this Economic Recovery Plan. In fact, the Minister of Finance stated that a good plan poorly executed can be worse than no plan at all. Which lends truth to the concept that a carefully selected group outside of Government is needed to put this plan to work.

Madam President, allow me to give my critique of this Budget Statement. Let's talk about what the Budget Statement did not address adequately.

Employment. There was little to no mention of the lost jobs in the economy, neither a direct policy-driven solution offered to give comfort to those in our community who are still unemployed with no hint of a chance to return to work. If you have been gainfully employed in the international business sector or within government, uniformed service men and women included, the full impact of this pandemic may not have reached your doorstep. But to the numbers of our fellow Bermudians who have not had a regular pay cheque for almost one year, and their prospects are returning to the status of being gainfully employed for now and the foreseeable future are lost, the lack of attention to this aspect of the economy leaves much to be desired.

One of the major indicators of any economy is its employment numbers and income. Preliminary data from the 2020 employment survey which includes the laid-off employees in 2020 indicates that the total number of jobs in Bermuda declined by 1,935 posts representing a 5.6 [per cent] decrease. If one includes the laid-off workers from the equation that figure jumps to 8.5 per cent decline. From an all-time high of 40,213 jobs in 2008 to a low of 32,443 in 2020, this Island has lost 7,770 jobs since 2008—a reduction of almost 20 per cent. Of the 1,935 lost jobs, over 1,000 were in the accommodations and food service sector.

One other sector experienced job growth in 2020 and that was the public administration sector. Government gained 82 positions during this pandemic. And we on this side of the aisle would not welcome civil servants being laid off at this time either. But what this PLP Government has proven while in power in 16 of the last 22 years, is that it consistently ramps up the number of government posts, whether in good times or bad. This puts more burden on the Government to

balance its budget at a time when it needs to trim the fat and be a safety net for the corporate and individual citizen.

Gaming. Literally nothing was said in the 2021/22 Budget Statement about gaming. No mention of Government resolving the banking component or ensuring that the legislative and operational framework is in place to ensure that two world-class resorts can run casinos in their resorts. St. Regis Hotel will be opening in May 2021. Will they have their gaming licences in hand by this date? Inquiring minds want to know.

Education restructuring. The Ministry of Education has been busy informing the public and promoting its plans to implement a wholesale change in the structure of the public education system reducing its framework from a three-tier to a two-tier model once practiced in Bermuda. The Minister of Education has stated that in their plans to restructure the system, I quote, "cost is not something they have factored in." A further quote, "money will be found to carry out Government's plan . . . no matter the cost." Should cost matter in one of Government's major capital projects? And if money will be found, where is it coming from?

Madam President, let's turn to the Economic Recovery Plan. The Minister of Finance has unveiled his Economic Recovery Plan that will be led by yet another committee, the Economic Advisory Committee. Please be patient with us if we appear to be a little bit sceptical of the introduction of another panel of advisors that this Government has put together. Recent history has shown us that whether it is the SAGE group, the BermudaFirst group, or the Fiscal Responsibility Panel this PLP Government is long on talk but short on action. Each of these groups over the last few years have presented recommendations to Government only for the majority of those suggestions to be ignored or, if heeded, poorly executed.

Immigration. It is well known that a good immigration policy is a good economic policy. This PLP Government appears to have listened to the persistent urging of the OBA to at least admit that an increase in the workforce by increasing the number of residents is necessary for economic growth. Page 14 of the 2021/22 Budget Statement says under the heading "Expanding the resident population—More people means more economic activity, more know-how, more diverse businesses, more for everyone. Every retail business, restaurant, landlord, contractor, landscaper, telecom provider and school wants more customers. More customers mean more business, leading to more competition and lower prices." That statement sounds like part of a making of a good Economic Recovery Plan.

No need for the supporters of the PLP to protest and block entrance to Parliament for its party's bold moves to increase the population. It is time for us as a country to let go of the fear of being displaced in the job market, equip and retool our citizens to occupy

the top posts in the workforce while making it attractive for foreign investment to set up shop in Bermuda.

One of the critical components of that goal is an immigration policy that not only rewards prospective persons looking to live and work with \$2.5 million to invest in Bermuda, but also makes a pathway for residential permanency for those amongst us born in foreign lands who have been employed on our shores for a significant amount of time that are essentially stateless.

They have raised a family here, educated their children here, spent money in our restaurants, beauty salons, and retail shops and have proven their value to this country. They are a captive audience who we do not have to attract to Bermuda to help bolster a population with a falling birth rate and a growing ageing population. Let's be smart and make it worth their while for them to stay here.

Budget surplus and debt. Again, I repeat, the Government has pledged to produce balanced budgets when tourism has fully recovered. Can the Junior Minister tell us her Government's tourism figures in the form of visitor arrivals and spending that will signal to this country that tourism has fully recovered? Is it the 2019 pre-pandemic numbers? Is it the numbers that Bermuda experienced when it had 7,000 hotel beds? Or will it be determined by the return of a fleet of cruise ships returning to our shores? What are the magical numbers that will cause this country to collectively exhale in relief that we can expect balanced budgets?

Debt servicing represents \$127 million of our annual budget, so it is worth putting our attention on the almost \$4 billion national debt that stares us in the face. What progressive benchmarks has this Government put in place to measure our debt to GDP revenue ratio to demonstrate to the country that it has a plan to diminish our debt level? We can appreciate that in the midst of a pandemic it is unrealistic to expect to be able to make major inroads on our indebtedness. But if we can show aspirational pursuits to both cannabis and gaming commissions, overhaul our school system and invest in vertical fishing farms, surely we can derive comprehensive plans to steer Bermuda to manageable debt levels that can build hope in present and future generations that we will not be buried by national debt that will cripple us indefinitely for the foreseeable future.

Taxation, Madam President. Legislation has been passed in these Chambers to give the Minister authority to reactivate a tax reform commission tasked with a job to provide the Government with recommendations for tax reform after the pandemic gives way to a healthy society bursting with pent-up demand for economic activity. Many recommendations have already been suggested by the former commission without implementation. So I ask, What is the point? Dust off the former report and gauge its effectiveness and be bold with necessary changes to create a more

progressive structure that will create equity and fairness.

But I caution this Government that a new tax structure that has the potential to increase revenue for the public purse of \$190 million over three years will not yield its maximum return if the spending of Government does not decrease in similar fashion.

Government's accounts receivable. Madam President, there has been no increase in staffing within the Attorney General's Chambers for debt collection or significant increases in funding within the department tasked to recover outstanding Government receivables to the tune of nearly \$100 million. The 2021/22 Budget was extremely quiet on how it plans to recover these funds at a time when the Government's coffers are lean. To the businesses and private citizens that have been diligent to pay their taxes in full and in a timely manner, we in the Legislature thank you.

For those who have been delinquent, we encourage you to come into the Ministry of Finance and arrange a payment plan. Businesses found delinquent should have certain targeted privileges withheld from them until an agreement is made for repayment. The monies outstanding will go a long way in assisting those amongst us who have had to join the ranks of the unemployed due to this pandemic and assisted Government in maintaining its public service levels without undue burden.

One can expect that there may be some write-offs after close scrutiny of these accounts receivables, but there should be an attempt by this Government to provide a clean accounting of its receivables so that it will have confidence in the value of those receivables and the irretrievability of its outstanding balances.

Retail Sales. Retail sales have also been an economic indicator in Bermuda that tells a story of the spending habits of locals. Government's Statistic Department shows that the volume of retail sales increased by 7.9 per cent compared to October 2019. Prior to the pandemic, Bermuda witnessed double-digit months of consecutive declines in local sales in this sector which indicated that the Island was on a fast train heading toward a recession.

One of the bright lights of this pandemic is that residents, not being able to fly abroad due to the decline in non-essential travel, consumers spent more money at home thus producing stronger retail sales the like that we have not seen in a long time. But those promising numbers could be a false dawn once commercial flights are reinstated back to pre-COVID-19 levels. There needs to be plans in place to jumpstart that sector along with tourism and construction, as they represent industries that employ a large number of residents who have been negatively impacted throughout 2020.

In closing, Madam President, it is extremely important that this Government connects its aspirational goals with a concrete, innovative, economic re-

covery plan. With the recent spike in positive testing of the virus, we realise that we are not out of the woods yet. Every uptick in this number delays the speed in with which Bermuda can experience full economic recovery. There must be a commitment by the residents of this Island to follow earnestly the protocols and regulations passed by the legislature to maintain a healthy and safe community in tandem with the commitment by this Government to head the advice of the committees it has activated to pull us back from the brink of economic collapse.

Thank you, Madam President.

The President: Thank you, Senator Marcus Jones.

Would any other Senator care to speak on this budget?

Senator John Wight. Yes, you have the floor.

Sen. John Wight: Thank you, Madam President.

Good morning all.

The President: Good morning.

Sen. John Wight: First of all, I would like to say I have great respect for the Minister of Finance and the Junior Minister of Finance and all the Finance Ministry personnel because this is a challenging enough budget in normal times. But to prepare a budget in the COVID-19 world is even more challenging, so I take my hat off to the Ministry of Finance in its preparation. And the Minister himself when he joined his current position, I do not think he had any . . . he had no idea what he was going to be facing within a relative short period of time.

So my comments overall are that the stats speak for themselves. The Junior Minister reported very well earlier, roughly, we have \$3 billion of debt, a very large deficit projected for the current year. And so there is no question, we have immense challenges ahead of us. Some of the concerns [we] have, first of all, relate to the three-year period that we are going to re-enter a balanced budget. From reading many prior budget reports from many Ministers both in the PLP and OBA, there always seems to be a three-year headwind to balancing the budget. That seems to be a pretty common theme from reviewing prior years' reports.

What I would like to understand, if the Ministry is very confident about that projection, what does that look like for next year? What does that look like for the second year? And what does that look like for the third year in order to get us back into a balanced position?

I think "Job 1" for Bermuda is pretty obvious. It is to grow the economy. And what does that mean? People often hear "gross domestic product [GDP]". So what is GDP? And really the growth of any economy, Bermuda, and every other one, is a function of two things: the number of working population and the

productivity for those individuals. That is the equation for growth in the economy.

So, as was explained in the Budget Statement, our growth since 2009 has been 0.8 of 1.0 per cent over that 10-, 11-year period. So when I see the growth projections going forward, inherent in this budget of 3.5 per cent, then we are saying that we are going to be doing something better, different, that equates to roughly four times the increase that we have done over the last 10 years. So in this budget I have a hard time seeing what exactly it is that we are going to be doing better and differently going forward to warrant the figures that are being projected.

I mentioned before the debt of \$3 billion which, if you divide that by the number of residents in Bermuda, roughly 60,000, it amounts to \$50,000 per person that is owed back to banks,[or] from financial institutions of some sort.

Even the interest expense, so it is projected to be \$128 million for the next year. If interest expense was a Ministry, it would be on par with education. So we are projected to spend in the next 12 months the same amount on interest on our debt, forget repayment of any debt but the interest on our debt as we do to fund all of the elements of our Ministry of Education. So the only Ministry that is larger is Education, so I think when you put into those terms it really has to be Job 1. We cannot keep kicking the can down the street and assuming that at some point things will get better.

We need to see bold initiatives, bold actions. I would say that I am fully supportive of the economic diversification efforts. I would highly recommend that Government review the recommendations by groups such BermudaFirst. And I declare my interest. I was on the executive committee of that group for two years. The Bermuda Chamber of Commerce produced a terrific report a couple of years ago. So there is no shortage of great ideas. I think it takes some bold initiatives and some education and some communication with the community around what these options are and which ones will serve Bermuda best to generate employment for Bermudians and to be able to assist in increasing revenues so that at some point we can balance our budget and start to pay back that huge debt so that \$124 million that we currently pay in interest can go into helping elder care, improving our public education system, and some of the other worthwhile ventures in Bermuda.

As I look through the Budget Statement there are other ideas that caught my eye. One is, I have been a huge proponent . . . the infrastructure development is a worthwhile venture for Bermuda. My comment on that would be that we need foreign capital to make this happen. As you know, we have had a very long period where local businesses, local individuals, simply do not have the capital to be able to buy buildings, to refurbish them, but there is foreign capital out there to do that. We need foreign currency and we

need people to take a bit of a risk from overseas to come and do things that we simply do not have the finances for ourselves.

So the 60/40 rule I know has been a very contentious one for a long time. And 60/40 I guess has become 40/60. But in my view it is hard to find a country anywhere else in the world where we still have restrictions on foreign individuals, foreign companies investing in our country. I know the sensitivities around this issue, taking jobs from Bermudians. But rather than say that we are concerned about what *might* happen I would just highly recommend that we work together to see how we can craft legislation so that we can benefit Bermudians in the workforce and at the same time allow, for example, Hamilton to be re-energised.

Hamilton to me was such a lovely, charming area. I think back to sort of the energy levels of 15, 20 years ago. And now when I go home from BF&M at seven o'clock at night during the week, there is just not much activity. And so I think foreign capital, foreign investment is something that we critically need. So I would recommend to Government that we reconsider. Even 40/60 is still penal if our main objective is to create jobs for Bermudians.

I know my fellow Senator colleague referred to the immigration reform. Again, a very sensitive issue, and I know immigration has been used adversely in the past. I absolutely concur with that view. It was used as a tool in all the wrong ways by many employers, many individuals in the past. But in the same way as I am referring to foreign investment, I think we need to see a way that we can confidently craft policies that allow people to have some sort of roots in Bermuda. I know that giving status is a very contentious one. In my view there are many individuals who would love to receive a PRC and who would give back in a large way. We do have a lot of data that shows that when PRC holders are given their certificates that they renovate condos and homes and provide a lot of work for our Bermudian workforce. So, I would encourage the Government to move forward in meaningful ways to bring more people to Bermuda.

I will just have a quick review through the budget to see what I have not touched on that I would like to. I think there was a reference to some of the themes, one of which was labour market reforms and the introducing minimum wage legislation, which I personally am in favour of. I think the discussion needs to be about introducing minimum wage and what that means for the workforce.

In many European countries, for example, having a high minimum wage also means having higher unemployment because businesses only have a certain amount of money to employ people with. So, for example, if they have 11 current employees and minimum wage (for the sake of argument) increases wages by 10 per cent then they may reduce the number of employees from 11 to 10. So [as] it is with many

issues we just have to really come to discussing the pros and cons, make decisions in the best interest of Bermuda and move forward.

So, I am an optimist. I truly believe that Bermuda has its best days ahead. But I really think that we at the same time have to initiate some bold initiatives to make it happen. I am just concerned that with the current plan we will see improvements, but I do not think we will see enough improvement to say that we will have a balanced budget in three years and that greatly concerns me.

So, Madam President, those are my comments on the budget.

The President: Thank you, Senator Wight.

I believe Senator Michelle Simmons you would like speak. You have the floor.

Sen. Michelle Simmons: Thank you, Madam President.

Madam President, the main purpose of any Government is to really facilitate the wellbeing of the people it serves. So, we are always looking for policies which will be in the best interest of those people of the community. The average person . . . and I think this is true in every country in the world. The average citizen wants to live in an environment where he or she can feel hopeful about the future. The annual process of developing a plan for the country, a financial plan for the country, is really important because it gives Government a chance to examine all of its revenues, its assets, its liabilities, expenses, and how all of these will impact on its planning for future programmes, both in the short and the long term.

Also, and I think this is true universally as well, one of the goals of any financial planning scheme is to balance the budget. We have already heard the Senators who spoke before me each mention balancing the budget, so that expenditure does not exceed income. So Madam President, let's look back briefly to the 2020/21 budget. And I will say to Senator Jones who mentioned the fact that there were just three of us in the Senate here last year who are still here that we never did have a chance to debate the 2020/21 budget, because there came COVID-19 and the country went into lockdown.

But if we look back briefly to that budget, there were many positive financial trends which had given us hope that Bermuda was continuing to climb up from the recession (remember that?) of 2008, 2009. For example, GDP was increasing, jobs were showing slow growth, the international business sector was showing continued solid growth. Visitor arrivals, especially on cruise ships, were showing a positive trend. And employment income which is something we use as a measure of the funds which people have available for spending, that was even increasing.

So, Madam President, let's leave 2020/21 and let's come to March . . . sorry, let's leave the budget of

2020/21 and let's come now into where we are today. This is now March 2021. And the landscape has changed drastically. This is something no one had forecast. Bermuda's economy went into a downward spiral. And that began just over a year ago in March, in fact, to be exact, March 11, 2020, which is when the World Health Organization declared that the world was in the midst of a pandemic caused by the COVID-19 virus.

Madam President, I am sure you will recall what was happening then. Cases of infection by the virus were increasing exponentially. People were dying. And hospitals were becoming overwhelmed in countries where the virus already had a solid foothold. Seeing all of this, our Government had to act very swiftly and decisively to protect everyone in this country. I cannot commend the Premier, the Minister of Health, all Members of Cabinet, and all their advisors . . . I cannot commend them enough for the swift and decisive action they took in responding to this threat to our very existence.

I cannot go on until I also say how thankful this entire community is for all those in public health who stepped up and are still stepping up to help to keep us safe and basically alive. I commend all the support services out there who have also been instrumental in protecting the community.

Some tough decisions had to be made, Madam President, by the Government. Basically, the Government chose people over profit with the result being that our economy has suffered and is in a very, very fragile state. As Senator Hodgson said earlier, GDP has declined by 8.5 per cent in 2020. Jobs have declined by 5.6 per cent. And employment income has also declined by 7.4 per cent in the first three quarters of 2020. The brightest ray of this economic tapestry was the international business sector which continued to add value to our economy.

Therefore, Madam President, under these extraordinary circumstances, Government had to adjust its plans. Especially regarding expenditures. Instead of spending more revenue on infrastructure and providing services to the public, Government had to shift its focus toward human interests and paying out benefits to individuals who needed assistance just to survive. As Senator Hodgson said earlier, \$127.2 million was paid out in *unbudgeted*, and I underscore that word, unbudgeted COVID-19-related expenses. Of course, this has had a huge impact on the budget with an overall deficit projected to be \$24.5 million or \$22.5 million more than what was expected. So that takes Bermuda's net debt way up to \$3.0 billion by the end of this month.

Madam President, I am trying to paint a picture so that my comments later on will be understood. Additionally, there was a decline in Government revenue due to a decline in most sources of income such as customs duty, payroll tax, and visitor arrival taxes. Oh how the tourist industry has been decimated!

So what now, Madam President? Well, COVID-19 is still with us. But through the vaccination programme and I hope, I pray, through the compliance of the community at large, we are hopeful that soon we will begin to see our economy steadily shifting toward recovery. But Madam President, so much depends on what is happening to help us get out of the grip of COVID-19. If the community will continue for the most part to respond as they have [been] by adhering to public health guidelines, we will see ourselves beginning to recover economically. But if we have to continue to shut down our economy, it is just not going to happen.

I realise that it has been a long time since we have been able to live what we consider normal lives. But all of us have to do our part in protecting ourselves and those we love, and, I dare say, the wider community. This global pandemic has taught us many lessons. But one of the chief lessons is we are dependent on each other, both within Bermuda and internationally. And keep in mind, Madam President, that Bermuda's economy depends to a large degree on what is happening internationally. Other countries must also experience a revival, i.e., must see COVID-19 coming under control before they can effectively also show signs of recovery. And one of our main pillars, one of *the* main pillars of our economy, tourism, depends on that.

Madam President, in preparing for this debate I asked myself, what does the general public really want to know? And I am just going to share a few questions and my responses to those questions with you as I proceed.

The first questions, How will this budget affect my life? Will things get better for me? The answers to these questions are really important to all of us. But they are particularly important to persons who are living in poverty in Bermuda. And we may not want to admit it, but we have people in our community right now who have no hope of having sufficient income to pay their bills and provide for their families. Much of this is unexpected because people have been rendered jobless because businesses have had to shut [down]. We have seen people who, on just reduced income, cannot make ends meet.

Therefore, it was very pleasing for me to see that in the 2021/22 Budget Statement Government has not increased any taxes or fees which would impact negatively on the average citizen. However, Madam President, I am urging Government to increase its efforts toward reducing the cost of living and establishing a living wage in Bermuda. I know my Senate colleague, Senator Wight, has just mentioned a minimum wage. But I really feel strongly that in Bermuda we need to do far more right now with regard toward establishing a living wage. I know there are two sides to that picture. And both sides need to be taken into consideration. But Bermuda is a very expensive place in which to live. And a living wage

combined with no tax hikes must go hand in hand when planning for a reduction in the cost of living

I will just remind everyone, Madam President, that according to the 2021 World Population Review, if you take into consideration the price of groceries, utility bills, rent and transportation, Bermuda is the most expensive country in the world in which to live. And to make matters worse, the City of Hamilton is deemed to be one of the most expensive cities, if not *the* most expensive city in the world. It is hard. It is very hard for the average consumer in Bermuda to make a living which enables them to support a family. And that is why I am stressing the need for Government to redouble its efforts to deal with the very high cost of living.

I also believe that Government is still working on plans to reduce health insurance rates by transformational reform. And we know transforming any system takes time. They are also working on plans to reduce the cost of energy, to bring down the interest rates on mortgages and to reduce food costs. The public needs to hear more about [the] progress made toward all those initiatives, and right now there has not been much information forthcoming.

Madam President, there are businesses in Bermuda which I say are currently on life support, struggling to survive. I must commend the Minister of Finance for continuing his payroll tax relief as well as the tax incentive programme for job growth. He has also continued customs duty relief on imported capital goods intended for renovation and refurbishment of retail shops. All of that will help, I hope, [so that] as many local businesses as possible [will] continue to function. Of course, we recognise that the community is depending on more of our businesses to survive because that is where our people are employed. And during the downturn in our tourism industry we are hoping that with enough of the tax incentives provided by Government and with the promise of a resurgence in tourism, that we will see sufficient [numbers] of our local businesses surviving.

Madam President, as I said, I asked myself, what do people really want to know about this budget? And the next question I asked was, Will Government have enough revenue to fulfil its commitments? Well, we have already heard the answer to that question. According to the Budget Statement, the total expenditure for 2021/22 is projected to be \$1.1 billion. And that comprises debt service, one of the largest ministries, of \$127.8 million, capital investment of \$92.9 million, and operating expenditure of \$888 million. However, the revenue estimate is \$998.9 million. Leaving us, once again, with a deficit, but this time of approximately \$125 million.

So, the answer to the question is, no, Government does not have enough revenue, or is not anticipating having enough revenue, to fulfil its commitments. So, as with any budget, we must look at where reduction in expenditure can be made. I realise that

most Government departments have already been asked to cut expenditure. And the Finance Minister has already defunded vacant government posts, but are there further reductions that can be made?

For example, are there programmes which are being funded and have been funded for many years but they are not meeting and maybe have never met expectations? Can those programmes be eliminated? Are there programmes that have never been evaluated or reviewed? Is it now that they should be evaluated and reviewed? Perhaps they need to be removed. It would be good, I am just suggesting, that a closer look should be taken at all of the programmes which government is running because sometimes we keep programmes in place just because they have been there for a long time. But, indeed, they are not bringing assets to government.

And then, Madam President, as I get closer to concluding, I asked another question. How can government increase its revenue and operate more efficiently? I believe one of the Senators who spoke before me has already mentioned government's accounts receivable where there are hundreds of millions owed by taxpayers. Some of this has been outstanding for several years. And it is almost irresponsible to continue to—

[No audio]

The President: Senator Simmons, we are not hearing you or seeing you.

Sen. the Hon. Dr. Ernest Peets: Same here, Madam President, but I do recall Senator Simmons indicating—

The President: She did say—

Sen. the Hon. Dr. Ernest Peets: —that her Wi-Fi may be a little shaky.

The President: Yes, that's true.

Sen. the Hon. Dr. Ernest Peets: Should we give her a few minutes?

The President: Well, we will just give her a couple of minutes because she said she was concluding.

Sen. the Hon. Dr. Ernest Peets: Okay.

Also, Madam President, I am aware of the 12:30 mark so I [could take us to] lunch.

The President: Yes, indeed. And that was my next question, if she does not come back in another minute then we will break for lunch. It would give her time . . . we will break for lunch until two o'clock.

But while we are giving her that opportunity to see if she can fix her microphone, I just wanted to in-

dicating to all Senators that Senator Lindsay Simmons did receive and submit a response to the questions that were raised by Senator Robin Tucker. And I do believe that all Senators did receive, as I have, the responses to the three questions that were posed by Senator Robin Tucker. So can someone affirm that?

Senator Tucker, you have received them?

[No audible response]

The President: Good.

Sen. Robin Tucker: Yes, Madam President, thank you.

[Crosstalk]

The President: Senators, I believe what we will do is we will break for lunch as it is 12:30, and we will come back at two o'clock and hopefully that will give Senator Simmons an opportunity to wind up her presentation.

So Senate is now adjourned for lunch until 2:00 pm. Thank you, Senators.

Proceedings suspended at 12:30 pm

Proceedings resumed at 2:03 pm

[Sen. the Hon. Joan E. Dillas-Wright, President, presiding]

GENERAL ECONOMIC DEBATE BASED ON GOVERNMENT'S 2020/21 BUDGET STATEMENT

[Continuation thereof]

The President: Good afternoon, Senators, and the listening public.

The Senate is now back in session and continuing with the debate on the 2021/22 Estimates of Revenue and Expenditure and the Appropriation Act.

Prior to lunch Senator Michelle Simmons, Vice President, was presenting and did experience some technical problems which have now been sorted out because she has changed her site.

So we will now allow her to, give her the opportunity, to complete her presentation.

Senator Simmons, it is over to you.

Sen. Michelle Simmons: Thank you, Madam President. I apologise to everyone for the technical issues. Hopefully a technician is coming to resolve those at my previous site next week. But for now I am happy to be here and I am happy that you can hear me again.

Madam President, I believe that I was just talking about how Government can increase its revenue

and operate more efficiently when we were cut off. And I only have a few more remarks to make. I was referring to the accounts receivable. I believe that much of what I said there had gone across.

I was suggesting that an update needs to be given to the public about the work that had to be done in the Office of the Tax Commissioner with regard to, first of all, additional staff was hired. And the purpose for hiring those additional persons was to see a more efficient collection of government taxes which have been outstanding for many years. And it adds up to millions of dollars.

Madam President, in this same thought, I had wondered about the efficiency under which government is operating. We all know how technology has had a huge impact on how we just live our everyday lives right now, but within the ranks of government departments, everyone has acknowledged that technology could play a huge role in improving efficiency.

I realise that government has to spend prudently at this time but I would urge them to move forward when funds become available to create that centralised IT structure that was talked about a couple of years ago so that there can be communication across government departments instead of each government department having its own individual IT system which does not enable one department to efficiently communicate with another. That is a real negative, in my opinion, with regard to the operations of government. Efficiencies can be realised if there is a government-wide IT system.

Madam President, I am going to conclude my remarks by saying that Government has an obligation to the country to ensure that the best interests of the people they serve is their main consideration. I believe that Government is acting in the best interest of the people. And I would just urge them not to grow weary [but] to press on, looking at innovative ideas, looking at efficiencies within government, looking at how they can make life better for the average person.

And, obviously, government finances play a big role in whatever plans Government is putting forward. Therefore, I once again want to commend the Minister of Finance. I think that right now nobody else would want his job because he has inherited a number of circumstances which will challenge him. But I believe he is up to the challenge; I know he is up to the challenge! I would just encourage them to press on—especially the Minister of Finance, and wherever he can see his way clear to improving the situation that we are living through, for the good of the community as a whole, to do so.

Thank you, Madam President. And once again, I apologise for the interruption.

The President: Thank you, Senator Michelle Simmons. We are pleased that you were able to resolve the issue. And we thank you for that.

I would just like to . . . before I ask someone else to participate, I failed to thank Senator Lindsay Simmons for obtaining the answers to the questions that she had to obtain for Senator Robin Tucker. So I would just like to extend those thanks and appreciation on behalf of the entire Senate body.

Would any other Senator care to speak at this time?

Senator Robin Tucker, you have the floor.

Sen. Robin Tucker: Thank you, Madam President. Good afternoon everyone.

The President: Good afternoon.

Sen. Robin Tucker: Good afternoon, Madam President, Senate colleagues and listening audience.

It is a privilege to participate in today's economic debate to discuss how the people's money is being spent. Government, no matter which group has that honour, must be held to account by the people who entrust them with the responsibility to act on their behalf.

Madam President, COVID-19 has rocked the world. Where many places have had devastating impacts associated with coronavirus, to date Bermuda by comparison to some countries, has fared very well. We have sourced our personal protective equipment where in some cases globally it was in short supply; procured specialised testing equipment and obtained vaccines. The Government, Opposition colleagues, Dr. Weldon and her staff, and all persons on the front-line, and everyone in health and non-health positions working in the background and in the trenches, *Thank you for all that you have done and continue to do to lead us through the pandemic.*

I would also like to thank the members of the public who have complied with all of the requirements put in place to keep us all safe recognising that we are all very tired, but by working together we absolutely will get through this. While the coronavirus has had our full attention a little over a year, and as challenging as the effects of COVID-19 have become, we press on because without or with COVID-19 payroll must be met, revenue must be earned, services must be funded and delivered, and the Island's debts must be repaid.

Madam President, while COVID-19 kept many of us sheltering in place, [this and the] quarantines and remote working compounded some unhealthy behaviours which over time will add to our health care burdens. According to a BermudaFirst 2019 report, Bermuda is one of the least [healthy] populations in the world, with unacceptable levels of chronic, preventable disease resulting in overburdening financial impacts. This observation is unsurprising given our largely sedentary lifestyles, our affinity for Netflix (of which I love) and devices, and our reliance on and

affordability of high fat, sweet and salty convenience foods.

The 2021/22 Budget acknowledges that there is work to be done to assist Bermuda's obese and overweight children. But they are the consequences of not getting a handle on obesity early in life. I was disappointed that I did not see much in the budget that addresses this issue for our adults and especially our children. Why is addressing obesity so important? According to a Bermuda Health Council report, Bermuda's [number of] overweight and obese adolescents is considerably higher than the OECD average.

The report states that obese youth are more likely to develop type 2 diabetes and offer risk factors for cardiovascular diseases such as high cholesterol or high blood pressure. Some of these varied diseases are the things that are driving up our current health costs. Children and adolescents who are obese are at a greater risk for bone and joint problems, sleep apnoea, social and psychological problems such as stigmatisation and poor self-esteem.

Obese youth are more likely than youth of normal weight to become overweight or obese adults, and therefore, are more at risk for associated adult health problems including heart disease, type 2 diabetes, stroke, several types of cancer and osteoarthritis. Physical inactivity and unhealthy eating contribute to obesity. And so with this I wonder if enough money and resources is being spent to proactively address these issues.

Madam President, this budget refers to the schools having a nutrition policy to promote healthy eating. But given the dangers of [being overweight] if we are not aggressive about confronting obesity in our children, the roadmap is clear that an even greater health care burden than what we currently face awaits us in the years to come. As a country we must give Bermuda's future, our children, more focus on increasing the promotion of health and nutrition education, collaborate with grocers to reduce the price of healthy foods, fruits and vegetables, as this will help parents provide healthier options so that they can make better food choices for their children, and of course for themselves.

While I recognise that funds are limited, Madam President, this should not diminish the care that we give to our adults and future generations. It was wonderful to see that monies have been made available for seniors and rests homes, Summerhaven, Age Concern and others that will receive some funding and necessary upgrades. The next step, Madam President, there was not much mentioned for persons with mental health challenges.

It is also great to know that funding has been allocated for a [much-needed] capital project at Bermuda Mid-Atlantic Wellness Institute. Bermuda has a growing population of people with one and or more mental health issues. Some such persons are living on the streets being released from prisons to return to

the very trigger environments that keep them trapped in a vicious cycle of mental illness, drugs and prison in the very first place. There are also some fully functioning persons who play a key role in Bermuda's economy with mental illness that are vital and in need of mental health support, but cannot get access to all of the help that is needed.

Magistrate Juan Wolffe spoke on the subject urging, and I quote, Madam President, if it is okay with you? "[I . . . urge] those who make decisions and allocate funding to place, as their priority, persons who are in dire need of help," (adding that it was) "astounding that in Bermuda . . . one cannot find adequate funding to treat our most vulnerable citizens."

With the number of persons battling mental illness every day, are there sufficient funds allocated to providing ample services for such critical need? The Pew Research Center reported that one year into the societal convulsions caused by the coronavirus pandemic, about one-fifth of US adults, or 21 per cent, are experiencing high levels of psychological distress. Given the uncertainty and difficulties associated with managing day-to-day with COVID-19, stressors and anxiety may reveal new and pre-existing mental health issues. Consequently, Bermuda should make greater investments in mental health care now to get ahead of and mitigate future negative impacts on the country which will be seen long after COVID-19 has ended.

Madam President, it is imperative that we take a holistic look at mental health in Bermuda, its drivers and linkages to improve access to services for people who need it most. Madam President, Bermuda has had companies set up and wind down during and before the pandemic. We all know that we have a shrinking population and ageing workforce. It is good that the Government has invested substantial funds into the initiatives for retraining and retooling Bermudians to prepare our work persons and persons needing to prepare themselves to transition to new roles and opportunities.

Follow-up with employers after placement is vital to ensure that people who have undergone training meet requirements and that data collected to ensure return on investment and efficacy of the programmes is needed to help support the mammoth task of getting Bermudians back to work. A major part of the success of the Workforce Development programme and financial investment will rest equally on the shoulders of individual participants. I take this opportunity to wish everyone taking part in the programme much success with their training and job searches and also congratulate the Department of Workforce Development for undertaking this huge task.

Madam President, the Bermuda Job Board, which, as I understand was initially designed to support immigration and employer purposes, has proven to be a useful tool. However, to help get maximum

value for money, the Bermuda Job Board needs upgrades. Examples are: enabling data collection for employers; features that require persons to upload a résumé and references to allow employers to communicate with job seekers directly via the Job Board; [and] adapt more tracking and managing applications.

Despite what some believe, most employers prefer to hire Bermudians but are often challenged when receiving applications via the Job Board because many persons do not have working telephone numbers or résumés attached to applications, or have incomplete Job Board applications. And commonly people invited for interviews accept meetings but do not turn up. This is a huge administrative and financial burden for employers. If we want to improve hiring rates for out-of-work Bermudians via the Job Board, we must overcome these basic issues.

The Department of Workforce Development must ensure that the funds allocated are spent wisely, which I am sure they will. Part of that responsibility, though, is ensuring that while job seekers are getting trained learning new skills and earning certificates at basic technology, that specific issues are addressed to encourage employers to hire Bermudians and that Bermudians will not only secure employment but retain it for the long term. Which is obviously very important for our economic success as well.

It is wonderful that investments are being made in ageing and disability services at the K. Margaret Carter Centre to support our seniors and other vulnerable persons. It is, however, necessary to ensure that staffing levels at these facilities are at optimum levels to ensure that there are no negative impacts on the delivery of services. The mission of the Department of Child and Family Services [DCFS] is protecting children by strengthening families. The staff of DCFS must be commended for the jobs that they do in caring for our children, especially when parents and relatives are unable or unwilling to do so. It cannot be an easy job. What is happening to our children is another symptom of the darkness dwelling in the crevices of our society that is not often talked about but must come out from the shadows in order for us to heal as a country.

Last year in another place it was reported that in 2019 DCFS received referrals for the following types of abuse: a staggering 408 reports of neglect; sexual abuse, 211; physical abuse, 161; and other referral categories were revealed.

Madam President, these statistics are extremely disturbing and we should expect improvements. But, again, with the negative impact of COVID-19 additional reports of neglect and other types of abuses of even men, women, and children of all ages sadly is likely. We must be proactive and anticipate negative trends to try to get ahead and mitigate negative consequences of an action or lack of urgency.

Just as worrisome is the \$696,000 increase in funding which has been allocated to sending children

to overseas facilities. Madam President, how is the effectiveness of the overseas treatments and programmes assessed? What are the success rates? How many of the children return to their families after treatment and remain with their families? How many children are sent back to overseas facilities?

As much money has been reportedly paid to overseas facilities over the years, why haven't we invested in a specialised therapeutic facility in Bermuda which could meet the needs of the children requiring the treatment they received overseas? Additional services need to be provided to also help parents who sometimes have their own issues to manage their children, or tools to give them what they need to manage parental relationships when the child returns home from overseas. Put another way, can more be done to break this cycle?

The department's mission, as I stated, is to protect children by strengthening families. One may think it reasonable to invest in addressing the root causes of the issues responsible for seeing our children sent to overseas facilities for assessment and treatment. It is not my intention to make the situation seem as if there is a simple fix. Far from it! But we must consider that if we always do what we have always done, we will always get what we have always gotten. Our children, families, and communities deserve much better.

In closing, Madam President, I would like to end on a positive note. I was happy to see that a transitional living facility is in the budget for children ageing out of the foster care system at 18 years old. While some support services may be available to the residents, it will be money well spent to also offer emotional and social support such as a resident parent, available to the facility's new residents to help guide them through as they learn to traverse the road to independence out on their own. While not all 18-year-olds are ready for the transition to adulthood, I look forward to hearing more about the positive impacts that this very important financial and social investment will make in the lives of children who so desperately need the extended support.

Madam President, while it cannot be argued that it is important to be fiscally responsible, we must balance the impacts of the pandemic [is having] on the supporting services and facilities needed for our people. There are some [INAUDIBLE] investments leaving our country in debt, and in the midst of a pandemic [these] should be put higher on the list of financial priorities.

Thank you, Madam President.

The President: Thank you, Senator Robin Tucker.

Would any other Senator care to speak at this time?

Sen. the Hon. Dr. Ernest Peets: Yes, good afternoon, Madam President.

The President: Good afternoon. Who is . . .

Sen. the Hon. Dr. Ernest Peets: This is Minister Peets, from—

The President: Oh, sorry, yes. I now see you. Sorry, I did not see you at first.

Minister Peets, yes, you have the floor.

Sen. the Hon. Dr. Ernest Peets: Thank you so much, Madam President.

I would imagine it really goes without saying that this pandemic that we have been dealing with this past year has certainly created an interesting problem as it relates for policymakers at all levels of government. As such, you know, Madam President, I would imagine that the exercise for which we are gathering here today does take on special meaning.

Last year, of course, many of us were not here in this Chamber. We were certainly busy doing whatever we were doing as we were receiving the news about potentially going into a lockdown. For those Senators who were busy in the Senate last year, we certainly owe you a debt of gratitude for the work in which you all completed.

I can say this afternoon, particularly as we are heading into a conversation about department heads, that there is no real crystal ball. As such, no one can really accurately predict the future. But what we can do, Madam President, is do our due diligence. And I would like to assure this Chamber that the Minister of Finance and his team have done their due diligence in producing this budget. I have confidence in the hours that we have later today that the Junior Minister's presentation on the brief of Finance will be self-explanatory.

Madam President, I am still overwhelmed by the depth and the breadth of this crisis that we are facing. There is hardly an aspect of our social environment, our economic system that has not been shackled or in some way halted by the present crisis. I know there are lots of frustrations out there in the community at the moment but I do want to encourage us as Senators, as well as our listening audience, that there is hope.

Having said that, Madam President, our Government has reacted in ways that require the coordination of all levels of government. I am certainly proud of the Department of Health, for example, National Security, Education, Finance and Sport. But to be honest, Madam President, every department had to act coherently as well as quite quickly as the circumstances around COVID-19 shifted and changed.

So this afternoon, Madam President, it is my opinion, at least humbly anyway, that the Cabinet responded with good leadership in designing and implementing policies that in some cases had never, ever been implemented by any previous Administration before. I believe that today, Madam President,

and I certainly want to do my level best to illustrate this to our fellow Senators as well as those who are listening today, that the Government in my opinion has the right mix of social responsibility as well as fiscal responsibility. This COVID-19 pandemic has had a severe impact globally in ways that I would imagine that are unprecedented.

As such, I can assure our fellow Senators that the Government remains focused on steering our economy and our country on a path of recovery. Most of us are aware, of course, that we have enacted policies, that we have diverted resources to help those who have been affected due to job losses and other COVID-19-related losses for many of the families in our community that are still struggling.

I would be remiss, Madam President, if I did not mention this afternoon that the social transmission of COVID-19 in our community in my opinion remains our greatest financial threat. It is really important that as a Government and as a people we do everything that we possibly can to suppress the spread of the virus. If community transmission continues to occur, this will only delay and perhaps hamper any progress we have made so far. So I am certainly encouraging all Bermudians . . . I know it is frustrating, but we have to adhere to the guidelines that our health professionals have instituted in order to keep us safe and help our economy recover safely as well as quickly.

Madam President, as we will see in the brief that we will discuss a little later on, the Government is concerned about our GDP. We are concerned about unemployment. We are concerned about how COVID-19 measures affect our commercial as well as our retail businesses, typically around closures. Thus the policies that I believe are implemented by the Government are designed to tackle the virus as it relates to its outbreak while also addressing spending, debt management, as well as focusing on growing the economy—which is a tall task for any budget and any fiscal plan.

Madam President, the Minister of Finance and his team and the entire Cabinet are addressing our country's finances in the budget in a manner that I think takes it very seriously but they are also handling the material and the decisions in a very responsible manner.

Madam President, there are a couple of things about the brief I can at least speak about in general, and I will allow the Junior Minister to have time to speak specifically. But I think, Madam President, it would be important for the listening audience to know that the Government's plan does provide flexibility while also maintaining accountability. This economic plan has clear guardrails for spending. This plan builds, in my opinion, on internal resilience as well as any future changes that, of course, may come down the landscape. And they are also focused, Madam President, on growing the economy.

Madam President, I certainly appreciate all of the comments, critiques, and questions that we have received today. I can certainly assure you and the rest of the Senators that we are taking notes. We certainly jotted down these ideas that we have heard today. We are certainly looking forward, Madam President, to spending as much time as we are allotted in discussing the most important matters as it relates to the country's business, particularly around the budget and the financial plan going forward.

Thank you, Madam President.

The President: Thank you, Minister Peets. Your comments are greatly appreciated.

Would any other Senator care to speak at this time?

Sen. Owen Darrell: Madam President, I would.

The President: Yes, certainly.

Senator Owen Darrell, you have the floor.

Sen. Owen Darrell: Thank you, Madam President.

Madam President, first of all, I would like to applaud the Minister of Finance who sits in another place, the Honourable Curtis L. Dickinson. I would also like to applaud my Senate colleague, Junior Minister of Finance, Senator Arianna Hodgson, for her presentation earlier this morning. I would also like to take this time, Madam President, to congratulate and thank the entire staff at the Minister of Finance for the work that they have put in to get this budget to the place that it is, especially around the situation that Bermuda, as well as the rest of the world, finds itself in.

Madam President, it would be remiss of me not to point out one major factual point before I get to the focus of my presentation today. I must emphasise that the normal operating expenses for the government for this fiscal year are \$55.6 million lower than the original budget of \$935.6 million. The Minister of Finance recognises the importance of managing the public purse and, had it not been for COVID-19 and the COVID-19-related expenses, Madam President, I would say that he managed to lower the government expenditure by 5.9 per cent, which brings me today, Madam President, to the focus of my presentation.

Madam President, one of the things that I like to do in my social time is play cards. For those who may be wondering, my card games of choice are Blackjack and an all-time universal and family favourite, yes, Spades. One of favourite Spades partner, Madam President, is my dentist. She grew up in the southern United States and has a really good ability to know exactly how to play the cards that are dealt—good, bad, and indifferent. I have never heard her complain, frown, or throw in her hand. She gives a slight smile, as if to say, *Partner, we got this*. I am so happy, Madam President, that the party I represent,

the Progressive Labour Party, has a Minister of Finance who knows how to play the cards that he has been dealt. And Madam President, I would say that he plays them well.

Madam President, some of these cards are not the ones that we would have ordinarily picked if given the opportunity. Such non-desirable cards have shown themselves in the form of events that some Opposition Senators like to fall short on remembering. So, let me remind them. One, a worldwide global pandemic where we have chosen to put the people first and provide economic relief. This Minister and this Government were faced with a huge debt to the tune of \$100 million from the America's Cup debacle.

Madam President, this Government was left with a huge debt from a horrible Morgan's Point deal which has cost the Government over \$200 million. How could we forget \$20 million of Government money to Aecon, a foreign company, based on another bad deal put in place by the One Bermuda Alliance? You know, people know it as *that airport deal*, which at least one Senator is still celebrating with his famous red pom-poms.

Another bad card that we were dealt, Madam President, was severe unemployment which was inherited in 2017, and an education infrastructure that was crumbling all around us—all following a horrific period of governance by the One Bermuda Alliance.

In recent times, Madam President, we have heard the Opposition make a lot of hoopla about the \$11 million loan to the employees of the Southampton Princess. Remember, this Government made that loan so that people can live. Yet, we have yet to hear a word from them now that the entire \$11 million has been repaid. Madam President, that is how you play cards.

As my former principal and boss, Senator Simmons, rightly pointed out earlier, this Government, this Minister of Finance chose the people when putting together this budget. Again, if I can use her words, *under extraordinary circumstances* we decided to start rebuilding Bermuda with Bermudians at heart.

While the Minister humbly asked the unions of this country for an olive branch in assisting him to play some difficult cards, Madam President, they trusted him. Last month, the president of the BPSU, [Bermuda Public Service Union] was quoted as saying that the Budget strikes "an appropriate balance." The BPSU president also commended the Government. The BPSU president went on to say that "It is very encouraging" He also said that the Minister of Finance has taken a "pragmatic approach."

The daily headline, if I may, Madam President?

The President: Yes, you certainly may.

Sen. Owen Darrell: Thank you.

The daily headline summed up the BPSU's comments with a headline that said, "BPSU gives Budget top marks." Again, Madam President, the Minister of Finance has ably played the cards that he was dealt.

Madam President, I would like to pivot to some further remarks that I heard earlier in the general economic debate. I heard [some] Senator use terms such as, *they are supportive of economic diversification*. I have heard that some Senators want *bold initiatives*. Some Senators want to see *a further increase in government revenues*. Some Senators have talked about *new industries, taking risks, and reenergising the economy*. Madam President, I legitimately find myself confused. Because just three weeks ago my colleagues, the PLP Senators, pleaded with this Honourable Chamber to pass a Bill that clearly would have brought some of these aforementioned economic activities and opportunities to Bermuda. But it was not to be, much to the disappointment of Bermudians from all walks of life.

Madam President, again, I applaud the PLP Government for attempting to be bold. You cannot question on the one hand the Government keeping the airport open, while at the same time pointing out the economic damage that was caused by having the airport closed for three months.

Madam President, I would like to end my brief remarks by talking about education. While education may have been dealt a bad hand, and there was some reduction in funding, this Government will not be gambling with our children's future. The reform that is underway is being carefully and strategically implemented and we will continue to do so at the same pace. Again, Madam President, this is another sign that we, the Progressive Labour Party Government, are indeed looking out for our people. Scholarships and grants will remain the same as they have in previous years.

You know, we were going back to my analogy about Spades, Madam President. And some of the talk that we have heard in this debate, back and forth, my friends will call renege. They would be shocked at what they have heard today. Madam President, this is another sign, again, that we are looking out for the people.

So, again, Madam President, I applaud the Minister of Finance. I applaud his staff. I think that this budget is a good one. Thank you, Madam President.

The President: Thank you, Senator Darrell.

Would any other Senator care to speak at this time?

Does any Senator want to speak? No?

Sen. Ben Smith: Yes, I will speak, Madam President.

The President: Senator Ben Smith, you have the floor.

Sen. Ben Smith: Thank you, Madam President.

First of all, I would like to echo the sentiments to thank the Minister of Finance and everybody who has participated in putting together the budget for this year, in an extremely difficult time. But Madam President, I believe we have to go back to when I was in another place a year ago prior to the pandemic when we were discussing a budget that was looking toward what I would call, *us going off the cliff*—prior to the pandemic. We cannot forget that many of the issues that we are discussing now and will be discussing over the next few days were columns that we had prior to the pandemic hitting. That is what has made our situation so much worse. Because now that the entire world is dealing with this pandemic and economic . . . just destruction that has happened, it makes it almost impossible to do the things that need to be done at a time that is so critical.

Madam President, when you have a family, and someone in the family loses their job, everyone in the family has to pull together, maybe reduce some of their wants over their needs in order for them to make the ends meet. That is the situation that Bermuda was in prior to COVID-19 coming to our shores. But what has happened since then is an absolute change in everything that we have done and have become accustomed to doing in Bermuda. And yes, we have to applaud the Government for the things that they have had to put in place to take care of our people when they had nowhere else to turn.

Madam President, there are things that have happened over this last year that showed the difference between some segments of our population and others. International business, which as we have heard is our main pillar, has been able to maintain and in some cases grow during this period of time. But we are fortunate that a lot of our people have been able to stay employed during that period and in some cases they were not able to do the job that they were used to doing, and they were getting full pay to do it. And that has meant that they were not in the same dire situation as other parts of our population. For that, I believe that we need to thank the people in that industry that also helped out, because it would have been very easy for them to cut.

But Madam President, there are other parts of our private economy that were not as fortunate to make the kinds of money that we see in international business. And they have had to make extreme changes. Some of their employees have seen their salaries reduced by 25 per cent, 50 per cent, 75 per cent. They have seen their hours reduced significantly. We all understand the group that was laid off and the benefit that was given them. That was extremely appreciated by everybody. They were able to survive in our population because of that programme that was put together by the Government. Once again we thank the Government for doing it. And it would have been something that any Government in charge of Bermuda

at the time I would like to believe would have done that exact thing. Because you cannot let you people just starve while we are going through this worldwide pandemic.

But Madam President, during this period those people who have seen those reduced salaries have had a hard time paying their bills, making their ends meet, and they have had to change completely the way that they live their lives. We have actually seen some benefit come out of that in some industries. The retail industry has seen a little uptick because people in Bermuda were based at home. They did not travel. We Bermudians live in a really small jurisdiction. We all like to get on a plane and travel somewhere else. And that is part of what we do as Bermudians. But over the last year we have not been able to do that. So it has meant that we have been giving some of that money that would have been spent overseas to the local economy.

Well, Madam President, there is a little bit of a . . . I want to say you have to look a little closer to what those retail numbers are. Because some of that is based off of Amazon orders that have been brought in to Bermuda. And really when you look at the amount of items that have been brought in over this period of time, you realise that that does not have the same kind of impact on retail, on hiring Bermudians, because retail is a completely Bermudianised industry.

Understand that there are up to 3,000 people who were employed in retail prior to the pandemic hitting. When retail was in trouble, they were struggling. They were calling out asking for help before the pandemic hit. So for those who have actually seen an increase in their business over the last year and they have been able to put some money aside, I hope that they realise that you really need to protect that money that you have been able to gain because as Senator Jones said earlier, when the airport is fully open again, and people start to travel the way the travelled before, that uptick will not be here.

But what we will have seen is this continued increase of people purchasing overseas and importing. There are many who have said that that is the way of the future. Well, if the way of the future is that all of the work will be done outside of Bermuda and all of the resources will be shipped off the Island, then how does that impact the local workers, those 3,000 jobs in retail? We are already having a hard time figuring out how to employ the people who are in hospitality. So what are we going to do with the people who were in retail? You cannot increase the amount of people who are unemployed that are looking for jobs.

Madam President, in hospitality we have heard a lot of reference specifically about hotels. But there are a lot of connections to hospitality, the tourism industry. If you look at the retail shops that actually thrive off of selling items to tourists, they have been completely wiped out. Many of them are closed and

will stay closed until we start to see tourism return. We have the commercial boat operators who really have a set period of the year that they are able to do their job and to make their money that they survive off of for the year. They have been wiped out for the last year. Well, Madam President, they continue to have to pay all the fees that are associated with being in that business: the liquor licences, the licencing for the boats. They are still paying all their taxes, if they have enough money to actually be able to meet those demands.

So, Madam President, if you are a small business owner in Bermuda and you have been able to survive so far in this last year, the question is: What have you seen in this budget that tells you that you really should have hope, that things are going to get better for you? Madam President, [taking out] loans at a time when you are struggling to pay the bills that you already have, that is going further into debt. I think that is a part of what we need to understand as a population.

I go back to that family. See, what I painted was a picture of a family who understood the responsible way to handle having less resources. You are going to have to cut down on the things that you normally would have. Well, the alternative to that is to just put it all on credit. You keep charging on your credit card and paying a big fee for the charges on that card. Well, Madam President, if that was the way that you do it, at some point you have to pay that bill. And I am going to say that is where we are right now.

So if you look at this budget, there are some wants that have been cut out. But there are some needs. When you have a situation where the economy is in trouble and people are out of work and people are making less money than they would normally make and are having a hard time paying the bills and meeting their responsibilities, unfortunately you see an increase in crime.

And Madam President, at the same time Government has to figure out places to cut. Cutting from the protection of our people is a difficult spot to have to cut because somewhere in there you have to give up something. But the safety of our people is really important. And the police force had been cut low prior to the pandemic hitting. And then we saw how important they were over the last year. The second that the regulations changed and we allowed people to get back to a little bit of normal life we saw an uptick in crime and our clean murder rate from the year before changed. Then all of the resources had to be spent to protect our people again. See, that's the problem when you have to cut from a need. It is not something that is sustainable.

Madam President, when people drive around the Island today it is pretty simple for them to see that they are manoeuvring potholes from one end of the Island to the other. You can see that our people are not able to maybe maintain their houses the way they

would have in previous years. You can see that the population is starting to really show that they cannot keep up.

Well, Madam President, as I am looking through that I am understanding that there are multiple things that have to happen at the same time, while we are in this difficult situation. We talk about increasing the resident population. Well, it is difficult to increase the resident population if we do not keep the population that we have. So if there are not opportunities for our Bermudians then our Bermudians are getting on the plane and leaving and trying to find somewhere else where they can survive. If the people who have been here for multiple years and had their children here, and paid into our economy are not made to be part of this country and part of the solution, then they look elsewhere.

So, Madam President, it is very difficult for you to fill the hole with a bucket that has multiple holes in it. And that is just for us trying to figure out how to attract people from overseas, without figuring out a way to keep the people that we have.

But then we have to reduce the costs. Well, Madam President, I am sorry, when I look at this and I have expressed to you that in the private sector there are people who have had major cuts to their hours, to how much time they are at work, to the amount of money that they make on regular basis, to the benefits they are making, well, Madam President, the 10 per cent cut that was given to the government is going back. And I am not saying that this is a situation that we should just automatically ask for that group to continue to sacrifice, because, remember, a lot of the people who I would be referring to are the ones who helped us get through this pandemic.

Well, Madam President, there are tiers to employment within government. There are people who can handle a 10 per cent sacrifice and there are people who cannot. So maybe we should be looking at that difference, because it cannot be just some of the population that continues to make the sacrifice. Because on one hand we are having to give money to the private industry to bail them out, and we are having to give money to people who cannot afford to meet their requirements. But part of our major costs, or one of our major costs—if not *the* major cost—is going to be salaries for the government. It is a tough situation all around.

There are no easy answers to anything that we are going to do, and that is why this job by the Finance Minister was extremely difficult. But, Madam President, the solutions need to happen. Because when we look through every one of these ministries later on over the next couple of days, we will see cuts that make us question, *Can we really afford that cut? What impact is that going to have on our people?* Well, Madam President, we are going to have to start to determine the difference between our wants and our needs.

And some people who have gotten used to a very specific level of lifestyle are the ones who are going to have to give back so that the rest of our population can survive while we go through this continued issue, because it is not going away immediately. This is not something that we are going to be able to fix with a snap of our fingers. This problem was here before the pandemic. So for us to think that we are going to be the first ones out of the gate once most of the world is vaccinated and things start to go back to normal . . . that is not correct. This is not magic.

The people in the tourism industry are suffering and the truth is, if we continue on the path where we are now, we understand with the numbers going up there will be further restrictions which will put more burden on all of those industries in our economy which potentially will go under. Madam President, there are people in our population right now that every day are wondering how they are going to be able to do it. That is the stress that is going on throughout our population.

We need to understand that a lot of our costs are based on our health. We have heard my colleague talk about those numbers. Well, the expenses are going up because as the stress goes up, the amount of issues increase. So those statistics that Senator Tucker gave are not going down; they are going to go up. The need for support and help is going to increase. Well, each of those things costs money.

Our children have been going through a year of a completely different kind of life. And as much as we adults have had anxiety, and coping mechanisms that in many cases are really bad for us, we have to understand that the children are going through the same thing. What impact has this pandemic had on our young people in education? We all know that there was a problem with our public education. Madam President, it has been discussed openly over and over again. So can you imagine when you put something like a pandemic on top of all of the issues that we had, can we quantify what kind of negative impact that has had on our young people? And when we will actually see that negative impact as a result in our population?

Madam President, this is a tough task. We can only get through it with all of us trying to figure out the best way forward. But the sacrifice is going to have to be spread a little further, because, Madam President, right now there are people all over our Island that need food and they are waiting in lines to get that food. And there are people who are providing it. And a lot of [people in] our private sector are the ones who have been stepping up to take care of that. So it is not always just the Government that is doing it. It is the private industry that is stepping up as well, as a collective. That is how we are getting through this.

But remember, those people who are volunteering—the ones who have been in Bermuda for an

extended period of time but they do not have any claim to the country because we do not want them to have a claim to the country—they are ones who are giving their time, freely, to help our people, because to them it is their people as well. Maybe it is time for us to start to treat them that way, because we are going to need everybody to help us get through this. We cannot increase the population while we have people packing their bags to leave. That is not a way for us to add. We end up at the same level or worse.

So, Madam President, thank you for the opportunity. I hope that we can go forward and find more solutions for us to get out of this. But this is not a time for us to be blaming it on each other. And I am sorry if we are going to keep going back and rehashing things that have happened in the past. We need solutions for what we are going to do going forward because the responsibility of the Government is to fix this. It is their responsibility. It is their mandate. We are here to support and to hold them to account. But this is where the rubber meets the road. Stop looking back on things that you cannot fix right now and tell us how you are going to fix what we need as a country going forward.

Thank you, Madam President.

The President: Thank you, Senator Ben Smith.

Would any other Senator care to speak at this time?

No. It appears that no one else wants to speak.

I would just like to make just a couple of comments myself. And that is, first of all, to thank each and every one of you who have spoken today. I want to congratulate you for your insight and your comments regarding the Budget Statement. I think the listening audience and the public would realise from your comments that you have really given great thought to the plight in which we find ourselves.

But at the same time, we have to give kudos to the Minister of Finance and all the people who have helped him put this budget together. Those who answer all the issues and questions and the needs of the people know, but in terms of its immediacy the manner in which the Government has responded to people in need I think that has been absolutely wonderful and greatly appreciated by the people.

I also want to acknowledge that this COVID-19 has really hit not just Bermuda but the world. Bermuda has the advantage of being able to turn on the television and see what is happening in all other countries. And when we do that and we see the lines and we see all the issues that other countries have to face, then we really have to give thanks—give thanks to the Government, give thanks to the health people, give thanks to all the individual who we see rallying around each of us and helping us in terms of whether it is to have a vaccination, to be given food—we are very, very fortunate.

In spite of the complaints and issues that we complain about or we voice our opinion on, we are very, very fortunate in Bermuda that we have a Government that acted early and acted to assist the people in need. And I am not just talking about the Government but also the church groups, and as has been said, the business personnel and companies who are listed here, who feel a part of this community. Yes, we may see some people in lines for food, but we do not see the long lines that we see on our television and the people who are reacting to the stresses and strains.

For sure, this COVID-19 pandemic has affected us financially. It has affected our mental health and our psychology. It has affected our physical health. So we are really . . . I think what we need to do is to really be there for our brothers and sisters. We will get through this if we work together. And yes, we do have problems. But when you compare us to other countries, I think . . . and we are a very small country but at the same time we have to have some confidence that we will get through this.

I have a firm belief that we will. And in spite of all that has been said today, I think the bottom line is that we are doing much better than so many other countries. And I think that we really need to stop and give thanks; give thanks for the blessings that we are privileged to have at this time. Because believe me, no one saw this happening. And I think each one of you who have spoken today have highlighted the issues, the problems, the thanks and appreciation, but at the same time, as Government officials, as Legislators, I think we really have to remember that we must work together and we must give kudos where kudos are due.

I think that we are better off than many, many other people and other countries. And I think, bottom line, I firmly believe, as I am sure many people out there in the public believe, that we will get through this. And I think we have a Government that will help us, working along with the Opposition, and all others, that we will get through this and we must firmly believe that. As long as we have as the goal that we will get through this, and we have the confidence, then I think that we will come to the other side.

So I thank each one of you. You have raised many, many points. You have looked at physical health, mental health, financial health. But bottom line, I think you have all agreed that the Finance Minister and his team have done a stellar job in getting us to this point. And we need to continue to have that confidence and do whatever we can to support it and to encourage it.

So I thank you all for your comments. I am sure the public has listened to you and they too are grateful for the comments that you have made and they will take it all on board. So from me it is thank you. And I will hand over now back to Senator Arianna Hodgson.

[Pause]

The President: Senator, are you there?

Sen. Adrianna Hodgson: Yes, sorry. I was just allowing for my video to connect, Madam President.

The President: Fine. I also want to commend you for the presentation you did initially. But anyway, I am handing over to you now.

Sen. Adrianna Hodgson: Thank you, Madam President. I thank you for your comments shared just now.

Madam President, we are a gold Government and we have never shied away from the realities of our current economy. We know, the people know, and the Opposition continues to sing the same song. Unemployment levels are unacceptably high and income disparity has widened. Our ageing population is increasing while our birth rate is declining and there are a host of other issues that have been magnified in light of this pandemic.

There is no doubt that our Government is facing considerable uncertainty. We can either continue to argue about whether the cup is half full or half empty, or we can move forward and support this Government. We have made mistakes and there have been times where our ideals misaligned. But the best way to achieve true success is to learn from and be strengthened by our mistakes.

Madam President, I heard an Opposition Member incorrectly assume that this Government has run out of ideas. In fact, Madam President, it is quite the opposite. There is no shortage on ideas, and we definitely have some of our Island's brightest minds working to determine the best way forward for Bermuda and its people. The issue here is that the Opposition Senators would rather focus on shortfalls than to produce viable solutions, which is evident when we look at the seats in the Lower House.

Madam President, I thank Senator Wight for his appreciation that we must grow the economy. And I thank Senator Simmons for her understanding of a Government that aims to put people first. But I am concerned that when given the opportunity to diversify our economy by introducing our cannabis Bill we could not get the support needed from the Opposition or the Governor's Senators. So, yes, hold us accountable. But I also urge each of you to take a look at what you can do to improve our Island's economy.

Madam President, over the past few weeks I have heard comments from the Opposition and others that suggest that the Minister of Education does not have the funds to support education reform. Once again, this is not the case. Education reform is fully funded for this fiscal year. And as we move forward we will submit requests for the necessary funding to support our plan. I trust that we all have a pretty decent understanding of the budget process and do

hope that we can refrain from pushing this narrative going forward. As we have made clear time and time again, our Government is committed to education reform and to our children, so we have no choice but to deliver.

Madam President, I am one of the millennials who are unapologetically optimistic. There is nothing I cannot do or wouldn't at least try. And I am happiest when I can sit in a room with persons who have adapted a growth mind-set that says that it is impossible to foresee what can be accomplished with a bit of work. Although it makes no sense for the Opposition to ask for figures on tourism that simply do not exist, I do want to provide some clarity regarding our hopes for the upcoming tourism season.

As we are all aware, many countries are focused on rolling out vaccines for a number of reasons. One of the overarching goals is positioning ourselves to be able to promote the safe resumption of international travel. While there is no denying the fact that we have work to do as we prepare for the coming tourism season, I do believe that we will get the opportunity to experience a summer season that is more familiar to all of us. So, yes, there will likely be continued anxiety surrounding travel, but Bermuda has, and will continue to, set the example for what is possible.

Madam President, while there are those who choose to focus on the negatives I stand with the Government that is always ready to respond. We have all heard the saying, *If you want something you've never had, you must be willing to do something that has never been done*. So while we do hear the concerns and acknowledge the struggles of our Bermudians, this Government is willing and ready to take the necessary steps to respond and to recover.

Madam President, we are the same PLP Government that has always supported our people. We will continue to provide the much-needed support for our entrepreneurs and local businesses. We will continue to address the issues that exist within our workforce. We will continue to explore responsible immigration policy. We are excited to see our residents supporting our key industries and spending locally. And I am hopeful that we will continue to see the reported increases in retail sales activity. In the same spirit, I am encouraging each of us to remember to support our small businesses that help to stimulate our economy during this very difficult time.

Madam President, our Government's ability to recover is highly dependent on the strategic allocation and prioritisation of resources at a time when higher spending is needed to preserve public health, safety and even shelter, all while maintaining essential services. This Government continues to put the welfare of its people above the numbers on the piece of paper, because as we have seen time and time again, in times of crisis the fabric of our society is more important than the bottom line.

Madam President, I too choose to hope over fear. Although we are enduring a period of struggle, I am truly optimistic about our future. I truly believe that we can build a future that is better for all and that we will emerge from this period a stronger and more dynamic Island ready to meet the challenges of the future.

Thank you, Madam President.

Madam President, I move that the Senate now resolve itself into a Committee of the Whole for further consideration of the Appropriation Act 2021 together with the Estimates of Revenue and Expenditure for the year 2021/22.

[Pause]

Sen. Michelle Simmons: Madam President, were you saying something or shall I proceed?

The President: I beg your pardon. I had to unmute myself.

Thank you, Senator Arianna Hodgson for that. You have moved the second reading for the Senate to dissolve itself into Committee for further consideration of the Appropriation Act 2021 together with the Estimates of Revenue and Expenditure for the year [2021/22].

And at this time I would like to ask Senator Michelle Simmons, the Vice President, to take the Chair of the Committee.

Senate in Committee at 3:17 pm

[Sen. Michelle Simmons, Chairman]

COMMITTEE OF SUPPLY

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2021/22

The Chairman: Thank you, Madam President.

The Ministry under consideration now is Education. And it has been agreed that two Heads will be debated. They are Head 16, which can be found on page B-136 in the Budget Book. And then later on Head 17, which can be found on page B-138 in the Budget Book.

The number of hours allocated to these Heads is two. So we have two hours to debate both of these Heads.

Senator Owen Darrell, Junior Minister for Education, Public Works and the Cabinet Office, I believe this is your Ministry. How would you like to proceed?

Senator Darrell?

Sen. Owen Darrell: Thank you, Madam Chairman.

The Chairman: It is now 3:18 pm and we will finish this debate of those two Heads at 5:18 pm. Thank you, Senator Darrell.

Sen. Owen Darrell: So, I will read both briefs for both Heads and then take all the questions at the end.

The Chairman: Yes, that is fine.

Sen. Owen Darrell: Okay. Thank you. Give me one second, I am just getting myself sorted.

The Chairman: That's okay. I understand.

Sen. Owen Darrell: Sorry. Do I move that the Committee now take under consideration . . . or do I do that afterwards?

The Chairman: Yes, please.

Sen. Owen Darrell: Madam Chairman, I move that the Committee do now take under consideration Head 16 of the Ministry of Education Headquarters, and Head 17, Department of Education.

The Chairman: Please proceed.

MINISTRY OF EDUCATION

Sen. Owen Darrell: Thank you, Madam Chairman.

Madam Chairman, today I am pleased to present the budget for the Ministry of Education, which comprises the Ministry of Education Headquarters, Head 16; the Department of Education, Head 17.

Madam Chairman, the 2021/22 budget for the Ministry of Education of \$128,110,000 is found on page B-134 of the Estimates of Revenue and Expenditure for the year 2021/22. This represents a decrease of \$9,352,000 compared the 2020/21 original budget. The current account 2021/22 estimated revenue for the Ministry of Education is \$246,000. The capital expenditure estimate for acquisition and development increased from \$2,810,000 last year to \$2,881,000 for 2021/22. The total number of full-time equivalents for the Ministry totalled 1,066 employees.

Madam Chairman, in October last year UNESCO, the United Nations Education, Scientific and Cultural Organisation, declared that the coronavirus pandemic outbreak had impacted every education system worldwide. Although Bermuda is only 21.5 square miles in land mass situated in the middle of the Atlantic Ocean, with just over 4,400 public school children, the education of our children was impacted with no exception. The pandemic affected teaching and learning in all of Bermuda's private schools, as well.

Madam Chairman, COVID-19 required our teachers, our parents and our students to rapidly adjust to new modes of learning. In a matter of weeks, our schools had to find and implement viable alterna-

tives to traditional models of teaching in a classroom setting. The impact of COVID-19 has raised several questions about how the delivery of education might look in the future. The experience has not only opened our eyes to the challenges of remote learning, but also to some exciting possibilities of how teaching and learning outside the classrooms might play a bigger role in the education of our students.

Along with all educators and support staff, I am acutely aware of not only the effects to date, but the medium- and long-term impacts of COVID-19 on young people as they grow and develop through their educational lives. As a system, we have put in place plans and programmes to address learning loss and to provide for the additional social/emotional needs of students, as well as staff. While this budget is focused on the next fiscal year, I want to highlight that for the year ahead and for several years to come, the ongoing implications of the pandemic are a critical consideration on how we change public education to meet the multiple needs of young people. With this, Madam Chairman, I am compelled to share insights on education reform as it has progressed steadily during the past year despite the impact of the pandemic. It will also continue to be implemented during the upcoming fiscal year, notwithstanding the decrease in the Education Ministry's 2021/22 budget.

During the presentation of the Education Budget last year, it was stated that the education of our children has become an established culture of fixed methods, fixed processes and fixed systems. The methods, processes and systems must be upgraded and newly designed to facilitate 21st century learning and teaching. Therefore, Madam Chairman, our sustained commitment to education reform continues to be intentional in bringing about the needed changes in our public school system. To implement the progressive and transformative education practices required to elevate teaching and learning, our children today and in generations to come will be set on a path that positions them to compete with their peers both locally and globally. This will be the Education Ministry's mantra and modus operandi until these objectives are met for each and every child in each and every public school in Bermuda.

Madam Chairman, as a result, the programmes and services delivered by the Ministry departments and the Bermuda College coordinate to create progressive learning opportunities for our students and for our educators, in alignment with the changes needed for 21st century teaching and learning. One generation—that is all it takes to transform our public school education. Madam Chairman, during the upcoming budget year, monies have been set aside to continue the transformative work started, and that is how the Ministry of Education will continue to function—that is, with a methodical and intentional budget strategy. The monies required each year to progress the transformative work will be budgeted

each fiscal year, as the education reform is our priority.

HEAD 16—MINISTRY OF EDUCATION HEADQUARTERS

Sen. Owen Darrell: Madam Chairman, today I commence the Budget Debate by detailing the expenditure for the Ministry of Education Headquarters, Head 16. The mission of the Ministry Headquarters, which is found on page B-135, is “to provide strategic leadership and policy direction for education and lifelong learning.” The objectives of the Ministry Headquarters are outlined accordingly on the same page.

Madam Chairman, technical officers in the Ministry Headquarters, as well as members of the Education Reform Governance Team, worked diligently during the past budget year executing policy decisions to support the four domains of education reform. These include (1) legislation to phase out middle schools and introduce signature schools; (2) implementation of the Learning First Programme; (3) consultation on the introduction of parish primary schools; and (4) research on the development of an Education Authority.

Also, Madam Chairman, due to the COVID-19 pandemic, technical officers had to cancel the Ministry’s regularly scheduled face-to-face events with public school students. With the implementation of safety and health school protocols and the importance of establishing and maintaining bubbles, weekly visits to different school buildings did not occur.

Also, Madam Chairman, the Ministry was required to cancel our annual Youth in Parliament Summit, which develops leadership skills of student leaders at each school level.

Nonetheless, Madam Chairman, the following events were hosted by the Ministry during the past year: the annual Father’s Day Essay Competition; the Father’s Speak Forum; and World Teacher Day Proclamation. Madam Chairman, the annual Father’s Day Essay Competition is held every year in June to give an opportunity for students to celebrate their fathers. P5 and P6 students are invited to submit essays in their own handwriting about their father or a father figure. The student essays are judged, and prizes are awarded to the overall P5 and P6 winners, with other prizes awarded by school zone. This year there were eight student winners, each of whom received Chromebooks which were donated.

Madam Chairman, the Father’s Speak series resumed in November. This series ensures that the unique perspectives of fathers and male guardians are heard and taken into consideration. The series are critical opportunities to recognise and acknowledge the value of fatherhood in education, including the social/emotional well-being of our young people and their achievements, attainment and outcomes. The roundtable discussions engage fathers to share expe-

riences and learn from each other about how to strengthen their relationships with their children by becoming more involved as parents.

Madam Chairman, the United Nations declared October 5, 2020, as World Teacher Day, with the theme, “Teachers: Leading in crisis, reimagining the future.” In recognition of Bermuda’s teachers in both public and private schools, the Ministry, in collaboration with the Bermuda Union of Teachers, held a proclamation ceremony on the steps of City Hall. There were teachers, principals, students and stakeholders in attendance to honour all educators. The reflection was specifically on the commitment our teachers make as leaders, particularly teaching in a range of environments throughout this COVID-19 pandemic. We appreciate the work of all of our educators.

Madam Chairman, as the Ministry progresses forward with education reform, it is important to keep stakeholders and the general public aware of the various activities being undertaken. Therefore, the Ministry engaged in a series of biweekly radio talk shows to discuss, inform and also respond to questions about education reform. Topics discussed on the talk shows to date include the school consultation on the proposal to introduce parish primary schools, the research work done to establish an Education Authority, and the design teamwork undertaken for the Learning First Programme. These biweekly talk shows will continue through the next fiscal year.

Madam Chairman, the work of the Board of Education during the year has steadily progressed. As per the Education Act 1996, the main functions of the Board of Education are to make recommendations to the Minister regarding various educational matters that will ultimately lead to the improvement and more efficient and effective delivery of public education.

Madam Chairman, last year the Minister tasked the board with four projects to enrich the delivery of education in the system which align with the technical and adaptive strategies and outcomes articulated in Plan 2022, the strategic plan for public school education. These projects were (1) creating new pathways to help enhance the recruitment and development of teachers; (2) researching a tiered license designation structure; (3) reviewing a proposal for a master teacher designation structure; and (4) developing a registration process that requires private schools and tutorial sites to register annually or biannually.

Madam Chairman, the Board of Education successfully framed four policies to support the development and implementation of three of these projects. The school registration process for private schools and tutorial sites was placed on hold. Nonetheless, the board advanced the following career development policies in alignment with Plan 2022 for recommendations to implement, these being (1) a master teacher designation; (2) Pathways to Teaching in Bermuda;

(3) a tiered licence structure for educators; and (4) a Teacher Certification loan bond.

The implementation of these policies was prioritised with Ministry technical officers currently designing the rollout of the teacher certification bonded loan policy. This policy focuses on supporting the Bermudianisation of teachers in the education system by providing local opportunities and support for career-transferring professionals to become certified teachers with limited financial duress. The loss of salaries while completing a 12-week teaching practicum has become a roadblock for many. By affording a bonded loan to cover living expenses, persons will be able to focus on their teaching practicum experience and thus successfully complete the teaching certification without financial impediment.

Madam Chairman, this policy recommendation supports Plan 2022 priority 3, enhancing the quality of teacher practice and system leadership, and specifically the key outcome 3-1, which states that 90 per cent of teachers are certified in their assigned field. It is planned to publicly share the details of this initiative within the next two to three months after the rollout design has been completed.

Madam Chairman, in October the Ministry of Education collaborated with officers of the Bermuda Union of Teachers for the first time ever an Education Emergency Measures Committee (EEMC) was formed. The mission of the EEMC is to coordinate the efforts of the Ministry of Education, the Department of Education and each representative organisation in providing guidance to schools for mitigating, preparing and responding to and recovering from any COVID-19-related emergency in the public school system and any other critical school incident, both natural or manmade. Since October, the EEMC has had six meetings.

Madam Chairman, on page B-136 you will see that the Ministry of Education Headquarters has been allocated a budget of \$4,160,000 for the 2021/22 fiscal year. Within programme 1601, business unit 26000, General Administration, \$2,234,000 will support the operational and administrative functions of the Ministry.

Madam Chairman, under programme 1601, business unit 26080, a total of \$501,000 has been budgeted for external grants and the Bermuda College Promise [programme]. This lower amount reflects a decrease of \$321,000, as the budgeted amount was maintained at the COVID-19 revised amount used for the last fiscal year. In awarding grant money, the Ministry will continue to deliver programmes and services which directly impact students to help them improve and achieve success.

Madam Chairman, of the \$501,000, a total of roughly \$280,000 has been set aside to fund the merit-based College Promise programme. These funds are awarded to public school graduates with a GPA of 3.0 or higher with a \$5,000 scholarship to attend the

Bermuda College. This programme was introduced for the first time in September 2019. At that time, 26 students took advantage and enrolled in the Bermuda College, with tuition and cost of books fully funded. In September 2020 enrolment had more than doubled, as 70 public school students now receive the benefit of the Bermuda College Promise programme.

Madam Chairman, \$1,425,000 has been set aside in business unit 26090 for the administration of the Ministry's annual Scholarship and Awards programme. The Ministry will continue to support students in their pursuit of tertiary-level education. As such, the total budgeted for scholarships and awards remains the same.

Madam Chairman, due to the impact of the pandemic last year, the Ministry extended the deadline for the submission of scholarship applications. The Ministry developed a student survey which confirmed our expectations that students' abilities to submit their applications in a timely manner have been directly impacted by the pandemic. The information gathered also helped the Ministry understand how students were affected so that we could better understand the specific challenges that students were facing. This was especially true of senior school students, who are studying remotely and who could not rely on school computers and scanners to complete their application. Therefore, the Ministry provided more time for current and prospective students to send in their applications. The extended deadline afforded a total of 498 student application submissions. This reflected an increase of 109 applications compared to the 389 received last year.

The Ministry of Education funded seven Bermuda Government scholarships comprising new and existing scholarships, a total of seven non-traditional student awards, five teacher education scholarships and 54 further education awards. The Minister's Awards comprised five Minister's Achievement Scholarships, one Merit Scholarship, one Applied Tech Scholarship, five Exceptional Student Awards, five Technical and Vocational Awards and six Bermuda College Book Awards.

The number of further education awards to students based solely on their financial need increased from 38 to 54. The Minister's Achievement Scholarship for a graduating student from Cedar Bridge Academy and a graduating student from the Berkeley Institute pursuing overseas post-secondary study decreased to five, and one student postponed their study. The Minister's Technical and Vocational Awards for graduating public school students or recent public school alumni attending Bermuda College and who are pursuing local or overseas post-secondary studies were sustained at five awards. Lastly, the Ministry's Exceptional Student Awards for graduating students or school leavers with disabilities pursuing local or overseas post-secondary study also remained the same as last year, with six awards.

Madam Chairman, the \$1,425,000 budgeted for Scholarships and Awards during the 2021/22 fiscal year will be once again used to reach as many students as possible and afford them the opportunity to pursue both local and overseas post-secondary programmes of study.

Madam Chairman, on page B-136, the subjective analysis of current account estimates is shown for the Ministry of Education Headquarters. Line 1, Salaries, stands at \$590,000 and shows a marginal decrease of \$16,000 when compared 2020/21. The decrease reflects the 10 per cent austerity measures for four months, from April to July 2021, to support the Government's austerity measure agreement with the union. The travel expenditure line item of \$13,000 decreased by \$8,000. Expenditure for communications remained the same. Monies budgeted on Advertising and Promotion increased by \$13,000 to heighten the promotion of the Ministry's Scholarships and Awards programme and education reform, particularly the restructuring from a three-tiered to a two-tiered system and the introduction of signature schools.

Madam Chairman, \$1,617,000 has been budgeted for Professional Services, a minimal increase of \$10,000. These monies have been allocated to continue the implementation of education reform. A total of \$741,000 has been budgeted for the hiring of the consulting firm Innovation Unit, which will provide the Ministry with change management consultancy services for the continuation of the Learning First programme. The amount of \$376,000 will support work being led by the Ministry's Governance Team, as School Design Teams will be developed in preparation for the implementation of signature schools, while the remainder of the money, \$500,000, has been set aside for local professional services related to system redesign restructuring, boards and committee fees, and legal services.

Madam Chairman, the execution of the transformative work of the education reform aligns directly with strategies outlined in Plan 2022. This work is ensuring college and career readiness, including the implementation of special school designs to meet unique student needs and interests. Additionally, we will prepare for the establishment of signature schools in specialised areas such as tourism, finance, business and the trades—all of which reflects the projected workforce needs of the country.

Madam Chairman, the amount budgeted for Rentals (the next line of expenditures) increased by \$1,000. The majority of this expenditure will be used for the rental of halls to hold meetings with stakeholder groups and the general public, as there will be significant engagement and complete transparency during the school redesign and restructuring consultancy. All meetings will be held within the stipulated safety and health protocols.

Madam Chairman, line item Materials and Supplies increased by \$7,000, while the budget for

line item, for Other Expenses, which covers food and drinks, remained the same. The last line item in the subjective analysis, Grants and Contributions, was allocated a budget of \$1,848,000 for the budget year 2021/22. This allocation decreased by \$370,000, directly reflecting a deduction in grant money allocated for external organisations in alignment with the COVID-19 savings programme. The full breakdown of the \$1,848,000 budgeted for Grants and Contributions can be found on page C-18 of the Budget Book.

Madam Chairman, on page B-136, the number of full-time equivalents for employees in the Ministry of Education Headquarters remained the same as last year at six. Madam Chairman, finally on page B-137, Performance Measures for the Ministry Headquarters are outlined. The target outcomes for last year were either achieved or in the process of being completed by the end of March this year.

Madam Chairman, the Ministry team comprises the Permanent Secretary, our Senior Policy Analyst, the Ministry Comptroller, the Scholarship and Awards Programme Manager, the Administrative Assistant or Accounts Officer, and the Executive Assistant to the Minister and Permanent Secretary. All have provided the Minister with sustained technical advice and administrative support. We continue to be thankful to have a team of professionals who have persevered through challenges to deliver the Ministry's mandate and in all circumstances have remained focused on providing support for the Ministry to deliver the changes required in the best interests of Bermuda's children.

Thank you, Madam Chairman. This concludes my presentation for the Ministry of Education Headquarters, Head 16.

The Chairman: Thank you, Senator Darrell. Do you want to breath for a minute and then proceed to Head 17?

I will just remind everyone that the Senate is now in Committee of the Whole for further consideration of the Appropriation Act 2021, together with the Estimates of Revenue and Expenditure for the year 2021/22.

Senator Darrell, back to you.

HEAD 17—DEPARTMENT OF EDUCATION

Sen. Owen Darrell: Thank you for the break, Madam Chairman.

Madam Chairman, I now present the budget for Head 17, the Department of Education.

Madam Chairman, the vision of the Department of Education, as outlined on page B-138, is "to see all students educated to lead personally and professionally, contribute locally and compete globally." Our vision for Bermuda's children will be achieved through the implementation of the Bermuda Public School System's mission. And that is "to provide all

students with equitable access to holistic and high-quality instruction which is culturally relevant and empowers students to reach their full potential.”

Madam Chairman, we know unequivocally that it is the quality of teaching and learning which takes place in the classrooms of our public schools each day that will enable our student to acquire the skills, knowledge and values and dispositions that will prepare them to compete with their peers locally as well as globally, and will enable them to become the future leaders and contributing citizens of our Island and the world.

Madam Chairman, our mission and vision are the driving forces for executing the transformation and technical strategies included in Plan 2022, our strategic plan for improving the Bermuda Public Education System. As technical officers at the Department of Education and staff in our public schools implement these strategies of Plan 2022, we are confident that we will (1) increase academic rigour and student engagement; (2) ensure career, college and workforce readiness; (3) enhance the quality of teacher practice and system leadership; (4) improve infrastructure and instructional resources; and (5) ensure system success.

Madam Chairman, we are also confident that the long-term strategies of this strategic plan, once executed, will transform public school education in Bermuda and ultimately lead to greater success for our students. This is what the work of education reform is about, execution of the long-term strategies of Plan 2022. The Learning First programme is executing on priority 1, Strategy 1.1.4.1, specialised schools (now referred to as signature schools). The school consultative process for the introduction of parish primary schools is focusing on priority 4, Strategy 4.6.3, renovation, rebuilding and/or consolidating school facilities. And the Education Act Amendment Bill is executing on priority 5, Strategy 5.3.5, review of the current school structure.

Madam Chairman, page B-141 shows that a total of \$105,592,000 has been allocated to the Department of Education for the fiscal year 2021/22. This is \$8,189,000 less than [what was allocated] in the 2020/21 fiscal year. Two significant factors have contributed to this decrease. In order to meet our revised budget ceiling, a total of 67 previously vacant and funded posts have been defunded at a total of \$5,014,000. The other contributing factor is the 10 per cent austerity measure reduction in salaries agreed to by the various unions that resulted in the remaining \$3,175,000. The declines in each of the department business units are reflective of the impact of these two factors.

Madam Chairman, the Department of Education staff continue to execute of the strategies for Plan 2022, and specific strategies are tied directly to their performance appraisal objectives. This is aligned to Strategy 5.1.5, which states that we must [quote] “en-

sure the strategic plan’s measures of success and operational plans are clear, measured and used for accountability” and Strategy 5.3.3.2, which requires the department to “focus on accountability by outlining delivery plans with clear timelines and identification of persons responsible.”

Madam Chairman, the department is in the process of preparing the Plan 2022 Annual Report for the 2020/21 fiscal year. This report will capture the progress of both 2019/20 and 2020/21 as the data for the year 2019/20 was impacted by the COVID-19 pandemic.

Madam Chairman, I will now move on to highlight the expenditures of each business unit that falls under Head 17, commencing on page B-139.

Programme 1701—Central Administration

Sen. Owen Darrell: Madam Chairman, I will begin with the analysis of Central Administration. This includes the costs of salaries for the administrative personnel and system leaders who function to lead, support, monitor, and audit the work that takes place in the Department of Education and in our schools.

Madam Chairman, monies budgeted for the upcoming year for business unit 27000, General Administration, will cover the costs for inventory purchases of educational and office supplies for the school year. There is an additional \$88,000 budgeted in expenditure for the fiscal year 2021/22 to cover COVID-19-related expenses.

Madam Chairman, the Department of Education has over the past year made safety and health in our public school system an even higher priority, given the COVID-19 pandemic. All schools were deep cleaned in August 2020. And this has continued at designated times throughout the school year, in addition to their daily cleaning regime carried out each day, using EPA-approved supplies as outlined by the Department of Health. Prior to the opening of schools all school tanks were chlorinated to ensure that the water supply was safe for drinking and handwashing. Safety and health signs were designed, printed and posted throughout school buildings as reminders to all staff and students to follow safety protocols and to maintain the six feet for physical distancing.

Madam Chairman, custodians have also been provided with EPA-approved cleaning, sanitising and disinfectant supplies and personal protection equipment (also known as PPE) to carry out the new cleaning regimes developed by the Department of Health. Additionally, all school staff continue to be provided with hand sanitiser, disinfectant and sanitising wipes, and gloves. Each staff member was also provided with a disposable mask, a cloth mask and a non-disposable transparent mask. Staff who require additional personal protective equipment (or PPE) to carry out their work responsibilities continue to be provided

with non-disposable and disposable gowns and aprons.

Madam Chairman, last year it was stated that the Stores team would ensure that all purchasing of inventory would continue to be purposeful and would obtain value for money spent. To facilitate this, Stores requested input from schools to improve the standardisation of inventory of school supplies purchased to have quick turnover of inventory and a lower chance of having obsolete items. Madam Chairman, it was also stated that the Facilities and Stores Sections would work together to ensure consistency with cleaning supplies ordered to ensure that control of inventory quantity is maintained and that facilities would also add to their monthly inspection of schools the status of supplies, to prevent stockpiling.

Madam Chairman, further to my last point, to help with the prevention of stockpiling, Stores has worked with Facilities in regard to how often orders of the same item were placed. This was communicated to Facilities for their monthly inspection. Also, Stores has set minimal re-order quantities on products based on movement of a product and lead time from the product being ordered to it being received. This is a critical efficiency which has a knock-on benefit for safety and health, as well as cleanliness of schools. The Commissioner of Education has also worked with Stores in approving the orders placed by schools for PPE supplies. The Stores team also carried out a successful count of inventory for the 2019/20 fiscal year, and the inventory count for the 2020/21 year will take place between March 26 through 31, 2021.

Mr. Chairman, with school safety and health as a priority, the Stores team has ensured the timely procurement and distribution of PPE and cleaning supplies at schools during the 2021/22 fiscal year. Stores will continue to focus on the efficient management of inventory and delivering supplies ordered to schools in five days or less.

Madam Chairman, business unit 27001 holds the budget for the Office of the Commissioner and primarily funds the salaries of the Commissioner of Education and two direct reports, the Director of Academics and the Director of Educational Standards and Accountability. The Commissioner of Education and direct reports are responsible for the strategic planning; overseeing, monitoring and auditing of the work of staff; and holding staff at the department and in schools accountable for carrying out their duties and responsibilities. They are also responsible for collecting data and reporting on the performance metrics set out for Plan 2022, the department, and our schools.

Madam Chairman, last year the department added the services of a communications consultant who has provided communications services for the department and schools. Madam Chairman, the hiring of the communications consultant is in direct response to Plan 2022 Strategy 5.3.1, which mandates that we strengthen external communication and increase high-

quality communication and public relations to all stakeholders.

Madam Chairman, between February 2020 and February 2021, there were a number of noteworthy achievements for the department as it relates to communications. *The Scoop* newsletter was established to provide parents and guardians with first-hand timely information from the Commissioner's Office. There have been 29 mailings, reaching approximately 3,600 recipients per mailing. Madam Chairman, the Bermuda Public School System Electronic Family Feedback Form was also established to enable families, staff and community to submit suggestions, complaints, questions and kudos directly to the Commissioner's Office. Madam Chairman, there have been 248 entries as of the end of February 2021, with 29.0 per cent questions, 21.5 per cent comments, 21.0 per cent suggestions, 16.0 per cent kudos and 4.9 per cent complaints. Responses were provided to each sender within 48 hours of their submission the majority of the time.

Madam Chairman, the Bermuda Public Schools Facebook page was re-invigorated over the past year. Facebook groups were established for families by school level, and we can report that in January 2020 we had a Facebook post reach of zero. As of January 2021, we had a [Facebook] post reach of 11,335. Further, Madam Chairman, a YouTube channel has been set up for Bermuda Public Schools to enable the community to have additional access to information and programming about public education in Bermuda.

Madam Chairman, several communications strategies were executed during the onset of the pandemic. While schools were operating remotely during the months leading up to the re-opening of Bermuda public schools, a COVID-19 crisis communication plan was developed and implemented when schools were operating remotely, and a COVID-19 re-opening plan was developed and implemented to inform families in advance of schools re-opening.

Written communication was provided to parents and guardians. In addition to this, Madam Chairman, 17 Zoom town hall meetings were held with parents and guardians and staff prior to the re-opening of schools to provide critical information and, most importantly, to afford them the opportunity to have their questions answered by the Department of Health and the Department of Education technical officers. These sessions also enabled parents, guardians, students and staff to discuss their anxieties, fears and hopes directly with decision-makers at the Department of Education and the Department of Health.

Further, Madam Chairman, three panel discussions on re-opening schools responsibly were held to give families, staff and the community an opportunity to scrutinise the plans for re-opening. Insights from these town hall meetings and panel discussions were used to fine-tune plans for re-opening. Once public

schools re-opened, 15 post-re-opening check-in Zoom town hall meetings were held with parents, guardians, students and staff to gain further insights into the experiences, perceptions and anxieties of students and families about in-person schooling. To collect additional data, a post-re-opening survey was conducted to provide further insight with in-person schooling, and the data were shared during these town hall sessions.

During the year the department has launched a livestream series, *The Conversation*, featuring Bermuda public school professionals discussing their work. And this year, as a first, schools at all levels held virtual open house events prior to registration 2021. Significant strides were made for the area of communication to key stakeholders.

Madam Chairman, business unit 27030, Human Resources has been allocated a total of \$491,000. The re-allocation of posts and salaries for two human resources managers and two administrative assistants have been transferred to the new Department of Employee Organization Development [DEOD]. These four staff will join the DEOD team as of April the 1st, 2021, as part of centralising government's human resource services. This shift accounts for the reduction of \$608,000. The Human Resource Section continues to fund the salaries of technical and administrative staff, expenses to advertise and recruit staff, and money for annual long-service awards for teachers.

Madam Chairman, in 2021/22 funding for business unit 27031, Staff Development, decreased from the previous year's budget to \$672,000. The funds will be used to fund training and professional development arising from Plan 2022 and school improvement plans. The training is necessary to enhance the skills and competencies of our teachers, educational staff, student leaders and Department of Education staff. The Department of Education has provided extensive and ongoing professional development sessions for staff within our schools throughout the course of the 2020/21 year to expand their knowledge and skills. With overall coordination of staff development sessions led by the Acting Staff Development Officer, a myriad of professional development sessions for BPSS teachers and special staff were held in September and October 2020, and January and February 2021.

Some of the sessions were mandatory to ensure staff were on the same page regarding the public education system's priorities. However, there were also options for teachers to self-select or participate in self-paced training. Sessions offered were aligned with the tenets and practices of standards-based grading. Subject-specific or job-specific professional development was also provided, along with the opportunities to acquire and deepen technology skills and learn how to use various technological applications. Given the impact of the pandemic on school staff,

workshop days also included sessions facilitated by the Employee Assistance Programme.

Madam Chairman, business unit 27090, Educational Standards and Accountability—

The Chairman: Senator Darrell, may I just interrupt you before you go into that line item?

I am going to hand over the Chair to Senator John Wight at this time. I would like to remind you that we have roughly an hour left in this debate on Education. And I hope that there is some time before it concludes for questions.

So, I am handing over to Senator Wight.

[*Sen. John Wight, Chairman*]

The Chairman: Thank you, Senator Simmons.

Sen. Owen Darrell: Mr. Chairman, business unit 27090, Educational Standards and Accountability has oversight of our 18 primary schools, four middle schools, two senior secondary schools and one special school. This team comprises three assistant directors who supervise school principals and ensure effective leadership, quality teaching, quality services, and quality programmes in our schools. The work carried out by the assistant directors is essential for the growth and development of school leaders and for overall school and system-wide improvement.

During the 2019/20 school year the assistant directors were responsible for conducting principal evaluations using the McREL Principal Evaluation Tool. Principal midyear evaluations were completed with fidelity. However, due to COVID-19 regulations, the timeline for completing the final evaluations was impacted. The goals for the evaluation were rolled over from the 2019/20 school year to the 2020/21 school year. And feedback to principals using a standardised form has been executed.

Mr. Chairman, the Teacher Performance Evaluation programme (TPEP) for [term one] of the 2020/21 was concluded with fidelity with minor adjustments to compliance timelines due to COVID-19 regulations. Again, feedback to principals using a standardised form was implemented for all teacher evaluations.

Mr. Chairman, the standardised form captures key indicators for the evaluation standards and protocols, which are also aligned with ESA performance measures. These two achievements support the area of action in Plan 2022 priority 3, strengthening educator evaluation and performance management. This priority also aligns directly with the Government's Education Platform, which makes an unequivocal commitment to improving accountability in education.

Mr. Chairman, the new school improvement plan (SIP) format that was implemented last year continues to be actioned by our school leaders from the preschool to the senior level. In essence, SIPs are

strategic plans for schools. The [high leverage] design feature of the improvement plan has a focus on intentional adult action and the impact on student gain. When developing the plan with stakeholders, principals develop theory-of-action statements to guide them in achieving their identified targets and goals. The assistant directors of ESA provide feedback to principals using a standardised form. And monthly monitoring checks are conducted to ensure the action items are progressing according to what is outlined in the school improvement plan.

Mr. Chairman, the school improvement plan methodology requires principals to report on student gains at three intervals in the academic year so that the Department of Education can monitor student performance and gains over time and determine progress with key performance measures. Due to COVID-19, schools engaged in remote learning last year, and as a result data could not be collected from March 2020 to June 2020. This impacted the reporting of our student gains. However, data for September 2020 through December 2020 were collected. The ESA Section monitors the data and provides feedback to principals during the monthly contact visit. The first opportunity to report out on student gains will be April 2021.

Mr. Chairman, Educational Standards and Accountability (ESA) has used the school improvement platform to connect the work of principals as leaders in managing change in their buildings with developing a purposeful community to achieve goals, and to focus on the work that matters most for students. These three areas provide the parameters for professional development that support the school improvement plan in a very meaningful way. Principals and deputy principals have been provided with professional learning opportunities and coaching as required to support their work in school improvement, teacher performance evaluations, standards-based grading, COVID-19 safety and health protocols, and remote learning.

Mr. Chairman, the School Improvement Plans (or SIPs) continued implementation in September 2020. Principals worked with their leadership teams to develop school improvement goals for the academic year. This achievement is connected to the area of action in priority 3 of Plan 2022, Professional Learning and Supports, Strategy 3.1.1. The school improvement plan requires principals to support the delivery of customised professional learning for teachers in support of the goals identified in their school's improvement plan.

Principals, in collaboration with Education officers, delivered site-based professional development in the following areas: writing proficiency, mathematics, reading, research-based instructional strategies, and innovation. This is also connected to the Government's Education Platform and their commitment

to ensure professional development for teachers to improve learning outcomes for students.

Mr. Chairman, the ESA Assistant Directors played a significant role in helping close the school facilities in June 2020 in preparation for the school facilities to re-open in September 2020. School inspections were carried out on a continuous basis to ensure that the environments remained clutter-free, clean and safe to occupy in accordance with the Department of Health COVID-19 safety and health protocols. This section also worked closely with the Department of Health to develop the COVID-19 safety and health protocols and helped facilitate remote professional development with all school staff prior to the opening of schools. This included sharing and responding to questions on the new COVID-19 safety and health protocols.

Mr. Chairman, all school staff received professional development in mental health wellness from EAP. Between May 2020 and February 2021, EAP facilitated a total of 26 sessions with school staff. Additional sessions were held with school staff impacted by COVID-19 developments that unfortunately occurred in November and December 2020. The ESA Assistant Directors assisted with the protocols and operational procedures when positive COVID-19 tests were identified in schools. They also assisted with closing schools during the spike in COVID-19 cases and with parent and teacher notifications for quarantine. The ESA Section facilitated the arrangements for schools to complete virtual open houses for incoming students along with the transition to remote learning during term one.

Mr. Chairman, during the 2021/22 fiscal year, this business unit comprising the three Assistant Directors of ESA, have as their priorities to increase the quality of school improvement plans, to improve the quality of teacher evaluations, to monitor data submission and data collection processes, and to provide feedback to principals on their performance.

Mr. Chairman, our mentor teachers are supervised by one of the ESA Assistant Directors. The mentors have worked hard to support our first- and second-year inductees (these are new teachers). And the mentors' priorities during the 2020/21 school year were as follows:

1. Implement the revised mentor programme requirements. These include reflective submissions, demonstrated proficiency in high-level research-based practices and digital professional portfolios.

2. Provide professional development to inductees based on individual and collective needs for workshops in the tenets of standards-based grading, formative assessments, designing assessments aligned with proficiency scales and using the Danielson Framework as a tool of self-reflection.

3. Facilitate standards-based grading workshops for support of system-wide professional development.

The mentor teacher priorities for 2021/22 will be as follows: 1) further revise and implement the new BTIP [Bermuda Teacher Induction Programme] requirements; 2) provide professional development on question formulation techniques, meta-cognitive strategy, data collection which informs instruction and high-leverage strategies for student engagement; and 3) facilitate standards-based grading workshops in support of system-wide professional development.

Mr. Chairman, last year it was reported that the Bermuda College would provide a Principal Certification programme through a partnership with Framingham State University. Mr. Chairman, this is linked to Plan 2022's area of action, Enhanced Educator Certification in priority 3, and supports Strategy 3.5. There is also support of the Government's Education Platform and the commitment to ensure professional development to improve learning outcomes for students. It was also reported last year that the agreement required a minimum cohort of 10. And at that time there were seven applicants.

Mr. Chairman, the Graduate Certificate programme in Educational Leadership started on October 12, 2020, and the number of applicants has increased to 13. The cohort of 13 educators includes teachers, year-level heads, mentor teachers, deputy principals, acting principals and Department of Education officers.

Mr. Chairman, at the end of the sixth week of the first course, the department received the following feedback about this cohort: May I quote, Mr. Chairman?

The Chairman: Yes, you may, Senator.

Sen. Owen Darrell: "What a strong, competent, eager, passionate and joyful group of education leaders! In all the years I have been teaching, I have never worked with such a group. If they are indicative of educational leaders in Bermuda, then the rest of the world should be taking notice. In this course, Supervision and Staff Development, we are focusing on bringing 21st century knowledge and tools to the profession. Every person in this course has added greatly to the overall knowledge base. The sense of community created within this group has given rise to sharing at a depth generally not found so quickly. I love how much they love their country and feel a tremendous sense of responsibility to push themselves to becoming even more effective educational leaders." [UNVERIFIED QUOTE]

Mr. Chairman, these educators are equipping themselves to lead within the system in the future. I applaud their dedication and determination to perform with excellence, and I wish all of them continued success with the programme.

Mr. Chairman, the funds allocated to this unit have decreased over 2020/21, totalling \$611,000.

Mr. Chairman, the 2020/21 budget for business unit 27095, Attendance, was transferred into business unit 27090 to fund the salaries of four school attendance officers and a school registration and attendance coordinator. It is the responsibility of this team to ensure that children of compulsory school age are in school on a daily basis. The school registration and attendance coordinator also oversee the annual school registration process for the enrolment of children in all public schools. The coordinator also carries out a review of the registration process each year and ensures improvements in the process for the following year, through consultation with department and school leaders. The registration and attendance coordinator is also on the front line of communication and assistance, regularly fielding parent questions and comments regarding the registration process.

Mr. Chairman, the attendance officers prepare monthly reports on student attendance and teacher attendance submissions for each school. The monthly report displays month-over-month analysis and identifies trends over the period. The coordinator conducts audits of school attendance data to determine each school's progress and compliance. Mr. Chairman, monthly reporting has increased school accountability, and timeliness and accuracy of attendance submissions.

Mr. Chairman, the attendance officers are required to adhere to the Health Department's COVID-19 protocols, and this resulted in reduced visibility in schools. However, attendance officers are accessible via Zoom, email and telephone calls to address attendance queries and concerns. The aim of ensuring that attendance data were accurate, reliable and timely remains at the forefront of their daily responsibilities.

Mr. Chairman, COVID-19 resulted in the implementation of new attendance codes and a determination of student attendance in the virtual classroom. The accuracy in recording attendance was paramount to ensure that we assisted in maintaining a safe environment when schools transitioned back to in-person teaching and learning. Mr. Chairman, the attendance officers monitored the various sick codes and quarantine timeframes closely.

Mr. Chairman, the attendance team maintains a listing of students with chronic [absences], and their communication and collaboration with the schools has increased to combat chronic absences. Additionally, this team is working with the Bermuda Police Service Task Team in identifying the reasons for absences in an effort to reduce chronic student absences in alignment with Plan 2022, key outcomes 1–8, and in support of the department's performance measures for attendance for schools.

Mr. Chairman, the attendance officers were responsible for ensuring that every parent had a PowerSchool Parent portal account that could be used to keep parents informed of their student's attendance,

grades, and report cards. As of January 2021, 90 per cent of parents had a parent portal account, up from 79 per cent in November 2020. And 20 out of 34 schools have 90 per cent to 100 per cent of their parents with parent portal accounts. We expect all schools to reach the target of having 100 per cent of their parents and guardians with a parent portal account.

Mr. Chairman, the attendance and registration coordinator launched for the first time the online registration of both new and returning students in February 2021. As expected, there were a few glitches with the implementation of the new system. However, these were quickly addressed with a resolution. On the whole, the responses from the public and educators to reach this milestone of an online registration have been well received. The online registration moves the public school system from the traditional paper-based labour-intensive registration process to a 21st century, highly efficient process that provides a better way to manage enrolment, transfers and withdrawals.

Mr. Chairman, the attendance team will continue to fulfil their role to ensure that students attend school on a daily basis. They will also improve the communication between parents and schools so that the attendance codes are correct. Additionally, in cases where a student will no longer attend a public school they will improve efficiency in ensuring that parents can provide the correct documentation to withdraw the student in a timely manner, using the newly released online returning student application.

Mr. Chairman, we must ensure that quality teaching/learning experiences and services take place when teachers or other school staff are on sick leave. The funds allocated for business unit 27160, Substitutes, has increased by \$378,000.

Mr. Chairman, the overall budget for the Central Administration programme is \$4,214,000 for the 2021/22 fiscal year, which is lower than the previous year's budget due primarily to the reallocation of human resource services.

The Chairman: Senator Darrell, if I can just interrupt for one second . . . following on Senator Simmons' comments, we have roughly 30 minutes left of our two-hour allotment for this session. Do you anticipate allowing time for Senators to ask questions?

Sen. Owen Darrell: Mr. Chairman, I will do so if I can get through the rest of the brief.

The Chairman: Okay. Thank you, Senator.

Programme 1702—Student Services

Sen. Owen Darrell: Mr. Chairman, Programme 1702, Student Services, facilitates the provision of 13 essential programmes that directly provide services to meet

the diverse needs of our students who have been identified as having exceptionalities.

Business unit 27061, Behaviour Management, funds behaviour therapists for preschool and primary schools, as well as one education officer for behaviour management. In addition, the funding covers two Alternative Education programmes, which facilitate suitable alternative education environments and services for students with behavioural challenges. The 2021/22 budget for this business unit will decrease by \$221,000 due to two positions being reallocated to business units 27160, Substitutes, and 27063, School Psychology.

Mr. Chairman, the Success Academy Heron Bay [SAHB], the alternative support programme, serviced six primary school students up to June 2020. Currently, the programme services four primary-aged students with the goal of assisting them in acquiring replacement behaviours for complete reintegration back into the mainstream classroom environment.

Mr. Chairman, Success Academy Roberts Avenue [SARA], the alternative support programme for middle and senior level students, supported 13 students up until June 2020. Currently, Success Academy Roberts Avenue services thirteen male students, nine of whom are senior school students and four of whom are middle school students. The goal is to re-integrate students back into their mainstream middle school environment, to transition students to senior school or to retain students at Success Academy Roberts Avenue to complete the GED or Penn Foster programme.

Educational therapists, educational therapist assistants and other members of the Multi-tier System of Support (MTSS) School teams continue to provide tier 1, tier 2 and tier 3 support for students in our schools who have behavioural challenges. These supports range from classroom monitoring and consultation to caseload admission, as well as

- daily tracking schedules;
- developing individual crisis management plans;
- implementing behaviour intervention strategies; and
- developing functional behaviour plans and behaviour intervention plans.

Mr. Chairman, partnerships have been strengthened with supporting agencies, such as the Department of Child and Family Services (DCFS), Child and Adolescent Services (CAS), Probation Services and the Department of Health. One example of this is reflected in the monthly meetings of the High Risk Intervention Committee where mutual clients and their specific unique needs are discussed and support is actioned. Through the 2020/21 school year, ETs have been participating in functional behaviour assessment and behaviour intervention plan specialist training through individualised professional development.

It is clear that families experienced and coped with the effects of COVID-19, including remote learning, in a myriad of ways. ETs and ETAs helped families navigate these difficulties. While schools were operating remotely due to the pandemic, ETs and ETAs supported families with academic work packet deliveries, community food voucher connections and clinical partner services. In addition, they provided supportive suggestions with families, centred around schedules and routines. ETs also shared intervention strategies and prevention skills with parents and guardians and emphasised the need to reinforce the desired behaviours.

Mr. Chairman, for the 2021/22 year ETs and ETAs will increase the level of support they provide to the classroom teachers and will work to improve planning and monitoring of student progress. This will be accomplished by creating collaborative intervention plans, tracking replacement behaviours and sharing success with stakeholders, using MTSS (which refers to the multi-tiered system of supports) process. They will utilise a whole-child lens and integrate academics and behaviour. The implementation of a technological support system that is data driven will support this collaboration and problem-solving among the MTSS team.

Mr. Chairman, business unit 27063 includes our school psychologists, who support administrators and address student needs for the areas of academics, behaviour and mental health. Further, the school psychologists provide comprehensive psychoeducational evaluations, consultations, short-term counselling, and interventions and preventive services across the entire system.

Mr. Chairman, school psychologists are engaged in and are a valuable resource for schools in relation to the MTSS process, a Plan 2022 system priority for Strategy 1.4.6. Through the MTSS process, a multidisciplinary team discusses the needs of our students and suggests interventions and resources to address concerns. The school psychologists, as participants on the MTSS team, collaborate to ensure that students have support which includes resources from within the public school system as well as the wider community. Recommendations are made through consultation within the MTSS framework, and recommendations are also made utilising the data derived from psychoeducational assessments conducted by the school psychologists.

Mr. Chairman, while schools were implementing remote learning during the first four months of the pandemic, our school psychologists developed protocols for the provision of services to students. These services were provided according to Health Department's best practice guidelines. School psychology practices were also aligned with the mandates advised by psychological associations and regulatory bodies regarding COVID-19 protocols.

The school psychologists researched and compiled itemised costs for various models (traditional, hybrid and telehealth) to effectively accomplish their service work during the pandemic. Each of these models progressively required more technology in order to operate more efficiently under COVID-19 health and safety constraints. During the 2021/22 fiscal year, the school psychologists will further integrate technology into psychoeducational assessments. As a matter of priority in the upcoming year, school psychologists will continue to manage their assessment referrals and provide consultation to the school staff to ensure the delivery of services prior to and after psychoeducational assessments have been carried out.

Mr. Chairman, the 2021/22 budget for school psychologists decreased by \$29,000.

Mr. Chairman, business unit 27064, the Adaptive Physical Education Programme, is a developmentally appropriate physical education programme delivered by three specialist teachers. These teachers provide services to students with diverse physical needs by providing the adaptive support necessary to enable students to be included in the regular physical education programme. Mr. Chairman, for clarity, the adaptive physical education lessons are implemented on an individual basis, in small groups, and within the regular physical education classroom setting. Mr. Chairman, students receiving adaptive physical education services have individualised education plans (also known as IEPs) with goals and objectives which are in line with the regular physical education curriculum.

Mr. Chairman, this specialist team organises the Department of Education Adaptive Physical Education National Track and Field Invitational. This Invitational includes students from P1 to S4 who have special physical needs and who receive adaptive physical education services, as well as individuals who have transitioned out of the Bermuda Public School System and who are presently at the K. Margaret Carter Centre and other facilities. The mechanisms to facilitate the Adaptive PE National Track and Field Invitational were in place prior to the mandated lockdown due to COVID-19.

As a result of the regulations, the event was cancelled. The Adaptive PE division is looking forward to re-introducing the event to students with students from P1 to S4 and to other entities servicing the special needs community. The event will be held at a time when it is conducive to the safety of all in compliance with the Health Department's safety and health regulations.

Due to the COVID-19 pandemic the Adaptive PE Team's ability to work on expanding community partnerships was limited. However, a continuing partnership with the National Stadium was further established ensuring plans to hold the Adaptive PE National Track and Field Invitational. Utilising the National Stadium facilities for training opportunities for special

needs students has also previously been facilitated; however, it was not possible during this school year due to COVID-19.

Mr. Chairman, business unit 27065 is the Deaf and Hard of Hearing programme, which employs teachers who provide students with academic instruction. They also collaborate with classroom teachers to ensure that teaching and learning are effective, and that student needs are met during instruction in the regular classroom. The \$295,000 budgeted for this business unit are for salaries, disability-specific resources and materials, hearing aids and equipment, professional development and consultant services.

The Chairman: Senator Darrell, as a reminder, you have roughly 15 minutes left before we have to move on to the Ministry of Finance Headquarters and Office of the Tax Commissioner.

Sen. Owen Darrell: Thank you, Mr. Chairman.

Mr. Chairman, teachers of the deaf and hard of hearing are preparing for the expansion of the teaching of sign language at the middle and secondary [school] levels. Teachers are also designating time to collaborate with paraprofessionals before and after sessions are held with students, and to educate administrative staff on the specific needs of students who are deaf or hard of hearing. Mr. Chairman, it is these teachers who made a recommendation to supply staff with transparent masks. Resultantly, transparent masks, with the sponsorship of the Department of Health, have been provided to every school staff from the preschool level to the senior school level, including at Dame Marjorie [Bean Hope] Academy.

Mr. Chairman, these teachers also facilitated a communications workshop for occupational therapists, physical therapists and speech-language pathologists for their clients who are deaf or hard of hearing. The session focused on using gestures and basic sign language connected to their fields. The teachers have also participated in standards-based grading professional development to remain abreast of schoolwide curriculum expectations.

Mr. Chairman, line item 27066, the Vision business unit, has been allocated a budget of \$100,000. Students with visual impairments have unique educational needs. In order to meet their unique needs, students must have specialised services, books and materials in appropriate media, including braille. Students also need specialised equipment and technology to ensure equal access to the core and specialised curricula, and to enable them to effectively function alongside their peers in school and ultimately in society.

The vision programme has maintained a good working relationship with our community partner Vision Bermuda. Our students benefit from lessons conducted in their transition programme in preparing for life post-senior school. These lessons enable our

students to use the many IT components and manual tools that are a necessity for their learning.

Presently, there is one vision teacher for the public school system who supports 13 students who have visual impairments. The teacher, in addition to her duties, provides professional development to school staff and paraprofessionals who work directly with students. The paraprofessionals have completed additional braille courses and trainings to ensure they are equipped to meet the needs of our students.

Mr. Chairman, the business unit 27071, Office Support, serves as the Secretariat for the Student Services Section and funds the salaries of the Assistant Director of Student Services, one administrative assistant and six learning support teachers who provide services to students with special needs. There is a decrease of \$179,000.

Mr. Chairman, can I just have one second please?

The Chairman: Yes, Senator.

[Pause]

Sen. Owen Darrell: Mr. Chairman, the Counselling Programme, business unit 27072, is a comprehensive, developmental school counselling programme (CDSCP) based on an international model, with four components: (1) classroom guidance/core curriculum; (2) individual planning; (3) responsive services; and (4) system support. More specifically, school-based counselling programmes provide early intervention, crisis intervention and prevention, treatment and promotion of positive social and emotional development. Mr. Chairman, this business unit funds the salary of an Education Officer for Counselling, 25 counsellors who service the preschools and primary schools, and 10 at the middle school level; and one Alternative School Counsellor. This unit has a decrease in budgeted funds of \$245,000.

Mr. Chairman, school counsellors comprise a group of dedicated professionals who coordinate their services with school teams and community partners. With parental permission, school counsellors consult with community mental health service providers to coordinate responsive and community-based services. The Education Officer for Counselling meets with school counsellors, school teams, CAS, DCFS, the Department of Court Services and the Department of Health representatives throughout the school year to coordinate services for high-risk students.

Mr. Chairman, school counsellors are required to facilitate individual academic and career planning meetings for students in P5, M2, S1 and S4. However, the pandemic and resulting school building closures impacted the ability of school counsellors to complete the individual planning meetings during the 2019/20 school year. These have been recommenced for the 2020/21 school year.

Mr. Chairman, the Education Officer for Counselling identified the following top three priorities for 2020/21.

1. Continue to utilise information from student surveys and feedback from school counsellors to improve programme delivery and enhance students' feelings of safety and trust (aligned to Plan 2022 key outcome 1–10). Prior to school closures, students from one middle school were surveyed. A summary of feedback reported that students expressed that they were comfortable meeting with their school counsellors; that the school counsellors helped them to understand topics such as bullying, peer pressure and conflict resolution; and that they felt respected and listened to when they talked with the school counsellors. School counsellors were given opportunities during group supervision meetings to provide feedback and peer support for enhanced programme delivery.

2. Continue to develop success criteria for classroom guidance learning intentions. The success criteria guide was completed along with the creation of success criteria for all standardised lessons.

3. Assess whether the updates to the P5 and M2 individual planning meeting forms, specifically the inclusion of values clarification and career inventories, sufficiently assisted students with preparing for their future careers in alignment with Plan 2022 adaptive Strategies 2.12.4 and 2.12.5. Positive feedback was received from parents and students pertaining to the addition of exploration of values and review of the informal career assessment. Students appreciated the opportunity to have discussions around values and the connection to future careers.

Mr. Chairman, starting in March 2020, throughout remote learning and upon the return to school buildings, school counsellors formally and informally surveyed students' adjustment to the various changes and monitored feelings of safety and academic engagement. Simultaneously, the Education Officer for Counselling monitored the school counsellors' well-being and adjustment by conducting supervision meetings via Zoom and telephone during the work-from-home period, focusing on self-care and peer support.

Mr. Chairman, school counsellors were definitively *all in for all students* throughout remote learning and school breaks by securing and delivering technology devices, advocating for access to Wi-Fi, and delivering groceries and grocery vouchers to families. In August 2020 the Education Officer for Counselling created a guidance document for the delivery of school counselling services during remote and hybrid learning to assist the school counsellors with planning their programme delivery for the 2020/21 school year. Additionally, the Education Officer for Counselling continued to promote a focus on positive coping skills by encouraging school counsellors to highlight October 5 through 9, 2020, as Mental Health Awareness Week. During this week guidance lessons and activi-

ties stressed the importance of implementing appropriate coping skills when dealing with life challenges.

Mr. Chairman, the Education Officer for Counselling will continue to monitor the completion of P5, M2, S1 and S4 individual planning meetings by school counsellors and will review student responses to determine the achievement of the pre-set student outcome that all P5, M2, S1 and S4 public school system students will answer the response page of their educational plans indicating how the individual planning meeting helped them to plan for potential future careers. The officer will review all counselling intervention plans to determine achievement of the student outcome that all public school system students who have a counselling intervention plan will show progress towards their goals by the end of four counselling sessions. The officer will provide professional development training and clinical supervision sessions for school counsellors, focusing on tier 2 school counselling interventions for anxiety and child traumatic stress.

Mr. Chairman, business unit 27072 funds the salary of an Education Officer for Counselling; 25 counsellors who service preschools and primary schools, and 10 at the middle school level; and one alternative programme counsellor. This unit has decreased in budgeted funds of \$245,000 over 2020/21.

Mr. Chairman, I have quite a bit left in my brief . . . I am not going to be able to get through it—

The Chairman: I think, Senator . . . we have, literally eight minutes left. So, I would ask that we now use that short period to allow questions to be asked. I think the Shadow [Minister] Senator, Ben Smith, had questions.

Sen. Ben Smith: Yes, Mr. Chairman.

Obviously, I spent quite a bit of time preparing for asking a lot of questions. And there is no time to do that. I was hoping that other Senators would have an opportunity to be part of this debate, and it is quite frustrating considering that we have been talking about how we can, you know, work together. And education being such a highlighted topic right now, that we could get to a situation where we are expected to ask questions for eight minutes and then get answers . . . so, I guess what I will do is . . . let's thank all of our teachers, all of our educators, for what they have been doing on an ongoing basis, but specifically in this last year with all of the changes that we have had to go through.

It is important that we support our teachers and understand the changes that they have had to go through. For some of them, the changes to remote learning meant a completely new idea for them. Understanding that some educators have been in the system for 30, 40 years, some of the technology changes . . . that is not the way they teach, specifically

if you are in the primary section. So they have had to go through some significant changes.

So I would just like to continue to thank them. And obviously as we are going through the issues that we are having today they are having to adjust once again. And our young people are going through issues and really need to have us give them our full attention. And it would have been great to have gotten some answers to some of those things.

One of the main things that I was going to bring up was that if you look on pages B-140 and B-141 it leaves out the actual amounts that are paid out to each school, what the actual budget is for each school. You will see, I believe almost across the entire board, that there has been a cut for every one of those schools. It would be good for us to have the opportunity to know how many students attend each of the schools, right? So I am looking at this from a true budget. You want to know how many customers you have for the cost that you have so that you can justify the changes in the budget. It would be good for us to be able to have that number so that we know if a school only has 67 people in the entire school and it is costing this amount of money, can we justify the school continuing to be open?

When we have discussions like we have been having about closing schools, we have a better understanding if we could have that kind of analysis. Well obviously, asking that question would have meant it would take a long time to get that answer and we will not get that answer today, which is unfortunate.

As I spoke earlier today about all of the psychological issues that we have, you would expect that we would see an increase in those areas, like counselling and what is going to be needed. We see reductions in the behaviour area. The narrative in Bermuda is that a lot of our teachers are spending long periods of time dealing with the behaviour of students. So, we would like to see that maybe there is going to be an increase, or get an understanding of what we are going to do with those issues.

There is a huge transition. There is a whole bunch of discussion that is happening. Nobody really knows where we are going to be at the same time we are dealing with a pandemic and all the issues that this brings to our young people.

I apologise. I am frustrated; there is no sense in my asking the questions. I would rather give the opportunity to maybe Senator Simmons to ask some questions. Thank you.

[No audio]

Sen. Ben Smith: Senator Wight, you are muted.

The Chairman: Sorry.

Senator Simmons, with the benefit of about four minutes left, I know this is your background;

would you like to offer any comments or ask any questions?

Sen. Michelle Simmons: Thank you, Mr. Chairman.

I did have a few questions . . . well, more than a few, but I would like to just pull out a couple of things in the short time left.

One of the things I would like to touch on is something that may not be obvious in the budget, but it was touched on this morning when Senator Darrell was giving a statement. And that is about the M3 level in middle schools in September 2022 being incorporated in the senior level. My question is really about what is happening in September 2022 and that would be part . . . actually, it would not, but I will ask it anyway.

What is happening to M1 and M2 in September 2022? Obviously, Government is seeking to eliminate middle schools, but I do not think there is a clear picture yet of exactly how that is good. And I am not looking for details, a high overview would be very welcome. But my question is really about *how* middle schools will be phased out by September 2022.

And I have another question, and that is with respect to . . . and I am just pulling out some quick questions here, because the others would require much time and detail. The T. N. Tatem building in Warwick is no longer being used as a middle school facility. But what is the plan for that building? It is real estate, and I do not know if there are programmes in the building right now. I doubt if it is fully occupied, even if there are one or two programmes. So what is the plan for the T. N. Tatem Middle School facility that is no longer being used? And I see there is one minute left, so I am not anticipating answers, but maybe Senator Darrell will be kind enough to supply those for me. Thank you.

The Chairman: Thank you, Senator Michelle Simmons.

So, we are now right at the allotted two-hour point. So, regrettably, Senators have not had time to ask questions. But at this point I have to ask Senator Darrell to move these Heads.

Sen. Owen Darrell: Thank you, Mr. Chairman. I move that Heads 16 and 17 be approved.

The Chairman: Thank you, Senator Darrell.

Is there any objection to that motion?

Hearing none, these Heads are so moved.

[Motion carried: The Ministry of Education, Heads 16 and 17 were approved and stand part of the Estimates of Revenue and Expenditure for the year 2021/22.]

The Chairman: Thank you all—

Sen. Ben Smith: Mr. Chairman, just a quick question, do we have to move all of the Heads, including the ones that we did not debate?

The Clerk: No, we do not. We just do the Heads that are under consideration.

Sen. Ben Smith: Okay, thank you.

The Chairman: So Heads 16 and 17.

The Clerk: The remaining Heads will be moved at the end of the debate in Committee on Monday.

The Chairman: Thank you, Mr. Somner, for that clarification.

So, I believe that Senator Simmons will be taking over the Chair at this time and we can move on to the Ministry of Finance.

[Sen. Michelle Simmons, Chairman]

The Chairman: Thank you, Senator Wight.

Senators just a reminder that we are in Committee of Whole [Senate] for further consideration of the Appropriation Act 2021/22, together with the Estimates of Revenue and Expenditure for the year 2021/22.

The Ministry under consideration now is the Ministry of Finance. The Heads for debate under this Ministry are: Head 10, which you will find on page B-113 of the Budget Book; and Head 38, which you will find on page B-125 of the Budget Book.

The Senator who will be speaking to these Heads is Senator Adrianna Hodgson, Junior Minister of Finance, Youth, Culture and Sport and Labour.

It is now 5:20 pm, and Senator Hodgson, you have the floor.

Sen. Adrianna Hodgson: Thank you Madam Chairman.

I move that the Committee do now take under consideration Head 10, Ministry of Finance Headquarters, and Head 38, Office of the Tax Commissioner.

The Chairman: I'm sorry; may I interrupt one more time? That is just to say that we have two hours in total for this debate, for both Heads.

Thank you.

MINISTRY OF FINANCE

HEAD 10—MINISTRY OF FINANCE HEADQUARTERS

Sen. Adrianna Hodgson: Thank you, Madam Chairman.

Before I begin, I just want to make it clear that while the Senators are frustrated by the lack of time,

but the schedule was actually decided upon by those Senators. So I will do my best to allow for some time for conversation and questions at the end of the brief.

Madam Chairman, the 2021/22 budget estimates for the Ministry of Finance Headquarters, Head 10, may be found in section B of the Estimates Book on pages B-113 through B-115, and in section C on pages C-4, Capital Development; and C-11, Capital Acquisitions; and C-17, Grants.

The Finance Ministry comprises six departments, led by the Ministry of Finance Headquarters, and includes the Accountant General, Customs Revenue, Social Insurance, the Office of the Tax Commissioner and the Registrar of Companies. Allocations to cover the interest on government debt and contributions to the sinking fund are also included in the Finance Ministry's budget. The Ministry of Finance has the total staffing establishment of 158 posts and an aggregate current account budget of \$200 million—

[Technical interference]

Sen. Adrianna Hodgson: The speaker is on.

[Technical interference]

Sen. Adrianna Hodgson: Madam Chairman?

The Chairman: Yes, Senator Hodgson, just pause for a minute. Someone's microphone is on. I think it's off now. So, please proceed.

Sen. Adrianna Hodgson: Thank you.

The Ministry of Finance has the total staffing establishment of 158 posts and an aggregate current account budget of \$200 million and is responsible for collecting \$876.9 million, or 88.0 per cent, of all government revenue. A snapshot of key information for the Ministry of Finance is shown on page B-112 of the Estimates Book.

The Department Current Account allocations are as follows:

Head 10—Ministry of Finance Headquarters, \$16.9 million, an increase 179.0 per cent.

- business unit 20000, Policy Planning and Management, an increase of 44 per cent to \$802,000;
- business unit 20010, Fiscal Planning and Control, a decrease of \$21,000, or 4.0 per cent;
- business unit 20020, the Regulatory Unit, a decrease of \$13,000, or 3.0 per cent;
- business unit 20030, Economic and Financial Intelligence, a decrease of \$58,000, or 4.0 per cent;
- business unit 20040, Treaty Management and Administration, a decrease of \$18,000, or 2.0 per cent;

- business unit 20070, Pension Commission grant, a decrease of \$50,000, or 6.0 per cent;
- business unit 20100, Office of the National Anti-money Laundering Committee, an increase of \$160,000, or 17 per cent.
- business unit 20997, National Health Emergency, which includes new estimates for 2021/22, COVID-19 pandemic anticipated expenses.

Head 38—Office of the Tax Commissioner, a decrease of \$151,000, or 4.0 per cent.

The Minister in charge of the finance portfolio is the Minister of Finance, the Honourable Curtis L. Dickinson, JP, MP, and he is supported by myself, Junior Minister of Finance, Senator Arianna J. Hodgson.

For more than 10 years the Ministry technical team has been under the dedicated and professional leadership of Mr. Anthony Manders. Through his knowledge and understanding of Bermuda's financial landscape and the Government's operations, he made a significant contribution to Bermuda. He has left a lasting legacy within the Ministry and in particular, contributed to a strong and robust budget process.

The executive and senior officials in the Ministry of Finance Headquarters are currently: Acting Financial Secretary, Mrs. Cheryl-Ann Lister; Assistant Financial Secretary for Economics and Finance, Mr. Stephen Gift; Assistant Financial Secretary for Regulatory Unit, Ms. Pamela Burrows; Assistant Financial Secretary for the Treaty Management and Administration Unit, Mr. Wayne Brown; and Director of Budget, Mrs. Tina Tucker; and the National Coordinator for the Office of NAMLC [National Anti-Money Laundering Committee], Ms. Paula Tyndale.

Madam Chairman, the presentation of the National Budget Statement on Friday, February 26, marked the start of the Budget Debate in the House of Assembly. It now gives me great pleasure to present the budget for the Ministry of Finance.

The Ministry of Finance plays a pivotal role in the ongoing stability and prosperity of Bermuda. It is, however, important to highlight that budgets are not just about numbers. Budgets are crafted based on the needs of the country and the need to keep the people informed. Over the course of this Government's Budget [Statements], Madam Chairman, you would have noted a recurring theme. That is, the Government's resolve to implement a strategy that will improve Bermuda's economy reduce our debt with targeted investment and tax policy to enhance economic growth, attract investment and create jobs; and maintaining fiscal discipline. We have a responsibility to the people of this country to provide the best fiscal and economic management possible. And to this end we will continue to make necessary choices required to do so.

In last year's Budget Statement, we highlighted that evidence that the economy was improving is

proof that our strategy is beginning to bear fruit. It was noted that the major parts of the economy, such as employment, are much stronger than they were when we first took the reins of Government. In turn, we generally expected that the fiscal year 2020/21 was going to be a good year. Unfortunately, the COVID-19 pandemic reached the shores of Bermuda soon after last year's budget was presented. And the ongoing challenges related to this pandemic have had a significant negative impact on Bermuda's economy similar to countries all around the world.

Madam Chairman, as part of the Government's public sector reform initiative, the Finance Ministry Headquarters' mission statement and key goals and objectives were realigned as follows:

Mission statement: *The achievement of economic prosperity and to ensure the financial security of Bermuda.* The key goals and objectives are to:

- facilitate balanced economic growth and development;
- provide strategic direction and an overall framework for financial management and control of government activities; and
- safeguard Bermuda's economic interests in the face of challenges and threats in a changing global economy.

Detailed objectives and core functions. The first is to facilitate balanced economic growth and development by enabling the development and diversification of the financial services sector by increasing investor confidence to attract foreign direct investment and providing a stable environment for businesses.

Secondly, to provide strategic direction in an overall framework for financial management and control of government activities by

- formulating and implementing sustainable fiscal policies;
- effectively managing the public finances;
- optimising the yield from government's revenue base;
- assuring the alignment of resource allocation with policy priorities;
- instituting and adhering to the principles of zero-based budgeting; and
- using output and performance measures to evaluate programme expenditure.

We will 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 efficiently and at the most competitive rates; to report on the country's economic performance to the public; 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; to be proactive in treaty negotiations with respect to tax information exchange agreements and the exchange of tax information; to advance government's anti-money laundering and anti-terrorist financing [AML/ATF] policy initiatives; support legislative development in this area; and coordinate measures to enhance Bermuda's AML/ATF regime.

The Ministry's core functions are discharged through six broad programme areas:

- Policy, Planning and Management;
- Fiscal Planning and Control;
- Regulatory;
- Economic and Financial Intelligence;
- Treaty Management and Administration; and
- the Office of the NAMLC [National Anti-Money Laundering Committee].

In discharging its functions under the overall policy direction of the Minister of Finance, the Ministry of Finance Headquarters seeks to achieve the following outcomes: a Bermuda that maintains its position as a domicile of choice for international business; a Bermuda where citizens have confidence in the Government's stewardship of the public purse; a Bermuda where funding and resources are available for key programmes and initiatives; and 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 21 permanent full-time posts, and its total budget for 2021/22 is \$16.9 million.

The Ministry of Finance Headquarters budget allocation for 2021/22 is 179 per cent higher when compared to the original estimate for 2020/21. This change is primarily due to the contingency fund of \$10 million set aside for ongoing COVID-19-related expenses either in relation to the ongoing pandemic costs or to assist in economic recovery initiatives in a post-pandemic world.

There has also been a material increase in consultancy costs to address the increasing external threats from other countries and regions grappling with their own economic and financial challenges which have been exacerbated by the COVID-19 pandemic.

Funds have also been set aside for Bermuda to host the CFATF Plenary in November of 2021 when Bermuda assumes the chairmanship of this important regional body. These amounts were somewhat offset by reductions in grant funding to the Pension Commission.

Madam Chairman, the budget for Ministry Headquarters includes an operational element for each of the six programme areas within Ministry Headquarters, plus grant funding to the Pension Commission and the Bermuda Public Accountability

Board. Detailed information on each of these Headquarters cost centres, as well as the other departments who form part of the Ministry of Finance, will be incorporated into this submission.

Business unit 20000—Policy, Planning and Management

Sen. Arianna Hodgson: Madam Chairman, the Policy, Planning and Management Unit provides overall direction and management of Ministry Headquarters and supervisory oversight of the five departments in the Ministry of Finance, namely, the Accountant General's Department, HM Customs Revenue, the Office of the Tax Commissioner, the Registrar of Companies and the Department of Social Insurance. In addition, this unit undertakes strategic planning, administration and other activities associated with the daily operation of the Ministry of Finance Headquarters.

Information technology, financial and administrative support, budget development, accounting, personnel administration, responding to PATI requests and reviews and general office administration are also included in this cost centre. Finally, the unit also coordinates initiatives in economic diplomacy and organises the review and development of economic and financial policy. The budget for this unit in 2021/22 is \$802,000 higher than last year. This budget change primarily reflects a material increase in consultancy costs to assist in addressing the external threats posed by countries, and regional and international bodies.

Madam Chairman, much has already been said about the significant impact on countries including Bermuda caused by the COVID-19 pandemic. The necessary lockdown of the economy, the restrictions imposed in relation to travel and other critical measures to protect the health and well-being of our residents resulted in significant declines in revenues and increases in unanticipated expenses. Ministry Headquarters plays a significant role in providing strategic advice, executing key initiatives to support and sustain our people, and developing and implementing plans for economic stability and recovery.

Budgets had to be revised and austerity measures put in place to avoid the deficit reaching unacceptable levels. Notwithstanding, during the period Bermuda was able to access funding in the capital markets at rather favourable rates to address the present and future challenges expected on the path to recovery. Work continued throughout the department to not only help and support the people and economy of Bermuda, but also to continue to address the myriad of external threats facing Bermuda and other similar jurisdictions.

Again, the Ministry would like to express its sincere thanks to all those who provided ideas and input to help in developing and implementing initia-

tives to support, stabilise and strengthen Bermuda's economy and help its people.

The largest share of the budget for the Policy Unit is professional services and salaries. The salaries provision for the Policy Unit covers five posts, including the Financial Secretary and two administrative officers.

Madam Chairman, continuing to address the challenges resulting from the COVID-19 pandemic will be a key focus for the upcoming fiscal year. In addition, as the external threats continue to increase and a potential negative impact on our stability and recovery also grows, we will invest the required time and resources to proactively addressing the issues. To the extent appropriate, we will work with experts in key industry sectors and other internal and external partners to mitigate the risk.

To supplement the strong pool of the resources available to us locally, we will work with knowledgeable external advisors to assist us in intelligence gathering, assessment and development of appropriate solutions for success. We will also be actively pursuing opportunities to further diversify and expand our tax base which is important for an international financial centre such as ours. Continuing to manage Bermuda's financial resources in a fiscally prudent manner will be a key principle underscoring all of our work.

Madam Chairman, I will now present details of the work to be undertaken by the departments and staff for which this Policy cost centre is tasked with providing strategic leadership and operational management.

Business unit 20010—Fiscal Planning and Control, a \$21,000 decrease. Madam Chairman, the Fiscal Planning and Control Unit of 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 accounts and current accounts, 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 2021/22 is \$524,000, which is \$21,000 lower than last year.

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 who 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.

The Budget Team has been working diligently with Ministries and departments in 2020/21 to assist

and manage the financial impact of COVID-19 pandemic expenditures. These expenditures are projected at \$127 million in 2020/21. The impact of the COVID-19 pandemic expenditures on the 2020/21 deficit was originally anticipated to increase it from \$19.8 million to \$295.4 million. Part of the budget monitoring to identify Ministry savings and revenue achievements along with the impact of austerity measures, has enabled a revised projection of the 2020/21 deficit downward to \$245.5 million, which is \$50 million below the previously amended deficit projection.

Madam Chairman, ensuring the appropriate fiscal discipline has been and still remains a commitment of the Government. In order to determine high-policy priority programmes, the Budget Office has continued to utilise zero-based budgeting methodology for the development of the 2021/22 estimates.

Policy prioritisation at the start of the budget process facilitates a better alignment of the allocation of limited resources within Government's overall policy initiatives and objectives.

Zero-based budgeting [ZBB] is a method of budgeting in which all expenditures must be justified along with a systematic review of the performance of current programmes. The fundamental aim of zero-based budgeting is to reflect the current and proposed future programmes and services required by the Government's National Plan. This budget process allows the Government to examine methods for allocating limited resources to identify the most efficient and effective methods for utilisation of resources in the achievement of specific goals and targets. Once the analysis and zero-based budgeting packages were completed, all service levels for each department were ranked and priorities agreed by the responsible Minister.

The original zero-based budgeting prioritised requests for the 2021/22 budget cycle totalled at \$916 million for current account and \$134 million for capital, totalling \$1.05 billion, which is some \$15 million above the Finance Ministry's budget limit of \$996 million. To address this, an assessment was undertaken of vacant posts. The zero-based budgeting process enabled Ministries and departments to re-examine their services and the impact on service delivery with the reduction of funded vacant posts. These reductions enabled Ministries to fall within the final \$996 million and accommodate \$15 million of COVID-19 estimates within the 2021/22 appropriation limit.

Madam Chairman, for the fiscal year 2021/22, the department has set objectives to provide support for the open budget process, enhance budget monitoring and reporting to Cabinet, introduce phase two of the zero-based budgeting website implementation and bring all supplementary appropriations current. Madam Chairman, the salary provision of \$414,559 accounts for 79 per cent of the Budget Team's allocation for 2021/22. The provision covers the post of Di-

rector of Budget, Principal Budget Officer, Budget Officer, and Budget Assistant.

Business unit 20020—Regulatory Unit has experienced a \$13,000 decrease. Madam Chairman, the 2021/22 budget estimate for the Regulatory Unit can be found in section B of the Estimate Book on page B-113. Accordingly, the budget for this unit in 2021/22 is \$435,000. There is a minor decrease of \$13,000 to this budget allocation for this period.

Madam Chairman, the Regulatory Unit is the lead policy division within the Ministry of Finance Headquarters in relation to the financial services sector. The Regulatory Unit is accountable to the Financial Secretary for the effective discharge of the unit's functions and to the Minister of Finance to Cabinet and Parliament.

The head of the unit, the Assistant Financial Secretary for Regulation, carries out the Minister's financial services policies through the Ministry of Finance, the Bermuda Monetary Authority, the Attorney General's Chambers, the National Anti-Money Laundering Committee, the Bermuda Public Accountability Board, the Bermuda Business Development Agency, the Chartered Professional Accountants of Bermuda, the Registrar of Companies and specialist global partners.

Madam Chairman, the Regulatory Unit operates in response to a broad range of opportunities and risks which allows the Ministry to contribute actively to a continuous flow of information on potential threats and opportunities to Bermuda and its reputation. Those opportunities and risks are constantly changing. The Regulatory Unit's planned response to these challenges through various goals focused on advancing the unit's priorities and reflecting the outcomes that the people of Bermuda deserve. Thus, the first goal is to ensure and support the fair, impartial, efficient and transparent development of regulations at the national and international levels. The second goal is to strengthen capacity to secure regulatory solutions to economic security issues. And the third goal is to strengthen the public diplomacy and support bilateral and multi-lateral engagement.

Madam Chairman, 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 at home and abroad. 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 Finance Ministry's component of the financial services legislative programme, together with the Bermuda Monetary Authority and the Ministry of Legal Affairs;
- to provide policy and strategic advice to the Minister of Finance and the Financial Secretary

on anti-money laundering policy initiatives, together with the National Anti-Money Laundering Committee [NAMLC], pursuant to section 49 of the Proceeds of Crime Act 1997;

- to provide policy and strategic advice to the Minister of Finance and the Financial Secretary on matters related to transparency, together with financial services and audit directives issued by the European Union together with the Cabinet Office, the Brussels Office, the London Office and EU specialists; and
- to provide policy advice to the Bermuda Business Development Agency, the Economic Advisory Committee, the Financial Policy Council and the Insurance Advisory Committee together on matters related to financial services.

Madam Chairman, in 2020/21, the Regulatory Unit was primarily focused on technical and strategic assistance regarding economic recovery and matters arising out of Bermuda's 2020 AML/CFT Mutual Evaluation Report and the beneficial ownership of information and transparency matters at home and abroad.

Additional milestones achieved by the Regulatory Unit in 2020/21 included maintaining regulatory stability by ensuring completion of the Ministry of Finance components of nine regulatory policy initiatives in the areas of financial services including, but not limited to, insurance cyber risk requirements, incorporated and segregated accounts companies and digital asset businesses.

In collaboration with other finance teams [the Regulatory Unit] provided technical policy and strategic support to the Ministry of Finance in response to the COVID-19 pandemic. The additional support provided the Ministry of Finance with the necessary resources to enhance our economic response to support individuals and businesses in Bermuda. That support will be important in boosting the economy as we enter into the recovery phase of the pandemic.

Further improved awareness and understanding among C-Suite executives in the financial services sector of Bermuda's economic model and the Government's COVID-19 response supported delivery of the Government's economic recovery objectives. That support required the Minister of Finance and the Regulatory Unit to implement an intensive programme of domestic engagement with C-Suite executives of Bermuda-based companies working together with the association of Bermuda insurers and reinsurers and the association of Bermuda international companies.

In collaboration with members of the National Anti-Money Laundering Committee [NAMLC], successful completion of Bermuda's National TF [Terrorist Financing] Risk Assessment, in addition to the Regulatory Unit's ordinary NAMLC duties, the Assistant Financial Secretary continued to provide general and strategic advice to the NAMLC chair and to monitor and manage the timely delivery of targets set by

NAMLC for the Bermuda Monetary Authority and the Registrar of Companies where required. That support also required the Regulatory Unit to provide advice on matters related to the Financial Action Task Force Review of legal persons and the 2020 National Risk Assessment on money laundering.

Madam Chairman, in order to achieve its priorities and pursuant to the Finance Ministry's legislative agenda, the Bermuda Monetary Authority Business Plan, the Ministry of Finance EU engagement strategy, the Bermuda Business Development Agency strategy and the national anti-money laundering strategy, the unit will undertake the following key strategic ownership goals in 2021/22, as follows:

Matters related to the European Union. Madam Chairman, the Regulatory Unit will work with the Bermuda Public Accountability Board and EU Council to coordinate the board's compliance with the European Union Audit Directive. This work includes the provision of strategic and technical advice on matters related to audit equivalents.

Madam Chairman, the Regulatory Unit will work with the Registrar of Companies Treaty Unit, the Bermuda Monetary Authority and the office of the National Anti-Money Laundering Committee to coordinate the Finance Ministry's response to the EU Code of Conduct Group's work on matters related to tax good governance principles, including those pertaining to the exchange of beneficial ownership information. This includes providing technical and strategic advice on all aspects of Bermuda's beneficial ownership framework, as well as development aspects of the financial services sector.

Madam Chairman, the Regulatory Unit will work with the Financial Secretary, the Office of the National Anti-Money Laundering Committee and the Treaty Unit to complete and coordinate the Finance Ministry's EU engagement strategy, together with the Cabinet Office, the Bermuda Monetary Authority, the Brussels Office, the London Office and the EU Council. This will include preparation for regular visits by the Minister of Finance to meet with key EU stakeholders. This work also includes the provision of technical and strategic advice at home and abroad. In the post-Brexit environment, this work also includes an enhanced meeting agenda with the Bermuda Monetary Authority together with the Brussels Office and EU Council.

Matters related to the National Anti-Money Laundering Committee and compliance with the Financial Action Task Force international standards on combating money laundering and the financing of terrorism and proliferation. Madam Chairman, the Regulatory Unit will contribute to and support the implementation of Bermuda's anti-money laundering strategy, together with the work of the National Anti-Money Laundering Committee. This work includes the provision of strategic and technical advice regarding matters related to the Ministry of Finance arising from the

2020 Bermuda Mutual Evaluation Report, and the completion of money-laundering and terrorist-financing national risk assessments. This work also involves representing the Ministry of Finance and CFATF plenary meetings on a biannual basis and contributions to the development of FATF standards regarding the transparency of legal persons together with any other standards as and when required.

To maintain momentum, the Assistant Financial Secretary of the Regulatory Unit was appointed to the National Anti-Money Laundering Risk Assessment Working Group in 2020. In addition, the Assistant Financial Secretary will continue to represent the Ministry of Finance on the following NAMLC committees:

- Policy and Legislative Working Group;
- National Threats and National Vulnerability Committee;
- Supervisory Forum; and
- Sanctions Working Group.

Matters related to the United Kingdom. Madam Chairman, the Regulatory Unit will work with the Cabinet Office on matters related to Brexit in the financial services sector, together with the Bermuda Monetary Authority, the London Office and specialist partners. This work includes the provision of technical and strategic advice on matters related to the equivalence and transparency in a post-Brexit environment.

Madam Chairman, the Regulatory Unit will work with the Ministry of Finance team, the Bermuda Monetary Authority and London Office on matters related to the annual assessment of the Exchange of Notes between the Government of the United Kingdom and the Government of Bermuda dated April the 9th, 2016, in respect of the sharing of beneficial ownership information on a by-request basis.

Madam Chairman, the Regulatory Unit will work with the Ministry of Finance Team, Bermuda Monetary Authority and the London Office on matters related to a public register of beneficial ownership for companies. This work includes the provision of technical and strategic advice on the development of a global standard by the G20. This work also includes amendments to the beneficial ownership framework together with participation in technical meetings with the UK Government as and when required.

Madam Chairman, the Regulatory Unit will work with the Treaty Unit to coordinate the Finance Ministry's response to OECD assessments as and when required. This includes providing technical and strategic advice on all aspects of Bermuda's corporate and regulatory framework. This work also includes participation in onsite and off-site meetings with the OECD, together with NAMLC and the Bermuda Monetary Authority and, as appropriate, the private sector.

Matters related to economic recovery. Madam Chairman, the Regulatory Unit will support domestic efforts towards agreeing concrete long-term commitments to climate risk finance, working together with the Ministry of Finance team, the Bermuda Business

Development Agency, the Bermuda Monetary Authority and the Economic Advisory Committee to establish Bermuda as a world leader in climate risk finance.

Madam Chairman, the Regulatory Unit will continue to implement the Finance Ministry's domestic engagement programme with C-Suite executives of Bermuda-based companies together with the Bermuda Business Development Agency and financial services stakeholder groups, supplemented by frequent ministerial meetings to support Bermuda's development and economic recovery objectives.

Madam Chairman, as noted above, the unit's primary goal going forward for the next year will be to continue to work with the relevant finance teams, the Cabinet Office, the Bermuda Monetary Authority and the Bermuda Business Development Agency to meet Bermuda's domestic and international commitments as well as development in economic recovery objectives.

Madam Chairman, a salary provision of \$363,526 accounts for 84 per cent of the Regulatory Unit's allocation for 2021/22 and covers three posts, including the assistant financial secretary of the Regulatory Unit, the policy advisor, as well as one administrative officer. Work is still underway to design and secure the right skill set for the policy analyst post.

Business unit 20030—Economic and Financial Intelligence. Madam Chairman, the Economic and Financial Intelligence Unit provides research and analysis of economic and financial conditions to help facilitate sound decisions on public policy and fiscal management. Responsibilities of the staff in the unit include economic forecasts, economic modelling, projections of GDP 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 2021/22 is \$378,000, which is \$15,000 less than the budget allocation for 2020/21.

Madam Chairman, the unit also manages the relationship with credit rating agencies and is responsible for Government's debt management policy. Madam Chairman, the unit constantly reviews our debt management policy in order to take advantage of favourable market conditions. When financing the deficit, the Ministry's most important objective is to provide the government with stable financing at minimal cost under the prevailing market conditions.

The Economic and Financial Intelligence Unit therefore maintains relationships with both domestic and international banks in order to be kept abreast of capital market developments that will provide an opportunity to either refinance current government debt at less expensive rates and/or provide the best opportunity in which to finance the current year's fiscal deficit.

As mentioned in the 2021/22 Budget [Statement], Government will not incur any new borrowing as the Government borrowed additional funds in fiscal

2020/21 to cover the deficit. However, the Unit will consider whether it makes financial sense in fiscal year 2021/22 to refinance government debt that is due to mature in 2022.

Madam Chairman, the unit also 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. In addition, this unit oversees the public pension funds, along with the Bermuda Public Funds Investment Committee and is responsible for banking and FinTech initiatives that require Ministry of Finance input.

Madam Chairman, the investment of the public sector pension plan continues to perform well. I can report that, as of December 31st, 2020, the Contributory Pension Fund [CPF] assets totalled \$2.1 billion versus \$1.95 billion in 2019. Meanwhile, the Public Service Superannuation Fund's [PSSF] assets totalled \$609.1 million in 2020 versus \$622.1 million in 2019. For 2020, the contributory and superannuation plans both posted returns of 11.5 per cent and 11.7 per cent, respectively. The CPF and the PSSF both performed better than the policy index by 0.1 per cent and 0.4 per cent, respectively.

Madam Chairman, in early April 2020, the unit engaged the Caribbean Region Technical Assistance Centre [CARTAC], which is an offshoot of the IMF [International Monetary Fund] to provide assistance on forecasting the potential impact of the COVID-19 pandemic on [Bermuda's] GDP. As a result, the unit was able to update its GDP forecasting model and provide the Government with an early indication of the potential economic impact of the pandemic. Given that there was little information available in which to build a credible model, the unit a month later made refinements to the statistical model using various statistical techniques and using updated information sourced from reputable organisations such as the IMF, the Bank of England and consulting firms. The results from the refinement have been used to guide the Government in building an economic recovery plan, as well as have been used for financial planning purposes.

Madam Chairman, in May 2020 the unit worked closely with the Economic Advisory Committee [EAC], a group empanelled by the Minister of Finance to provide insight and expert advice aimed at protecting and growing jobs, and stimulating economic activity during and after the pandemic. The EAC played a vital role in providing the Government with knowledgeable advice helping us to design a recovery plan.

Madam Chairman, the Economic and Intelligence Unit will continue to work with various stakeholders on legislation that will expedite the expansion of the banking sector. Having, in 2018, made amendments to the Banks and Deposit Companies Act 1999, allowing for different licences and classes of banks to

facilitate financial institutions that can not only create additional jobs, but also provide FinTech businesses with banking services, the next step will be to determine if the amendments were adequate enough, or too restrictive and thus hampering rather than encouraging new quality entrants.

Madam Chairman, in my Budget Statement I mentioned that the Government will look to work with a local banking partner to deliver a mortgage guarantee programme that will provide lower financing costs to middle-class families. The unit will be the key driver behind making this a reality.

Madam Chairman, other important initiatives to be actioned by the Economic and Financial Intelligence Unit in the upcoming fiscal year include playing a critical role in the implementation of the Government's economic recovery plan by

1. regularly updating the economic model underpinning the ERP;
2. determining the impact of the ERP on related processes such as the budget;
3. monitoring how implementation is feeding through underlying economic indicators, for example, tax revenues;
4. approving and monitoring the investment allocated to priority policy initiatives;
5. continuing to work with the Government's external consulting firm on improving the sustainability of the Government's funds. Work is currently being done on strategies that will help to ensure the sustainability of the funds, and this will be followed by stakeholder engagement to discuss the various options and to collectively agree on a way forward;
6. performing a debt sustainability analysis to determine if revenues and expenditures, as well as the Government's debt strategy, are sufficient to ensure the sustainability of servicing the debt going forward;
7. continuing to work on the development of econometric models for the forecasting of key economic indicators in government medium-term fiscal data;
8. working with major revenue and data collecting departments to integrate data with the aim of creating key and timely information through the use of technology to analyse revenue data and provide a more robust analysis of the economy;
9. work with the Cabinet Office on the Bermuda National Digital Bank Initiative; and
10. continue the review of all government pension plans to determine sustainability of the funds and to work with the Ministry of Health on the financing of the health care reform.

Madam Chairman, the salary provision of \$289,656 accounts for approximately 77 per cent of the Economic and Financial Intelligence Unit's allocation for 2021/22 and covers two posts, including the

Assistant Financial Secretary-Economics and Finance, and the Economic Advisor.

Business unit 20040—Treaty Management and Administration. Madam Chairman, the budget for the unit in 2021/22 is set in round numbers at \$999,000, a modest decrease of \$18,000 from last year's budget. The decrease is this unit's contribution to lowering funding requirements. Madam Chairman, the work of the unit continues to diversify from the original core activity that led to its creation—that is, the negotiation and processing of international tax cooperation on the by-request basis.

Madam Chairman, the Treaty Unit is now responsible for the following core areas at a budgeted cost of \$204,974, excluding salaries and software upgrades: Negotiating tax information exchange agreements and other agreements relating to tax information exchange and associated agreements with member countries of the EU, G20, OECD, and other countries. Because of this negotiation experience and exchange of tax information agreements, the unit several years ago was requested to negotiate an agreement between Bermuda and the United Kingdom of Great Britain and Northern Ireland for the exchange of beneficial ownership information for criminal investigation purposes as opposed to for tax purposes. Annually thereafter, the UK completed a review of the beneficial ownership agreement. For practical [purposes this] operation is carried out by the Bermuda Monetary Authority with oversight by the Ministry of Finance Treaty Unit.

Relationship management regarding tax matters with the EU, Member States of the EU, the OECD and with the United States of America. Administering requests for exchange of tax-related information on the by-request basis with Bermuda's over 100 partner countries under the automatic exchange of tax-related information basis, also with Bermuda's over 100 partner countries.

Madam Chairman, the most pressing threat facing Bermuda's international business sector in the last fiscal year and the coming fiscal year is the G20 OECD initiative to counter what has been classified as base erosion and profit shifting by large corporations allegedly taking advantage of increasing taxation complexity challenges arising from the digitisation of the global economy. (The OECD's common reference to "base erosion and profit shifting" is the acronym BEPS.)

Madam Chairman, BEPS seeks to curtail countries' and companies' practices that are perceived to cause the base erosion of other countries' tax revenue base because of activities such as profit shifting. The magnitude of the BEPS threat during 2021 is highlighted in media reports with information derived from the EU tax regulatory officials breaking ranks of solidarity with the G20 and the OECD, although both global bodies have leading EU Member States among their longstanding members.

In these media reports, it has been noted that the EU has announced its ultimatum to the OECD that the EU will move to implement an EU unilateral digital tax against, in particular, the Internet technology giants if the OECD, which is operating under the mandate of the G20, does not succeed in reaching consensus among the 137 countries negotiating on (1) BEPS Pillar 1, which alters the several-decades-old international taxing rights so as to include taxing income on all business sectors and industries earned from the digitisation of the global economies whereby such income is perceived to fall outside the current international taxing rights framework; and (2) BEPS Pillar 2, which seeks to implement a global minimum corporate income tax rate anticipated to be 12.5 per cent irrespective if companies are located in jurisdictions that currently do not apply a corporate increase tax of at least 12.5 per cent.

Madam Chairman, the risk posed from recent OECD proposals on corporate taxes was clearly laid out in the 2020/21 Pre-Budget Report in advance of the 2020/21 Budget. It was noted a year ago, and I quote, “The Base Erosion and Profit Shifting [BEPS] Pillar 2—calling for a minimum global tax rate for corporations has been mandated by the G20 to be effective by or before the end of 2020 and to operate in tandem with BEPS Pillar 1, which involves the sharing of taxing rights between countries. While both the timing and implementation of any such measures remains highly uncertain, the direction of travel seems clear, and raises medium-term concerns on the potential impact on Bermuda’s attractiveness as a base for international corporates.”

Madam Chairman, the OECD has needed to amend its timeline to that of mid-2021 to achieve consensus on this project, which is very contentious among the large income tax countries seeking their share of the new income tax revenue expected to be generated from BEPS. In such a climate small jurisdictions, especially with low and no income tax jurisdictions, could become collateral damage if we are not careful.

Madam Chairman, the Treaty Unit is working in close consultation with several industry stakeholders on the BEPS-related threats, including threats from the EU and the USA. We would further note that the Government was in close contact with the former Governor regarding these international threats and is continuing the dialogue with the current Governor on this matter. As well, there is engagement taking place with the OECD and with targeted countries.

Madam Chairman, corporations in scope of the two BEPS pillars are those multinational enterprises that have global annual consolidated revenue greater than €750 million. Accordingly, special thanks are extended to the Association of Bermuda International Business Companies (ABIC), the Association of Bermuda Insurers and Reinsurers (ABIR), and the Bermuda International Long-Term Insurers and Rein-

surers [BILTIR] whose representatives and international tax experts have been volunteering considerable assistance and support to the Treaty Unit in addressing these threats.

Madam Chairman, it is also noteworthy that the two OECD global regimes for exchange of tax-related information which I previously referred to as EOIR and AEOI have been used by the EU as reason to blacklist on the EU non-cooperative tax blacklist any country that the OECD assessment rate is less than a rate deemed *largely compliant*.

Madam Chairman, Bermuda has a *largely compliant* rating and is currently on the EU whitelist. However, it is also likely that the G20 and the OECD will at some point in the future also blacklist a country that has an unacceptable OECD rating in EOIR or AEOI. The OECD’s EOIR regime comes under annual review until all OECD recommendations have been satisfied. Currently the Treaty Unit is working with the Registrar of Companies and the BMA to ensure that all recommendations arising from Bermuda’s last review are addressed this year with a final detailed progress report which hopefully will see the end of the current OECD annual review.

Madam Chairman, therefore the decrease of \$18,000 to the unit’s budget is modest, as much activity is anticipated in the fiscal year ahead in addressing these international tax threats against low- and no-tax jurisdictions like Bermuda.

The unit has a budgeted staff allocation of four, and an aggregate budgeted annual salary cost of \$424,026. Additionally, \$370,000 is allocated to the unit’s core administrative function related to the addition to the necessary services of the Ministry’s international tax reporting portal to keep its software updated with the OECD standard for AEOI. This includes upgrading the portal’s operating software that interfaces with the OECD’s receiving portal. This is as a result of the OECD updating the OECD’s portals software operating schema. Thank you, Madam Chairman.

This is business unit 20070—Pension Commission Grant. Madam Chairman, the Pension Commission is a corporate body established under the National Pension Scheme (Occupational Pensions) Act 1998 and has the following functions:

- to administer the Act and the Regulations;
- to consider and determine applications for the registration of pension plans;
- to consider and determine financial hardship withdrawal applications;
- to promote and ensure compliance by pension plans with the provisions of the Act and the Regulations;
- to monitor the administration and funding of pension plans;
- to enforce the provisions of the Act and Regulations in respect of such administration and funding;

- to verify the payment of benefits under pension plans;
- to promote public education on pension plans and their benefits;
- to advise the Minister on any matter relating to pensions including development and laws related to pension plans;
- to provide such information relating to its functions as the Minister may require;
- to investigate complaints relating to a pension plan and a pension fund; and
- to perform any other functions provided for in or under this Act.

Madam Chairman, the Commission also has responsibility for the administration of the Pension Trust Funds Act 1966 and pension trusts established and administered under this Act.

Madam Chairman, the proposed grant on page B-113 under Head 10, the Commission, for 2021/22 is \$800,000, an approximate 5.88 per cent decrease from the original \$850,000 grant in the 2020/21 budget. However, the Commission's grant was further reduced in 2020 to \$765,000. The Commission anticipates making up for the reduced grant income from its regulatory fees that are now payable to the Commission from plan administrators.

Madam Chairman, during the past fiscal year the Commission's operations were significantly impacted by the COVID-19 pandemic as its offices were closed to the public and it had to switch temporarily to conducting its work remotely. The Commission's staff initially returned to work on a rotational basis in May 2020 and subsequently returned to the office soon thereafter. The Commission's focus during 2020 was primarily on advising on COVID-19-related relief amendments to the Act and the subsequent implementation and administration.

Madam Chairman, recognising the significant economic impact that the COVID-19 pandemic caused in the domestic economy, Government introduced a number of amendments to the Act in 2020 to provide for the temporary suspension of contributions by both employers and employees and to provide plan members and retirees additional access to their pension funds. In particular, the following refunds were granted:

1. temporary refunds up to \$12,000 for persons under the age of 65;
2. small pension refunds for those reaching retirement age of 65 with \$50,000 and under in the pension fund balances; and
3. lump sum refunds for those reaching normal retirement age. And this would be up to 25 per cent of an applicant's pension fund account balance.

Madam Chairman, these additional refunds have provided timely and substantial financial support to Bermudians, and I am pleased to provide the fol-

lowing summary of approved refund payments up to December 31, 2020:

- temporary refunds—\$117.8 million;
- small pension refunds—\$3.05 million; and
- 25 per cent lump sum refunds—\$15.5 million.

Madam Chairman, in relationship to other areas of activities and responsibilities of the Commission, I am also pleased to advise the following accomplishments during 2020, the Commission

- wound up 28 plans compared to 39 in 2019;
- registered 57 plan amendments compared to 42 in 2019;
- approved four plan trustees in comparison to zero in 2019;
- initiated four civil actions against delinquent employers and their directors and officers compared to 11 in 2019;
- conducted 30 compliance meetings with employers and plan members compared to 86 in 2019;
- held two compliance meetings with plan administrators compared to 26 in 2019;
- participated in 15 public and/or advisory committee meetings compared to 27 in 2019; and
- completed three transactions under the Pension Trust Fund Act 1966 compared to 38 in 2019.

As of December 31, 2019, the most recent date for which statistics have been provided by plan administrators, the National Pension Schemes contained an estimated 27,961 plan members. There were a total of 3,126 employer plans. Of those, 3,111 were defined contribution and 15 were defined benefit. The total value of assets under the National Pension Scheme is estimated at \$3.95 billion, consisting of approximately \$3 billion in employer plans and \$950 million in approved local retirement products. There are an estimated 303 self-employed plans. As of December 31, 2020, there were \$1.58 million of plan assets transferred to overseas retirement vehicles compared to \$633,000 in 2019.

Madam Chairman, Honourable Members will recall that the National Pension Scheme (Financial Hardship) Regulations 2010 were introduced to help Bermudians with the real financial need to get access to a portion of their private sector pension funds based on prescribed criteria for hardship. Regulations were further amended in 2011 to permit rental arrears as an additional category of financial hardship. An additional hardship refund for funeral expenses was added effective January 2, 2020. In 2020 the Commission also became responsible for the administration of financial hardship applications for civil servants under the Public Service Superannuation Act 1981. Accordingly, refunds for the following five circumstances of financial hardship are permitted:

- a. eligible uncovered medical expenses;

- b. threat of loss of principal residence due to debt default;
- c. threat of eviction from home due to arrears of rent;
- d. eligible fees payable for tertiary education; and
- e. eligible funeral expenses currently only for private sector plans.

Madam Chairman, I should like to point out that effective January 2, 2020, the previous restrictions on retirees for applying for a hardship refund was removed. In addition, they were also exempted from having to pay the \$100 application fee.

Madam Chairman, I am pleased to provide a summary of the financial hardship application statistics—

[Loss of audio]

Sen. Arianna Hodgson: (I am sorry. I do not know what happened.)

Madam Chairman, I am pleased to provide a summary of the financial hardship application statistics provided by the Commission from inception of this initiative up to December 31, 2020, as follows:

- financial hardship applications—financial hardship withdrawal meetings, 6,291;
- total applications received since August 10, the start date, 3,558;
- approved applications, 2,906;
- declined applications, 520;
- applications pending and/or withdrawn, 132; and
- total amount approved, \$32.82 million.

Applications approved by type were as follows:

- eligible educational expenses, 1,109;
- imminent threat of loss of principal residence, 468;
- imminent eviction from home for rental arrears, 1,138;
- eligible medical expenses, 190; and
- one application for funeral expenses.

Madam Chairman, for the upcoming year the Commission has a number of goals, as follows:

1. The first is to review and recommend further enhancements to the National Pension Scheme (Occupational Pensions) Act 1998 and Regulations made thereunder.

2. Finalise its additional human resource requirements to be able to respond to the additional responsibilities resulting from the 2019 and 2020 legislative amendments. In particular, the amendments provided for greater oversight of occupational pension plans, the imposition of monetary sanctions on plan administrators, approving plan trustees, satisfying fit and proper criteria as specified in the Act and greater onsite inspection of employers in order to ensure that

they are in compliance with legislative recordkeeping requirements. The introduction of additional pension refunds will also require increased staffing resources.

3. Thirdly, expand its enforcement programmes against delinquent employers as well as plan service providers that fail to meet the required standards under the Act.

4. Introduce a financial awareness campaign to better educate employees on the importance for saving for retirement and the many options and approaches that are available.

5. Update its information technology applications and resources, including revamping its website to more effectively and efficiently communicate with plan administrators, employees, employers, and members of the general public.

The 2021/22 Budget, Revenue and Expenditure Items. Madam Chairman, the Commission's projected total revenue for the year is \$2,170,000 which consists of a government grant of \$800,000 and regulatory fees of \$1,370,000.

Madam Chairman, the Commission's total budget expenses for the year are \$2,115,000, consisting of \$1,675,000 for salaries and related benefits; \$190,000 for office expenses, \$110,000 for office rent; \$60,000 for promotion, education and advertising; \$50,000 for legal and consulting; and \$30,000 for professional development. The resulting projected position is net income of \$55,000.

Business unit 20100—the Office of the National Anti-Money Laundering Committee has received a \$160,000 increase. Madam Chairman, the purpose of the Office of the National Anti-Money Laundering Committee is to provide secretariat support to NAMLC in order to enable the Ministry of Finance to achieve the objective of advancing the Government's AML/ATF policy initiatives, to support legislative development, as well as to coordinate measures to enhance Bermuda's AML/ATF regime. This requires the office to be responsible for the administration of NAMLC's national initiatives such as the assessment of Bermuda's national money laundering and terrorist financing risk and managing the reviews of Bermuda's anti-money laundering anti-terrorist financing regimes by external bodies.

The office works with NAMLC member agencies to ensure that Bermuda has a strong, effective regime to combat money laundering, terrorism financing and the financing of proliferation, and to support international counterparts in efforts to help address these issues on a global scale.

Madam Chairman, the Office of NAMLC's budget for the fiscal year 2021/22 is \$1,116,000, representing an increase of approximately \$160,000 over the 2020/21 allocation. The minimum funding required to achieve the provision of secretariat services to NAMLC and to meet the national obligations to the CFATF is approximately \$711,000. While this amount is similar to previous years, that allocation of core sec-

retariat services in previous years did not factor into the cost of CFATF membership in that package.

NAMLC has also reduced the costing of their overall project operations compared to 2020/21. This is partly attributable to NAMLC adjusting the majority of its consultancy engagement and project activities into a virtual model. Accordingly, the additional new allocation to NAMLC is only required to fund the majority of the cost of hosting the CFATF biannual plenary, which is to be held in Bermuda in November of 2021 when Bermuda assumes the CFATF chairmanship.

Madam Chairman, over several fiscal years NAMLC's critical focus has been on the achievement of excellence in compliance with the FATF's technical standards and on ensuring the effectiveness of Bermuda's AML/ATF framework. A significant component of this was also to be able to clearly communicate those accomplishments to the assessors and the CFATF membership as part of the mutual evaluation. As a result, Bermuda's Mutual Evaluation Report which was published by the FATF in February of 2020 appropriately presented a picture of AML/AFT excellence which confirms Bermuda's long-standing position as a world-class jurisdiction.

Given the continued importance to Bermuda's ongoing economic success of sustaining this achievement, the key focus of the Office of NAMLC during the fiscal year 2020/21 was the completion of Bermuda's second terrorist financing national risk assessment [TFNRA] and the commencement of the third money laundering national risk assessment [MLNRA]. These internal national assessments of risk are a foundational requirement of the FATF standards and accordingly are enshrined in the National AML/ATF policy as a requirement for update every three years. The updated understanding of risk gained from these exercises undergirds the national strategy to counter both money laundering and terrorist financing.

The 2020 TFNRA commenced during the 2019/20 fiscal year and was completed in June 2020. The proposed action plan, which was developed from the findings of that NRA [national risk assessment], was submitted to Cabinet in August 2020 for approval along with a full report of the NRA findings. The money laundering NRA then commenced in November 2020 and is currently underway with an expected completion date by June 2021. These additional projects, which require extensive collaboration, data gathering and analysis, as well as outreach and engagement to other public sector and private sector stakeholders, have taken place substantially through virtual meeting platforms to accommodate for the effect of the pandemic.

The 2021/22 key initiatives of the Office of NAMLC. Madam Chairman, as previously noted through the work of NAMLC, Bermuda has achieved an excellent Mutual Evaluation Report in 2020. How-

ever, Bermuda cannot now sit on its laurels. Therefore, NAMLC's focus continues to be to ensure that Bermuda maintains its position as a global leader in the fight to combat money laundering, terrorist financing and proliferation financing, especially in the face of periodic changes made by the FATF to the international standards. Therefore, in accordance with the National AML/ATF policy, action plan and strategy, Bermuda's AML/ATF programme will continue to be advanced during this period. The key initiatives that the Office of NAMLC will be working on in financial year 2021/22 are as follows:

- Coordinate and manage the timely completion of the National Risk Assessment on money laundering, which is now underway and scheduled to be completed in June of 2021. The completion of this project will also be followed by the preparation and publication with the approval of the Cabinet on a consolidated report on the outcomes of the MLRNA and the TFNRA which were completed in 2020.

- Lead and coordinate the preparation by all NAMLC agencies of written submissions to CFATF by November 2021, reporting on all of the progress made by Bermuda to address the recommendations made by the CFATF assessors in Bermuda's 2020 Mutual Evaluation Report. Bermuda will also be subject to automatic rerating in relation to FATF recommendations which the FATF have updated since the end of Bermuda's assessment review period. Accordingly, this project will also necessitate preparation of detailed submissions addressing Bermuda's compliance with all of the relevant new technical requirements on which Bermuda will be rerated.

- Continue to coordinate, lead or participate in a technical work of the various permanent working groups of NAMLC.

- Lead and coordinate the review and update of the National AML/ATF action plan and strategy, and the submission of same to Cabinet for approval, taking into account any changes made to the national policy, a project which is now being finalised. The update to the Action Plan Strategy will also take into account the work outputs of NAMLC's permanent working groups, the findings of the TFNRA and the MLNRA and any outstanding recommended actions in the MER, [Mutual Evaluation Report]. Once approved by Cabinet, work then has to be done to ensure that NAMLC agencies are kept accountable for implementing the national policy and action plan within their internal agency strategies and plans.

- Collaborate with the CFATF secretariat to plan the November 2021 biannual CFATF plenary and manage all of the logistics associated with the execution of Bermuda's responsibilities for hosting the plenary. The Office of NAMLC is mindful of continuing concerns associated with COVID-19 and will proactively engage with local stakeholders such as the Ministry of Health, the Bermuda Tourism Authority, the Department of Immigration and the Department of

Customs to identify all [extant] issues as the year progresses and to support the determination of whether the hosting of an in-person conference of this nature in November 2021 will be feasible.

The Chairman: Senator Hodgson, I am sorry to interrupt.

Sen. Arianna Hodgson: Yes.

The Chairman: I just want you to be aware that you have about 14 minutes left. And you have not touched on Head 38 yet.

Sen. Arianna Hodgson: Yes. Head 10 is, unfortunately, one of our longer heads. But Head 38 will not be as long. So, no worries.

The Chairman: Okay.

Sen. Arianna Hodgson: The end is near.

The Chairman: Okay. And I will just do a check for the members of the public. We are in the Committee of the Whole [Senate] for further consideration of the Appropriation Act 2021, together with the Estimates of Revenue and Expenditure for the year 2021/22. The Ministry under consideration currently is the Ministry of Finance.

And Senator Hodgson, please continue.

Sen. Arianna Hodgson: Thank you, Madam Chairman. I believe . . . I just . . . Okay.

- And they will also carry out the normal secretariat responsibilities to support NAMLC and the NAMLC chair; managing all NAMLC meetings including the sub-working groups; preparing and circulating minutes; providing technical AML/ATF input on draft guidance notes; drafting legislation, Cabinet memoranda and other technical requests to NAMLC; responding to PATI requests and reviews; updating members on FATF and CFATF initiatives and coordinate their responses, if necessary; among other things.

- Assist in the implementation and advancement of any of the national initiatives specified in the revised national strategy and action plan.

Madam Chairman, in order to progress all of these initiatives, the chair and Office team will continue to work closely with the National Anti-Money Laundering Cabinet Committee, NAMLC member agencies and other stakeholders.

Madam Chairman, the salary provision for the Office of NAMLC in 2021/22 is \$480,564.93, representing approximately 43 per cent of the allocation. And this is a reduction of about \$40,000 from the previous fiscal year. The allocation for Expert Overseas Consultants of \$75,000, compared with \$125,000 in 2020/21, is to facilitate a number of NAMLC projects

including the provision of technical support to complete the Money Laundering National Risk Assessment by June 2021. Overseas consultants will also support the preparation of Bermuda's first follow-up report to the CFATF in November 2021 and the commencement of ground work in the first quarter of 2022 to prepare for Bermuda's delegation to attend the CFATF plenary to defend the follow-up report.

The local training allocation has been increased to \$46,000, which is up from \$40,500, to allow the Office to facilitate training to the NAMLC member agencies, and in the event that partial in-person meetings are restored to manage and execute the many workshops that will be required in the preparation of the follow-up report and later in 2022 to prepare to attend the CFATF plenary to defend the report.

The other major recurring items of cost in this unit, the Office of Chair of NAMLC, is the continued professional development of the office team and for travel for attendance at international conferences, including the CFATF plenaries and the FATF plenary if or when these resume in person.

The Office of NAMLC's allocation also covers the cost of Bermuda's annual membership contribution to the CFATF, which has been discounted for 2021 to \$57,400, which is down from the annual amount of \$68,357.

Madam Chairman, that concludes the submissions in relation to Head 10. And I wish to thank all of the members of the Ministry Headquarters for the work that they have done to help Bermuda through these challenging times.

The Chairman: Thank you, Senator. Take a breath. Do you want to continue to Head 38?

HEAD 38—OFFICE OF THE TAX COMMISSIONER

Sen. Arianna Hodgson: Yes. Madam Chairman, the Office of the Tax Commissioner's [OTC] vision is to be a significant contributor to Bermuda's prosperity and stability by being a progressive, modern tax administration committed to providing superior customer service, continuous improvement and collaboration. The OTC's mission is to leverage modern technology to ensure taxpayers' compliance with quality service and effective enforcement. The core objectives of the OTC are as follows:

- to administer the collection of taxes and stamp duties in accordance with the tax legislation and to provide professional advice to the Ministry of Finance;
- to conduct responsible and effective enforcement activities, creating an environment which promotes compliance and ensures that all taxes are collected in accordance with their respective Acts; and

- to educate and advise taxpayers on matters relating to their statutory obligations under the Acts and maintain community confidence.

The primary responsibility of the Office of the Tax Commissioner is to effectively administer the timely and accurate collection of all taxes and stamp duties in accordance with applicable legislation, which include the following:

- payroll tax, in accordance with the Payroll Tax Act of 1995, the Payroll Tax Rates Act of 1995 and the Taxes Management Act of 1976;
- the corporate services tax, in accordance with the Corporate Services Tax Act of 1995 and the Taxes Management Act of 1976;
- betting duty turf, in accordance with the Betting Act of 1975;
- stamp duties, in accordance with the Stamp Duties Act of 1976;
- land tax, in accordance with the Land Tax Act of 1967, the Land Valuation and Tax Act of 1967, financial services tax in accordance with the Financial Services Tax Act of 2017 and foreign currency purchase tax in accordance with Foreign Currency Purchase Tax Act of 1975;
- hotel occupancy tax, in accordance with the Miscellaneous Taxes Act of 1976;
- the cruise ship departure tax, in accordance with the Miscellaneous Taxes (Rates) Act of 1980;
- the passenger cabin tax [in accordance with the Taxes Management Act of 1976]; and
- the time-sharing occupancy tax.

The Office of the Tax Commissioner is responsible for the largest portion of government revenue, estimated at \$571 million, or 59.5 per cent.

Madam Chairman, revenues analysis. Payroll tax revenues are projected to decrease by approximately \$68 million when compared to the original estimate for 2020/21. Payroll tax revenue is anticipated to decrease by \$19.3 million from the original estimate of \$467 million for the 2020/21 fiscal year. There will be no changes to payroll tax rates in the 2021/22 fiscal year. However, payroll tax relief to troubled sectors, which was implemented in 2020/21 due to COVID-19, will be continued through March 31, 2022. Payroll tax relief covers such sectors as hotel bars and restaurants, restaurants in general and some retailers. The taxi industry were provided payroll tax relief by having their annual tax amounts reduced from \$1,000 annually to \$500 in 2020/21 fiscal year.

The operational budget is found on pages B-126 through B-127, and page C-11. Current expenditure of \$3,685,000 represents a decrease of 4 per cent, while capital expenditure represents an increase of 114 per cent, while revenue of \$97,052 is projected, a decrease of 10.2 per cent.

Key highlights and achievements. Madam Chairman, the Stamp Duty section has recruited a

temporary stamp duty assistant during the year who will assist with reducing the time taken to process applications for primary family homestead designation certificates and standard adjudications. In addition, the OTC continues to put emphasis on debt collection and tax enforcement, which is changing the tax culture of Bermuda. With the four temporary additional debt collectors, taxpayers are more apt to comply with taxes. From April 1, 2020, through February 28, 2021, the debt collectors and the Debt Collection Officer have been responsible for collecting in excess of \$5.338 million of outstanding taxes. The breakdown is payroll taxes, \$4.09 million, or 76 per cent; and land taxes of \$1.248 million, or 24 per cent.

In addition to this, the OTC has had a consultant company collecting outstanding arrears on land taxes. These collections started as of September 2020 through the end of February 2021, for a total in excess of \$9.2 million, representing 11.9 per cent of the total outstanding land tax amount. There were seven new cases that have been referred to the Debt Enforcement Unit during 2020/21 fiscal year. The use of court proceedings by the OTC and the Debt Enforcement Unit of the Attorney General's Chambers has increased awareness of the consequences of noncompliance, resulting in more taxpayers complying with their tax obligations.

Madam Chairman, OTC major priorities for fiscal year 2021/22 continue to be the reformation of the OTC. They are as follows:

- to change from a tax type to a functions-based organisation;
- modernisation of business processes through the use of best practices and cutting-edge tax administration information system; and
- broadening the tax base by identifying and registering individuals and entities that have eluded paying taxes.

The OTC has continued along the path of modernisation in 2020/21, as advised by the Caribbean Regional Technical Assistance Centre [CARTAC] and the Fiscal Responsibility Panel. Based on this recommendation, the OTC Team have made significant progress under the Tax Administration Modernisation Programme [TMP] with the support of CARTAC experts and the current Project Management Team.

The four key projects of the TMP programme are as follows:

- communications and change management;
- organisational structure and processes;
- IT systems; and
- legal framework project.

The OTC is near the completion of implementing a simple database warehouse as an interim solution that will allow for data extraction from OTC's legacy systems. After successful implementation, the department will have expansive reporting capabilities that do not presently exist in-house. The key benefits that the Office of the Tax Commissioner look to gain

from the TMP and the simple database warehouse are to operate more effectively and efficiently, increase compliance with tax requirements and increase revenues for the Government of Bermuda. For the upcoming fiscal year, the plan is to roll out the next phase of the mandatory e-filing to all taxpayers with remuneration over \$200,000 per annum.

Madam Chairman, I would like to extend my appreciation for the work undertaken by the Office of the Tax Commissioner and to the entire management and staff of the department. Thank you.

The Chairman: Thank you, Senator Hodgson.

I am assuming you have concluded the brief?

Sen. Arianna Hodgson: Yes, I have. Thank you.

The Chairman: Okay. Thank you.

Would any Senator wish to speak on these Heads?

Sen. Marcus Jones: Yes, I would.

The Chairman: Senator Marcus Jones, you have the floor.

Sen. Marcus Jones: I would like to extend my appreciation and thanks to the Junior Minister of Finance for that comprehensive and targeted brief on these two Heads. Cognisant of the time and my desire to give other Senators an opportunity, let me quickly go through the questions that I have come up with. I must say that a number of the questions that I did have, the Junior Minister was able to answer for me. But let us see how far we can go.

Okay. We are on page B-113, Head 10, line item 20100, NAMLC. We do understand that there was a Mutual Evaluation Report that Bermuda did very well on that came in, I believe it was February of 2020. I would like for the Junior Minister, if she can, to provide for us just the highlights of outstanding issues that may have come out of that report that the necessary agencies are actually working on to improve. That is number one.

Number two, remaining on page B-113, Head 10, it is line item 20070, the National Pensions Commission. Can the Junior Minister provide the number of employees with delinquent accounts? How much has been recovered to date? And how many members of these pension plans have been negatively impacted by the delinquency of their employers?

Turning to page B-114, under the line item of Travel we see that for the year 2021/22 an estimate of \$203,000 has been budgeted. Then last year it was \$206,000 that was budgeted. We understand that with the revised estimate due to the pandemic, only \$58,000 was actually spent on travel. Can the Junior Minister give us an indication of the travel requirements for this particular department in light of the fact

that the pandemic is still raging and Zoom meetings are still very amenable to getting to see persons overseas or being at workshops? Can the Junior Minister justify that amount of \$203,000 that has been estimated for the 2021/22 budget?

On that same page, a couple of lines down we will see Materials and Supplies. It is estimate that the budget for 2021/22 will be \$10 million. I do not remember the Junior Minister mentioning anything about this particular line, and if she did, my apologies. But that is a very large amount, especially since in 2020/21 the estimate was \$122,000 and the revised amount for that time period was \$113,000. So you can imagine how such a jump would catch our attention. So if we can get some explanation or reason for that incredibly large increase and what that increase of \$10 million is made up of.

Switching now to . . . if you can go to page B-127, now, this is Head 38, I believe. On page B-127 the estimates under line item 8027 the Government has estimated that there will be a decrease of \$6.6 million in land tax. Can the Junior Minister explain to us why the forecasted reduction for these receipts are so low?

Turning now over to page C-25 in the back of the book, C-25 under Professional Services. We commend the Government in that the estimates for 2021/22, each line item has actually been decreased. But there were two which were increased, one of which is the overseas consulting. Under this Professional Service heading, this line item showed one of only two costs increases estimated. Can the Junior Minister give explanation for the forecasted \$1.2 million increase and the process employed to choose an overseas consultant over a local one?

Madam Chairman, for a moment I will stop there and give the Junior Minister an opportunity to get answers for those questions and actually give another Senator the opportunity to ask questions as well.

The Chairman: Thank you, Senator Jones.

I think what we will do is we will continue to find out if other Senators wish to ask questions. Is there any other Senator who would like to ask? I see Senator Wight.

Sen. John Wight: Thank you, Madam Chairman.

So I just have a few comments. First of all, I want to congratulate the Minister and the Ministry for these credit ratings that Bermuda has (from page B-115). The S&P rating is A-plus for Bermuda, and the Moody's rating is A2. And this is a real stamp of approval for international businesses that are seeking to incorporate in our very highly respected jurisdiction. So I think the Ministry and the Minister should be commended for maintaining that rating.

The second problem is just a bit of a concern, and we just have to ensure that we collect all of the revenues that were due in a complete year and com-

ing years and do not spend more than we need to, because credit agencies look at things like debt to GDP, and ours has been creeping up for the last few years. So it is a—but overall, it is just a *well-done* to the Minister and Ministry for achieving that.

Other questions or comments—one is the Contributory Pension plan and the Superannuation Pension plan, which the Junior Minister referred to. It was referred to in the context of the strong investment results for the year, which was very positive. The converse of that is that it is a very largely unfunded plan with an excess of [INAUDIBLE], I think was the last estimate. So we really have to—for now and for those of our future retirees who will depend upon benefits from those two plans.

This is my third one, which was raised by the Junior Minister, which is probably one of the best-kept secrets but really the potential impact for Bermuda is the base erosion profit [shifting]. This is something that I know the Minister and Ministry are working hard on. It does have, you know, some real potential consequences for all offshore jurisdictions, including Bermuda. So I think we have to have some dialogue around that because we are not in a great position to defend ourselves. And this would be, I think, a big change through our business model if there was a corporate tax of 12.5 per cent imposed on all businesses operating in Bermuda. So this is something we need to, I think, educate the public about and keep track of because it does potentially really affect our business environment. So those are my comments, Madam Chairman, from the presentation. Thank you.

The Chairman: Thank you, Senator Wight.

Is there any other Senator who would like to ask a question or make a comment?

Sen. Arianna Hodgson: Madam Chairman, I actually—Senator Wight was actually going in and out for me. Is it possible that he could perhaps put his questions just down in an email or whatever is easier for him? But it was just unclear.

The Chairman: Okay.

Sen. John Wight: Yes. Actually, Senator, there were no questions. There were—

Sen. Arianna Hodgson: I thought so.

[Laughter]

Sen. John Wight: So, look, no homework required something from me.

Sen. Arianna Hodgson: Okay. That works. Thank you.

The Chairman: Senator Hodgson, why do you not proceed to address the questions that have been posed? And if there is time left, if anyone else has questions they can ask as well.

Sen. Arianna Hodgson: All right. Can we actually just—I just want to—I am waiting just to finalise some details. I do not want to provide an answer—

The Chairman: —Okay. Okay. That is fine.

Is there anyone else, any other Senator who would like to ask a question of Senator Hodgson or make a comment?

I guess not. So we will just wait for you, Senator Hodgson.

And I will just remind everyone that we are in Committee of the Whole [Senate] for further consideration of the Appropriation Act 2021 together with the Estimates of Revenue and Expenditure for the year 2021/22. And the Ministry being debated right now is the Ministry of Finance.

Sen. Arianna Hodgson: Madam Chairman, I can say that while we do not have all of the details regarding delinquent employers, at the end of January 2021 there were 775 delinquent employers with approximately 290 of those representing self-employed persons.

Regarding travel, of course, we are unsure about what the future holds. But to allow, I guess, budgeting for the potential spend was necessary here.

We also spoke about the materials and supplies that are to be used. And let me just get more details. Can I just have another moment?

The Chairman: Of course.

[Pause]

Sen. Arianna Hodgson: And yes. So just to confirm, the majority of the \$10 million expenditures for materials and supplies have to do with COVID-19 expenses specifically. So that is something that we cannot get around.

And the overseas consultants—they have been engaged to supplement the existing expertise that we already do have on Island.

The Chairman: Okay.

Senator Jones, do you have a follow-up question?

Sen. Marcus Jones: Yes. Madam Chairman, I recognise that it may be a Herculean task to be able to get more of a detailed listing—for example, materials and supplies. She has cleared up for us that this is COVID-19-related. But when we are talking about \$10 million being estimated for the coming year and there is no way of providing at least some sense of where

these funds are going to be directed, can she give us any more, at least in general terms—

[Crosstalk]

The Chairman: Are you referring to Senator Hodgson? Are you referring to Senator Hodgson, Senator Jones?

Sen. Marcus Jones: Yes, Senator Hodgson. Yes, page B-114, Materials and Supplies.

Sen. Arianna Hodgson: It is actually, Senator Jones, as far as we can see, it is an estimate for the potential expenditures. And so I cannot give you a detailed listing at this time. But I am sure we will account for it in the future.

[Pause]

Sen. Adrianna Hodgson: Sorry. I cannot hear you, Senator Jones.

Sen. Marcus Jones: I guess I am going to have to be satisfied with that answer.

As a follow-on for the travel budget, you also stated that it was going to be COVID-19-related as well, yes?

Sen. Arianna Hodgson: No. I am saying that in light of the pandemic, it is hard to determine when we will be able to get back to necessary travel as needed.

Sen. Marcus Jones: Right, right, right. So I guess what I am saying to you is that the revised amount was \$58,000 for 2020/21 (yes?) under a COVID-19-induced environment. And with this pandemic that is still ongoing, we would be wondering and questioning how the \$203,000 will then once again be applied to this, especially if there is no indication of this pandemic at least coming to a level place where travel is going to be to that extent again. That is why we are looking at this.

The Chairman: Thank you, Senator Jones. I am sure Senator Hodgson is considering what you have just shared.

Sen. Marcus Jones: While she is looking and waiting for some answers, I would just like to add my two cents to what Senator Wight was saying in regard to Bermuda's sterling Mutual Evaluation Report. I mean, all of Bermuda can be very proud of the wonderful grade that we did receive. And in an attempt to make sure that we as a jurisdiction stay ahead of the regulations that are required of us, being able to—we know that no report is 100 per cent. There are issues and areas that we would have concerns about, namely, with the issue of gaming and the issue of even when

you consider cannabis reform that the Government wants to bring about into this country.

It makes us very [leery] and concerned that if we venture into these different industries where the financial institutions both domestically and foreign can be very ticklish about funding these emerging industries in Bermuda, I would just be curious if the Junior Minister can give us some insight on how—and the potential risks and dangers that Bermuda would fall into if—and I believe (I can be corrected) that there is a Mutual Evaluation Report that is done on jurisdictions every three to four years. So I suspect within that period of time, both of these industries, if the Government continues in its plans, will be in full operation.

I would be curious to know that if we underwent another evaluation in two or three years whether that would present a risk to Bermuda's reputation in the international arena.

The Chairman: Thank you, Senator Jones.

Senator Hodgson, are you ready with any responses to the questions?

Sen. Arianna Hodgson: Madam Chairman, regarding travel, it is also similar to, I guess, the materials and supplies. And right now we just do not know. So for us to speak to something that we are unsure about would just be a bit premature.

And of course, there are also risks. However, we will mitigate those risks as we go forward, as there are a number of factors that obviously impact our ratings. And some are outside of our reach, but I trust that our team will work diligently to avoid those risks.

I also, in light of my previous comment concerning travel, you know, it is just going to be a matter that as more persons get vaccinated, there is going to be more travel. And so we are hopeful that with the testing and vaccination programmes we will get back to a place where we can travel as needed.

Sen. Marcus Jones: Madam Chairman.

The Chairman: Yes, Senator Jones. You have the floor again.

Sen. Marcus Jones: Yes, Madam Chairman. Just following up on the answer that the Junior Minister attempted to give me with regard to these large amounts, can we get a commitment from the Junior Minister that if this background information, detailed information that she is attempting to acquire does not materialise in this sitting, can we get a commitment from her that she will follow up and get it back to us by the next session?

Sen. Arianna Hodgson: Senator Jones, I will definitely endeavour to provide any specific detail that I can provide to help with your understanding of the budget figures.

The Chairman: Thank you for that, Senator Hodgson. Did you have any further responses, or you will just forward information as it becomes available?

Sen. Arianna Hodgson: I guess in wrapping up I can highlight the issues being worked on [INAUDIBLE] to address the recommendations from the [2020 Mutual Evaluation Report](#). So one of those priority action items is to amend the Proceeds of Crime Act 1997 [in relation to the restraint powers to ensure these are available prior to the charging process], namely, during investigation, to prevent the dissipation of assets.

We are still working to increase the focus on the recovery of the cross-border movement of the proceeds of crime as identified by the National Risk Assessment as representing the highest source of Bermuda's ML/TF [money laundering/terrorist financing] risk; and [the focus on] increased outgoing international requests to pursue money laundering and the proceeds of crime by focusing on cross-border ML investigations in line with Bermuda's risk profile.

It will also provide AML and CFT training to the judiciary, especially in relation to confiscation. Periodic training in CFT measures should be instituted for competent authorities such as Customs, the Department of Public Prosecutions, the Financial—

Sen. Marcus Jones: Madam Chairman.

Sen. Arianna Hodgson: Yes? Oh, sorry. That is not me.

The Chairman: Yes, Senator Jones, is that you?

[Feedback]

Sen. Marcus Jones: I did not hear the last 30 seconds. I don't know if [INAUDIBLE] there at the Senate Chamber.—

[Feedback]

Sen. Marcus Jones: —What she said [INAUDIBLE] ago.

Sen. Arianna Hodgson: Senator Jones.

The Chairman: Senator Jones, I think that the problem may be at your end, because we could hear Senator Hodgson very clearly. And we are getting a lot of feedback from your situation.

Sen. Arianna Hodgson: Madam Chairman, if Senator Jones can put his questions in an email, or anything else he would like some further clarity on, I will get those responses back to him as soon as possible.

The Chairman: Okay.

Sen. Arianna Hodgson: I think that may be the best needed option, given the time.

The Chairman: That seems to be the best course considering the technical challenge, and also the fact that we have four minutes, almost three minutes left now.

Is that all right, Senator Jones?

Sen. Marcus Jones: Okay, Madam Chairman. Yes. I [INAUDIBLE]. And I send it directly to the Junior Minister, or should it be the Clerk?

The Chairman: You can send the questions to the Clerk. And I am sure Mr. Somner will make sure they are passed on.

Sen. Marcus Jones: Thank you, Madam Chairman.

The Chairman: Thank you, Senator Jones.

So, Senator Hodgson, would you like to move these Heads now?

Sen. Arianna Hodgson: Yes, Madam Chairman. Thank you.

Madam Chairman, I move that Heads 10 and 38 be approved.

The Chairman: Is there any objection to that motion?

There is no objection. So these heads are so moved.

[Motion carried: The Ministry of Finance, Heads 10 and 38, were approved and stand part of the Estimates of Revenue and Expenditure for the year 2021/22.]

The Chairman: Thank you, Senator Hodgson.

Sen. Arianna Hodgson: Thank you, Madam Chairman.

The Chairman: So, Madam President, I think it is back to you now.

Sen. Adrianna Hodgson: I think—

Sen. the Hon. Joan E. Dillas-Wright: Yes, I was waiting for you to indicate to me. I have been hearing it, but that you are coming out of Committee.

The Chairman: Okay.

Sen. the Hon. Joan E. Dillas-Wright: Yes. Well, first of all I would like to thank both yourself and Senator Wright for chairing the debate.

And I would like to also especially thank Senator Hodgson for her managing the debate. You

have done an excellent job, and we are all grateful to you.

The Chairman: Madam President.

Sen. the Hon. Joan E. Dillas-Wright: Yes.

The Chairman: Madam President, may I interrupt for a minute?

Sen. the Hon. Joan E. Dillas-Wright: Yes.

The Chairman: I believe that Senator Hodgson needs to make a motion that the Committee rise and—

Sen. the Hon. Joan E. Dillas-Wright: Yes, yes. That is true.

Sen. Arianna Hodgson: I am sorry. I was trying to, but Madam President went ahead and so I waited to be corrected.

[Laughter]

Sen. the Hon. Joan E. Dillas-Wright: Thank you. Yes.

Sen. Arianna Hodgson: Madam Chairman, I move that the Committee rise, report progress and ask for leave to sit again.

The Chairman: Is there any objection to that motion?
I do not hear any, so there is no objection.
So moved.

[Motion carried: The Committee of Supply agreed to rise and report progress, and sought leave to sit again.]

The Chairman: Thank you all for your kind consideration.

Sen. the Hon. Joan E. Dillas-Wright: And it is now that you hand over to me, indicating that.

The Chairman: Yes, Madam President. Back to you.

Senate resumed at 7:25 pm

[Sen. the Hon. Joan E. Dillas-Wright, President, presiding]

REPORT OF COMMITTEE

ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 2021/22

The President: Thank you.

Well, again let me just say that I was waiting for you to then say to me that you are handing back to myself. But in any case, I do want to reiterate the thanks to both yourself and to the Senator for chairing this Committee.

And we will now move on to the next item on our agenda, which is a motion that I think that Senator Hodgson, you have a motion to present?

[Crosstalk]

The Clerk: She moved it.

The President: Oh, she just moved it. Okay, fine.

[Inaudible interjections]

The President: It has been a long day, Senators. But thank you all very much. We will move on.

CONGRATULATORY AND/OR OBITUARY SPEECHES

The President: Would any Senator care to speak to that?

Yes, Senator.

Sen. Michelle Simmons: Madam President.

The President: Senator Michelle Simmons, you have the floor.

Sen. Michelle Simmons: Thank you very much.

I know it has been a long day. And I just feel it is most appropriate that we pause right now. Since we have been involved in an education debate, let us pause now and give honour to one of the stalwarts of the public education system, who has recently passed. And I am referring to Dr. Joseph T. Christopher, whose name has been synonymous with public education for more than 50 years.

The President: Yes.

Sen. Michelle Simmons: There is no doubt, if you knew Dr. Christopher, you knew that he was a thinker and a real intellectual. But he also recognised the importance of having a thriving public education system. And that is what he was committed to putting in place for all of the children of Bermuda.

I was very fortunate; I was very blessed to be one of his very first students in a physics class at the Sixth Form Centre. And I will not tell you the year, but it was quite some time ago. He was a young 20-something-year-old. And he took us under his wing, making sure that we did well in that A-level physics class.

As he continued his teaching career, he became a principal, Sandys Secondary School, he be-

came BUT President, he was Senior Education Officer, and then eventually became Chief Education Officer. Once again our paths crossed professionally because he was Chief Education Officer when I was the principal at Berkeley.

If you have not read his book, please try and get a copy. It gives you a very comprehensive view of the history of public education in Bermuda. His book is called *A Random Walk through the Forest*. And even though he has now gone on to glory, there is a legacy that has been left behind, and now it is up to us to make sure that public education can continue to go from strength to strength.

So I am asking the Senate to send condolences to Dr. Christopher's wife, Marlene; his sons, Aron, Tarik and Galen; and all of his family. May he rest in peace. Thank you, Madam President.

The President: Thank you, Senator Michelle Simons.

Would any other Senator care to speak?

Sen. Owen Darrell: Yes, please, Madam President.

The President: Yes?

Sen. Owen Darrell: Senator Darrell.

The President: Senator Darrell, yes. You have the floor.

Sen. Owen Darrell: Thank you, Madam President. Good evening, colleagues, once again.

Madam President, I would just like to take a few minutes to congratulate two—well, to congratulate one member of my family, my brother, Mr. Zuri Darrell. He has long worked to get his CFA, Madam President. And it was mentioned in another place a couple of weeks ago, but I just wanted to publicly congratulate Zuri for the hard work that he has put in. I have seen first-hand the sacrifices that he has made and the dedication that he does have to his profession. So I did want to say *congratulations* to my younger brother, Mr. Zuri Darrell, in the completion of his CFA.

Also, Madam President, I would like to take liberties if you would allow me. I mentioned it briefly earlier today. But 10 years ago on this day I witnessed the birth of my first child. And I want to say to her, Ms. Tatum Suraeya Darrell, who celebrates her 10-year birthday today—I want to say from the bottom of my heart, *Daddy loves you, and happy birthday to Ms. Tatum Suraeya Darrell!* And with that, Madam President, I would like to say thank you very much and have a good night.

The President: I am sure we will join you in the congratulations to your daughter.

Sen. Owen Darrell: Thank you, Madam President.

The President: Would any other Senator care to speak?

Sen. Curtis Richardson: Yes, Madam President. Senator Richardson here would like to have a few words.

The President: Senator Richardson, Curtis Richardson, you have the floor.

Sen. Curtis Richardson: Thank you, Madam President.

I would just like to give my mention of a member of constituency 22, Peter Ramotar. Some may have seen the story in the newspaper. He is a bus operator. And unfortunately, he was involved in an unfortunate and unprovoked attack. It showed a grey cloud in the fabric of our society. And he was fortunate to not succumb to the injuries that he did sustain. However, I do want to just take a moment to mention that not only do I and the Senate team wish him the best, but also the entire membership of the Progressive Labour Party. And I am sure a humanitarian gesture from anyone in Bermuda as well, because it is in our nature to do such a thing—wish someone well and hopefully that they heal, that the scars do not last for too long.

Mr. Ramotar has been a stalwart supporter in my efforts in canvassing. He has been very supportive in the membership of the party. He is definitely one of stalwart mention. And I just want to let him know that we do and we will continue to keep him in our prayers as he continues to heal. And to stay to the wicket, and he shall heal. And the runs will come with his continued willingness to be supportive to any fellow Bermudian. And the communities who actually know him and catch his buses regularly, I am sure they have him in their thoughts as well. So that is Peter Ramotar. And I really appreciate the opportunity to just make mention of that.

Thank you.

The President: Thank you, Senator Richardson.

And I am sure all Senators would agree with you with respect to sending greetings and support to him.

Would any other Senator care to speak on Congratulatory and/or Obituary Speeches?

No? Then—

Sen. the Hon. Dr. Ernest Peets: Good evening, Madam President.

The President: Yes, sorry. Minister Peets, you would like to speak?

Sen. the Hon. Dr. Ernest Peets: Yes, please. Thank you. I will try to keep my comments brief. I do realise this has been a very long day for all of us.

I certainly want to associate myself with the remarks of Senator Simmons regarding the passing of a great educator in Dr. Christopher. I joined the ranks of Sandys Secondary as a 12-year-old in 1982, just missing Dr. Christopher's tenure at Sandys Secondary. I believe that was the year he moved to the Ministry of Education. But I can say that the legacy that he left behind at Sandys with Dr. Melvyn Bassett and many other of the administrators there certainly had a moulding effect on my education and my future career. So I am certainly grateful for Dr. Christopher's life. And I know he will be sorely missed by all Bermudians.

Regarding some congratulations, I certainly want to congratulate Jordan Outerbridge. He is one of the senior players at Hamilton Parish. He has recently been called up to the National Team, so he is with them in Florida today. We certainly want to extend our best wishes and prayers to our National Team, who will be playing against Canada tomorrow. And I am hoping for positive note when we hear the news tomorrow.

But also, we may also want to send some congratulatory remarks for Oliver Betschart. Some of you may have seen an article in *Bernews* or perhaps in the *Royal Gazette* recently in the last week. This young man is a bright and shining star as it relates to his exploits in the junior golf ranks. He finished second at the Fort Sam Houston Golf Club tournament in San Antonio. So we certainly are looking forward to watching his career, going forward. Thank you, Madam President.

The President: Thank you, Minister Peets.

Would any other Senator care to speak on the obituaries or congratulations?

No.

Hearing none, then I would just like to say that I would like to associate myself with the condolences that have been expressed for Dr. Joseph Christopher. He was a very, very good friend of my husband and mine. And we do live practically on the same road. We have been friends for many, many years, along with his wife, Marlene, and their sons, who have been mentioned, Aron, Tarik and Galen, as well as their wives [Stacy], Elaine and Sarah, [respectively]. I would also just like to say that he has left the legacy to which his families and indeed all of Bermuda could be proud. So I certainly agree with Senator Michelle Simmons in that regard.

The President: Minister Peets, you have the floor.

ADJOURNMENT

Sen. the Hon. Dr. Ernest Peets: Yes. Thank you, Madam President. Thank you to all of the Senators for your diligence today.

I move, Madam President, that we adjourn until tomorrow, March the 25th.

The President: Thank you, Minister Peets.

Would any Senator care to speak on the motion to adjourn?

Hearing none, then, Senators, the Senate stands adjourned until tomorrow.

Thank you all very much for your efforts today.

[At 7:28 pm, the Senate stood adjourned until 10:00 am, Thursday, 25 March 2021.]

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