

INVESTING IN OUR PEOPLE AND OUR FUTURE

2024 / 2025

BUDGET STATEMENT

IN SUPPORT OF THE ESTIMATES
OF REVENUE AND EXPENDITURE

PRESENTED BY

The Hon. E. David Burt, JP, MP
Premier and Minister of Finance

Friday, February 16, 2024



GOVERNMENT OF BERMUDA
Ministry of Finance





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Ministry of Finance

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Introduction

Mr Speaker, we have entered the 25th year of the 21st Century. A child born in the year 2000 is likely to have voted at least once, completed secondary and potentially tertiary education, might have children, may be married, and has very likely considered purchasing a home. This century is theirs. The nostalgia for 20th century days, fuelled by 20th century thinking, and yielding 20th century arguments does not resonate with them and drives them to question whether those of us in our 40s, 50s and even 60s, recognize that yesterday is gone and is not coming back.

Mr Speaker, we run the risk of being consumed by these 20th century arguments about the height of buildings, whether the tech sector in all its forms is real, whether Ministers eat at McDonald's or Ocean Prime, drive Kias or Toyotas, or how we market the Island to non-traditional tourists. While we argue about these things, adopting an approach that is more self-interest wrapped in a thin veil of fake activism, we are forced to work twice as hard as other jurisdictions to maintain and grow investor confidence or to incentivize direct foreign investment. We now must add to the telling of the Bermuda story a caveat that denies we are slaves to the 20th century and that we are fully engaged in the 21st.

Mr Speaker, I wish for the people of Bermuda to know that theirs is a 21st Century Government; eager to put technology to work in support of delivering public services; determined to provide for those Bermudians whose years of strength and vigour were spent building the society we now enjoy; committed to fostering an environment in which our people can thrive economically and socially; and keeping communities safe as we nurture this generation of children through a reformed education system.

Mr Speaker, this Progressive Labour Party Government has always been mindful of the moment when entrusted with governing Bermuda. On the cusp of the year 2000, the then Minister of Finance, the Hon. C. Eugene Cox set out an ethos that is as relevant today as it was then. He said in February 1999:

“..it is expected that in this Statement I should quote averages and aggregates, means and medians, populations and percentages, and in due course I shall do that. But while delivering broad-brush statements it is too easy to paint over life’s cracks and crevices through which the individual falls. In extolling the above average achievements, it is too easy to ignore those who exist below the average, who do not reach the above-average household incomes, who do not have enough to pay the average rent and who cannot afford the above-average increases in health care costs. It is the job of the Government to implement economic policies that will present opportunities for all to advance and benefit from the economic success of Bermuda.”

Mr Speaker, Mr Cox’s comments then, apply to today’s Statement because we will set out a picture of economic growth and success realised in Bermuda, but we do so recognising that these are not laurels on which to rest until that success is more fully felt by the people we serve. A key difference between us and the Opposition as it is constituted today, or as it existed in Mr Cox’s day, is that the balancing of a budget is not achieved on the backs of the people but is delivered with the people at the centre of the success. We take the Government’s above-average performance and use it to invest in our people; no victory lap until the race is made fair for all; and no end to serving the people until the people enjoy the success occasioned by their manifested trust in this Government to deliver a fairer and better Bermuda.

Mr Speaker, in this Budget we invest in infrastructure, we invest in education, we preserve access to healthcare while reforming the system, we strengthen the social safety net, we make affordable housing

a priority, we make home ownership available to more Bermudians, we make our Island safer, and we invest in the young people of this century through scholarships and education awards. Mr Speaker, this is no fluke. The ability to do these things and deliver a balanced budget for the people of Bermuda has been achieved through fiscal prudence, sound debt management, preserving and growing investor confidence, and delivering on our promise to reduce the tax burden on the working families of this Island.

Addressing the Rising Cost of Living

Mr Speaker, since the height of the pandemic we have reduced inflation rates, grown our economy while reducing our deficits, and moved our country towards a balanced budget.

Our Government can point to many statistics to highlight our successes. We can show in so many ways backed up with facts, that we are taking our country's finances into a better, stronger direction. We can also point to many initiatives that have been put in place to reduce the burdens on Bermudians and we can point to greater protections for our workers in the workplace.

Mr Speaker, what I say next will be very important to the Bermudian people. Yes, by nearly every measurement the economy is headed in the right direction, yet we know that too many Bermudians aren't feeling the impact in their lives. Too many continue to struggle with high food prices, while businesses boast about their profits. Too many face growing rental costs and shrinking housing options. From groceries, to healthcare, to mortgage rates, the escalation of prices in Bermuda is causing an escalation of financial hardship, and frustration.

Mr Speaker, in this Government we know that the best economic statistics in the world mean little when our people are not feeling it in their daily lives. We know that even if other islands around the world are experiencing similar challenges with the cost of living, and housing, it is little consolation to say that things are better here compared to other places.

We also know that these frustrations are compounded by the condition of our road infrastructure and the impact it has on our quality of life and the condition of our vehicles. All of this serves as a humble reminder that though we have made significant progress, and though Bermuda has seen lower inflation than other jurisdictions, we haven't gotten everything right, more must be done, and this Government remains determined to address these issues and improve the lives of our people.

Mr Speaker, the increase in the cost of living is, at its core, a product of our small size, our need to import nearly all of our goods, and the fallout from wars, supply chain disruptions, and rising interest rates overseas.

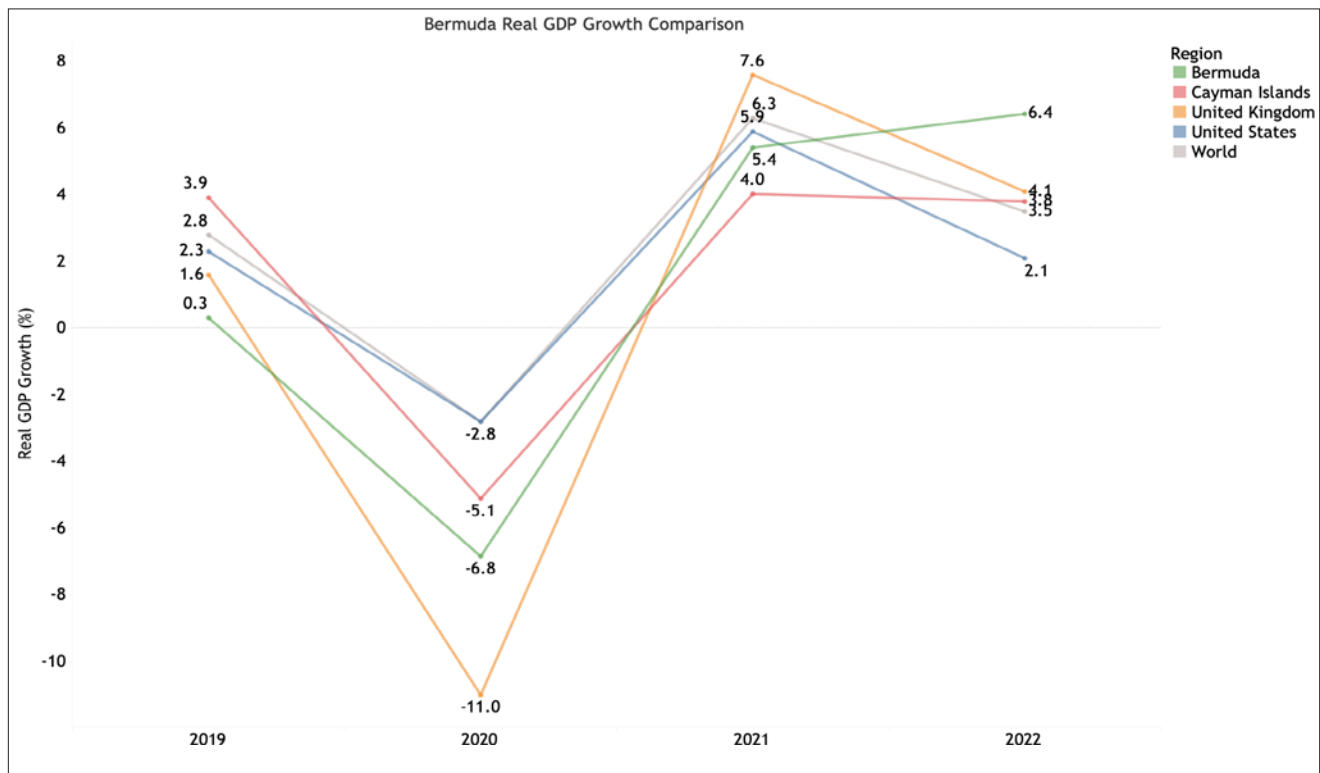
Mr Speaker, the rate of inflation in Bermuda has been steadily declining over the last year and we are encouraged to see it is now at 2.4%. Government policies such as the elimination of duty on staple goods, reduction of the sugar tax, the freezing of fuel prices, the reduction of payroll taxes for all local businesses and 86% of Bermuda's workers, the two year freeze of Government Health Insurance Premiums, the reduction in vehicle licensing fees, all of these play a part in doing what we can to slow the rising cost of living and reduce the impact of global inflation here at home.

Economic Review

The Global Economy

Mr Speaker, in 2023 the global economy faced higher interest rates, tighter financial markets, increased debt pressures on both households and businesses, a slowing of global demand, and continued geopolitical conflict.

The International Monetary Fund estimates that the global economy will grow by 3.1% in 2024 and 3.2% in 2025. Growth in advanced economies is projected to decline slightly from 1.6% in 2023 to 1.5% in 2024 before rising to 1.8% in 2025. The United States' growth is expected to fall from 2.5% in 2023 to 2.1% in 2024 and 1.7% in 2025, driven by the effects of tighter monetary policy and the eventual tightening of fiscal policy. On the other hand, growth in emerging markets and developing economies is expected to moderately increase to 4.1% in 2024 and further rise to 4.2% in 2025.



Global inflation is expected to continue its downward trajectory, falling to 5.8% in 2024 from 6.8% in 2023 and further to 4.4% in 2025.

Mr Speaker, while the current tight monetary environment has dampened global inflation, uncertainties remain regarding the speed, strength, and unevenness of monetary policy and inflation persistence. Central Banks holding policy rates higher for longer periods can result in increased credit and financial stability risks. Tighter credit conditions can hinder investment, consumption, employment, housing markets, and general economic activity.

In addition, there is potential for unfavourable supply shocks to recur in the global commodities markets. Markets remain tight and there are still high risks for supply disruptions in the gas, coal, and oil markets. An escalation and spread of the ongoing conflict in the Middle East to neighbouring economies could impact energy prices. Favourable scenarios include faster disinflation, an easing of monetary policy, and increased global demand and investment.

Bermuda's Economy

Mr Speaker, I will now focus on the Bermuda economy. Bermuda's gross domestic product (GDP), the primary indicator for economic growth, is estimated to have grown between 4.0–4.5% in 2023. This is as a result of the continued positive economic performance by new international business registrations, visitor spending, higher employment and employment income, and greater household consumption.

Mr Speaker, Bermuda continues to see growth in international business. 2023 saw 569 new company incorporations for the first three quarters and a 4.6% increase in jobs, with 215 new jobs being filled for the full year. This sector now provides 4,909 jobs, the highest ever recorded, surpassing the previous peak of 4,761 jobs in 2008, before the Great Recession.

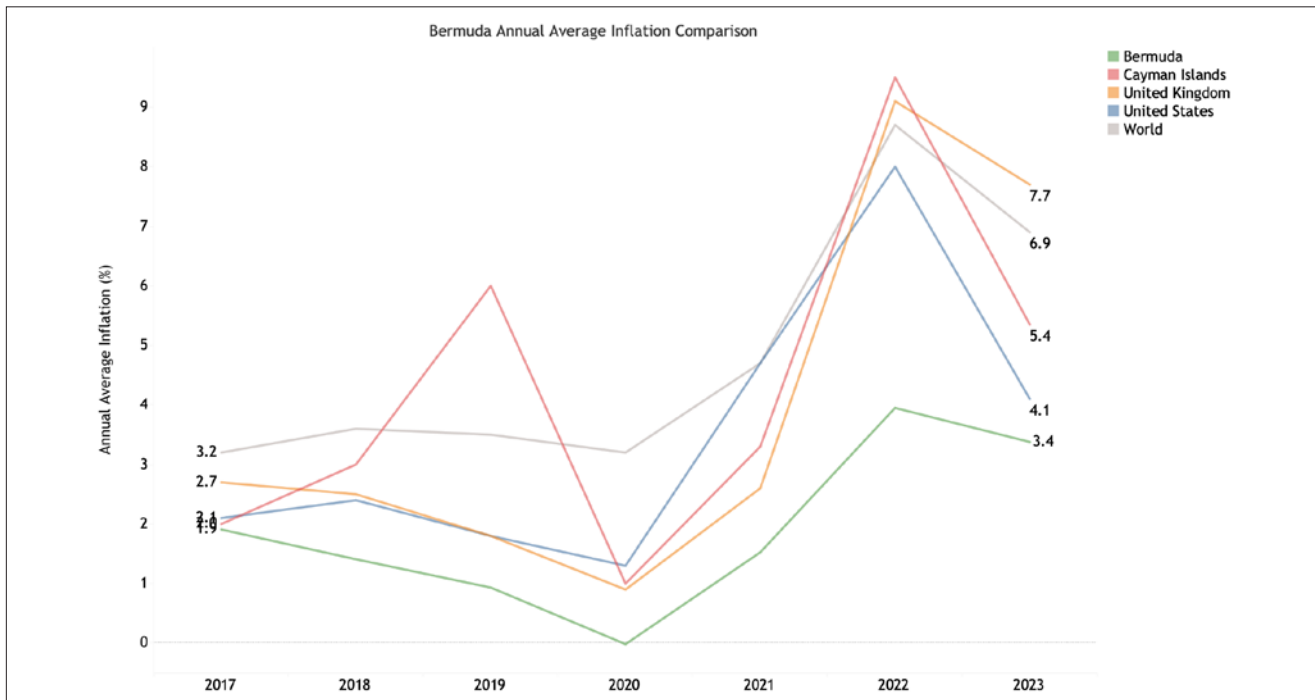
Mr Speaker, the latest annual GDP estimates for 2022 showed that the value added for the accommodation and food service sector grew by 40.5%, surpassing pre-pandemic levels of 2019. This was driven by a \$123.4 million value added for accommodations, as visitors resumed regular travel.

The tourism sector has seen continued recovery in both arrivals and spend during 2023. Leisure air arrivals increased by 21.9% and cruise arrivals by 30.5% when compared to 2022. Total air visitor spend reached \$341 million, up 26.4% from 2022, and total cruise visitor spend totalled \$151 million, up 46.8% from 2022, surpassing pre-pandemic levels. Further, the superyacht sector attracted 56 visits with an estimated economic impact of \$2.9 million.

Revenue per available room increased by 22.6%, driven by an increase in hotel occupancy of 15.5% and a 6.0% increase in the average daily rate. This uptick in overall tourism activity has also resulted in the second consecutive year of job growth in the sector which added 339 jobs, bringing the total number of jobs to 3,636.

Mr Speaker, the construction industry for the first half of 2023 experienced a decline in the value of new projects started and estimated value of work put in place. The value of new projects started declined by 50.5% and the estimated value of work put in place by 7.7% when compared to 2022. This reduction is primarily due to less Hotel and Guest House related construction projects occurring in the first half of the year. Despite the reduction in construction activity, employment in the sector remained constant when compared to 2022, totalling 2,054 jobs filled. That however is expected to change in 2024 with the Fairmont Southampton renovation, the Brookfield Building on Front Street, and Morgan's Point development advancing.

Mr Speaker, Bermuda's overall rate of inflation remains relatively low compared to advanced economies, as reflected in the Consumer Price Index, which indicates an annual inflation rate of 2.4% for September 2023.



Mr Speaker, Bermuda’s balance of payments continues to record relatively large current account surpluses, which are an important strength in the Bermudian economy. Bermuda’s total current account surplus over the first two quarters of 2023 was recorded at \$671 million.

Mr Speaker, sustainable economic growth cannot be achieved without an expansion of jobs within our economy and a reduction in unemployment levels. This Government continues to deliver on increasing the number of jobs in the Bermudian economy despite global headwinds. In 2023, the total number of jobs filled in Bermuda increased by 935 posts or 2.9%, from 31,914 in 2022 to 32,849.

Employment levels have been driven by record levels in the international business sector, our recovering tourism sector, and the professional, scientific, and technical sector, which collectively represented 68.8% of the total new jobs filled in 2023.

Mr Speaker, growth was observed in employment income across all sectors for the first two quarters of 2023. Overall, employment income was estimated to have increased by 6.0% or \$121.4 million when compared with the same period in 2022. This increase was driven by the international business sector, which saw an increase of \$51.3 million or 6.0%. The hotels and restaurants sector saw the largest year-over-year growth, increasing by 21.6% versus 2022.

Mr Speaker, total gross turnover in the retail sector also experienced an increase. For the first eight months of 2023, total gross turnover stood at \$809.4 million, 3.1% or \$24.7 million higher than the same period in 2022.

Mr Speaker, we are trending in the right direction and many of our major economic indicators continue to signal a moderately strong recovery from the pandemic and recent geopolitical conflicts. Employment and employment income continue to show robust growth, inflation continues on its downward trend, and tourist arrivals are nearing pre-pandemic levels while average tourist spend is above pre-pandemic levels.

Though the current environment has led to a faster than expected fall in inflation, we are facing some of its aftereffects. The people of Bermuda and local businesses have experienced the impact of higher global interest rates, placing additional pressure on family budgets with higher mortgage payments. While local retail sales continue to grow, retail sales volumes are down. On the upside, interest rates are expected to fall/decline in several advanced economies in the latter part of this year, inclusive of the United States which should lead to lower mortgage rates in Bermuda.

Mr Speaker, Bermuda still faces several external risks: a prolonged high interest rate environment, geopolitical tensions, slower global demand, and climate related risks. It is for these reasons the Government is committed to returning to a balanced and eventual budget surplus, creating the fiscal space to dampen potential negative shocks to the Bermudian economy, and to protect the welfare of Bermudians. We must execute our Economic Development Strategy to ensure Bermuda stays on a sustainable growth path, remains globally competitive, and builds upon the country's established A class rating among international bodies.

Credit Ratings & Independent Analysis

Mr Speaker, with some local media seemingly deeply invested in undermining the work of our Government, and damaging the reputation of Bermuda across the globe, it continues to be critically important for the Government and the people of Bermuda to earn an independent, non-political evaluation of our fiscal performance. Beyond refuting the narratives of those who care more about undermining the Government than collectively working towards the success of Bermuda, assessments from world-leading, highly regarded agencies and committees also help retain and attract new business to the island, ultimately benefitting our people and our economy.

Mr Speaker, in their May 8, 2023 ratings report for Bermuda, S&P reaffirmed Bermuda's A+ long-term sovereign credit and senior unsecured debt ratings, as well as its A-1 short-term rating and its AA+ transfer and convertibility assessment as stable. Within their report, S&P highlighted that they "expect the local economy to remain healthy, supporting government finances, limiting the need to increase gross debt, and supporting the territory's external position, including current account surpluses."

KBRA's October 6, 2023 ratings report then solidified the S&P assessment as they affirmed Bermuda's long-term rating at A+ with a stable outlook, while the short-term rating was affirmed at K1+. KBRA stated within their report that Bermuda's ratings reflect its commitment to fiscal restraint and consolidation, even if slightly delayed, the ongoing recovery of tourism, and KBRA's expectations for durability in its status as a financial hub.

Moody's, in their December 22, 2023 ratings report, affirmed Bermuda's A2 issuer and senior unsecured bond ratings, along with a stable outlook, indicating that Bermuda's bonds are seen to be of good quality with a low credit or default risk. The stable outlook reflects Moody's expectations that fiscal consolidation efforts will stabilise debt around current levels due to the rebound in tourism activity and strong growth in the international business sector.

Mr Speaker, these ratings are an objective endorsement of the Government's fiscal and economic policies, which are aimed at strengthening the economy as the country rebounds from the COVID-19 pandemic.

We must also acknowledge the independent assessment of the Fiscal Responsibility Panel, tasked with assessing Bermuda's fiscal strategy with a focus on public spending, taxation, borrowing, and debt reduction.

In their December 2023 report, the Panel stated "Bermuda now has a significant primary surplus. It has done well over the past few years to maintain a creditable path towards a balanced budget, despite a number of adverse shocks, most obviously the pandemic. Spending has generally been kept under control, and steady revenue growth has therefore largely fed through into deficit reduction."

Mr Speaker, these independent endorsements of the Government's fiscal and economic policies naturally do not align with the narrative of the combined opposition. Consequently, the people of Bermuda must ask themselves, should we trust the words of globally recognised, politically independent assessment agencies, or the negative narratives being promoted by other, arguably less qualified and less objective entities?

Regardless, we will uphold these high standards and ensure that our work goes beyond global recognition and into real and positive impacts on the lives of the most vulnerable Bermudians.

Six Years of Continued Progress

Mr Speaker, since being given the humbling responsibility to serve our people back in 2017, our Government has fought to reduce the financial burden on the lives of those who work tirelessly but still struggle to make ends meet. We have fought and will continue to fight for greater economic inclusion, greater economic parity, and greater social mobility. While we cannot claim to have gotten everything right, we remain steadfast in the belief that executing on the values, aims, and objectives of our political forefathers benefit our people far better than slashing scholarships and social programmes through austerity, and only representing the viewpoint of the, elite, and the privileged.

Mr Speaker, in keeping with values and beliefs of our Labour foundation and history, over the last six years we have committed to policies that increase social protections for our workers and ensure higher income earners pay their fair share, while providing relief for the average worker.

The last fiscal year marked this Progressive Labour Party Government's fourth reduction of Payroll Tax for the majority of Bermudians. Our tax cuts have saved the average Bermudian worker over \$5,000. If we had kept Payroll Tax rates at the level the One Bermuda Alliance had left them, the average worker would have seen \$5,000 more come out of their paychecks; and the impact of the global cost of living crisis would have had a far deeper impact on Bermudian families and their ability to make ends meet.

PLP Has Reduced The Tax Burden On Workers In Bermuda						
Income	Reduction in Taxes in 2018	Reduction in Taxes in 2020	Reduction in Taxes in 2022	Reduction in Taxes in 2023	Total Annual Reduction From 2017-2024	Cumulative Tax Savings from 2017 - 2024
\$36,000	-\$270	-\$720	-\$180	-\$360	-\$1,530	-\$6,750
\$48,000	-\$360	-\$960	-\$240	-\$480	-\$2,040	-\$9,000
\$60,000	-\$270	-\$720	-\$180	-\$450	-\$1,620	-\$6,930
\$72,000	-\$180	-\$480	-\$120	-\$420	-\$1,200	-\$4,860
\$84,000	-\$90	-\$240	-\$60	-\$390	-\$780	-\$2,790
\$96,000	\$0	\$0	\$0	-\$360	-\$360	-\$720
	First PLP Payroll Tax reduction	Further Payroll Tax reduction	Further Payroll Tax reduction	Last Payroll Tax reduction	The difference in annual Payroll Tax b/w the OBA (2017) & PLP (2024)	The total amount of tax savings for a worker over the last 7 years

We also reduced payroll taxes for all local businesses, including the elimination of payroll taxes for self-employed fishermen, farmers, and employees with disabilities. This level of tax reduction has provided many local businesses with much-needed relief, helping them continue to operate, continue to hire more workers, and continue to grow. In further support of local businesses and to encourage jobmakers, the Government also arranged for new businesses to receive a one-year Payroll Tax holiday, which has resulted in a wider range of job opportunities in Bermuda. We also doubled the guarantee capacity of the BEDC and increased funding to further support our hard-working entrepreneurs.

Mr Speaker, one of the crowning achievements of this government in 2023 was the establishment of a minimum wage for the first time in Bermuda’s history and setting it at a rate that makes it one of the highest minimum wages in the world. Our government ensured that no worker in this country will be denied the opportunity to earn a fair day’s pay.

Mr Speaker, this Progressive Labour Party Government is rooted in its support for our workers, but also reveres our seniors. We understand the challenges many of our seniors are facing, and while the Opposition told them “money doesn't grow on trees,” we are committed to ensuring that our seniors’ incomes keep pace with inflation, thereby helping to protect their standard of living, and have delivered pension increases at or above the rate of inflation since 2017. We also eliminated Land Tax for nursing homes and amended legislation to provide better standards in our care homes as we appreciate the valuable services these facilities provide to our precious seniors.

We expanded the personal home care benefit, introduced local radiation therapy coverage for FutureCare and HIP, and increased the FutureCare prescription drug benefit from \$2,000 to \$3,000 a year. We also introduced interest-free home improvement loans of up to \$15,000 for families needing assistance to make their homes more senior-friendly.

Mr Speaker, along with our workers and seniors, this Government views the family unit as the nucleus of our society, which is why the Government continues to find ways to provide relief for Bermudian families as part of a people-centered economic recovery.

This Government recently enhanced the Child Daycare Allowance, increasing the amount of money available to families while expanding eligibility allowing more parents to gain access to quality childcare which is essential for our island's future. To support our childcare providers, we also eliminated duty for childcare centres, helping to drive down their expenses.

Mr Speaker, earlier today we announced the highest level of employment in international business in Bermuda's history! This achievement is proof that this Government's economic policies are working. Six years ago, in our first budget, we ensured that every Bermudian was able to attend Bermuda College regardless of their financial status. We doubled scholarships to invest in higher education for Bermudians, we expanded training programmes to upgrade the skills of Bermudians displaced from the workforce, and we worked with our international business sector to significantly expand internship opportunities for young Bermudians.



Six years later Mr Speaker, we see the results of those actions. Not only are there more International Business jobs in Bermuda than ever before, but there are more Bermudians employed in our International Business sector than ever before, with 506 more than 2017. These 506 Bermudians are earning good wages, moving up the corporate ladder, and setting an example for the next generation. Mr Speaker, this is not by accident - it is not a fluke; it is the result of a Government that has, for the last six years, invested in our people and in our future.

Standing with our workers...standing with our seniors...standing with our young people...standing with families and our children. This is how we maintain the values of those who came before us while building a better future for all Bermudians.

Public Sector Employment

Mr Speaker, the Opposition quite often has the same talking points when referring to Bermuda's public service. They love to rally their base by claiming it is overstaffed and accuse the Government of expanding its size, while consistently advocating for privatisation. However, as many Bermudians learned during their one term in government, there is often a huge difference between what they say and the facts.

In July 2017 the total number of persons employed by the Government was 4,661, while as recently as December 2023 that number was 4,469, which means there are 192 less people working for the Government than when we took office. Rather than shoving honest hard workers out on the streets, the way the Opposition and their online cheerleaders want, we have prudently managed the modernisation and streamlining of our Government.

It should also not be forgotten that this Progressive Labour Party Government has increased pay while keeping health insurance rates steady for our public officers since returning to office in 2017. We've treated them as human beings rather than numbers in a ledger to be victimised, and still ensured that the Government's total monthly payroll cost is less, approximately \$270,000 less than it was under the OBA, without demanding they take furlough days.

Mr Speaker, the Opposition is just making it up as they go along – parroting baseless claims spun by their political consultants in order to appeal to their voter base who are hostile to our public officers; but the data clearly reflects that this Government has controlled the growth of the public service.

Number of Persons Employed by the Government of Bermuda				
	July 2017	December 2017	December 2023	Difference
Number of Persons Employed	4661	4628	4469	-192
Monthly Payroll Cost	\$29,740,576	\$27,848,829	\$29,470,680	-\$269,896

Economic Development Strategy

Mr Speaker, last year the Honourable Minister of Economy and Labour unveiled Bermuda's Economic Development Strategy, which sets out a roadmap to sustainable economic growth and development for Bermuda.

The Economic Development Strategy has five strategic priorities, the expansion of local and international business, attracting new business and foreign investment, the development of entrepreneurship and small businesses, the continued execution of the Government's Economic Recovery Plan, and last, but certainly not least, investing in our people.

This Government firmly believes that a thriving business environment is critical to the success of our economy, as it supports our quality of life and community. To that end, the Government is committed to the execution of the strategic priorities and improving conditions for businesses to set up, grow, and operate successfully.

Mr Speaker, the Government is proud to see a number of initiatives completed which have already demonstrated positive results. These include a legislative framework that established Bermuda's subsea communications sector which has attracted Google to setup operations in Bermuda, dozens of young Bermudians on the path to homeownership because of the Government's Mortgage Guarantee Programme, the Economic Investment Certificate initiative injecting over \$440 million into our economy, the investment in affordable housing which has delivered 67 new affordable housing units, and the BEDC's COVID-19 Support Programme which has successfully supported a range of small and medium-sized businesses during their darkest hour.

I must emphasise that this is our strategy to grow and diversify our economy, this is our strategy to enhance Bermuda's value proposition, and this is our strategy towards a prosperous Bermuda. Any suggestion that the Government has no economic plan is simply not true. The Economic Development Strategy is specific in detail, including action items, and I would encourage everyone to read through the strategy to get a better appreciation of the direction this Government is heading.

Mr Speaker, it should also not go unnoticed that the Economic Development Strategy was debated in this Honourable House and passed without any objection. I would like to take the opportunity to thank the Opposition for erring on the side of bipartisanship as I believe we can all agree this strategy is the right path forward to achieving our goal of a better and fairer Bermuda.

Mortgage Guarantee Programme

Mr Speaker, in the Government's 2020 election platform, we pledged to work with local banks to provide security for mortgage loans to reduce the interest rates charged. In October 2022, the Government launched its Mortgage Guarantee Programme where the Government provides a partial guarantee to support local mortgages with Bermuda Commercial Bank. In return, the Bank is offering a reduced interest rate, starting at 5%, and also a reduced down payment requirement from the standard 20% to 10%.

With this programme we are not only reducing a first-time homeowner's monthly repayments but also reducing the down payment requirement as well, making it more affordable for Bermudians to own their own home.

Mr Speaker, we are currently in the second of three phases where any first-time home buyer, no matter their age, is eligible. Also, as part of the second phase, all public officers with existing mortgages at other institutions are eligible to transfer them to the Bermuda Commercial Bank and participate in the programme. I am also pleased to announce that beginning April 1 we are expanding Phase 2, to include employees of Government quangos and part-time regiment soldiers who will now also be eligible to transfer their mortgages into this programme.

To date, over 49 applicants have been approved and are on the path to home ownership. That is 49 Bermudians, and counting, who are able to own their 'piece of the rock' who may otherwise not have been able to do so without the forward-thinking policies of this Progressive Labour Party Government.

Making Mortgage Transfers Easier

Mr Speaker, last year the Government made several amendments to the Stamp Duty Act, one of which ensures that the refinancing or transferring of mortgages \$1 million or less no longer incur any Stamp Duty fees, while those in excess of \$1 million would only be subject to stamp duty on the excess amounts. With these changes, the Government seeks to create a more competitive environment amongst our local banks, which in turn will help to put the power back into the hands of the consumer.

Put simply, if someone with a mortgage of \$1 million or less is unhappy with their mortgage rate and is offered a more favourable rate at another bank, this Government has made it possible for them to transfer their mortgage without incurring any Government taxes.

Major Construction Projects

Mr Speaker, one of the positive aspects of the Government's work is the fact that Bermuda will see three major construction projects commence this year. First the Fairmont Southampton project, second the Brookfield building on Front Street, and 3rd the Morgan's Point development.

Mr Speaker, we have all heard the announcements from the developer regarding work starting at the Fairmont Southampton Hotel, and I know that all residents eagerly anticipate the site renovation works and eventual re-opening of this hotel. The projections are that this project will create 700 jobs during its construction phase which is scheduled to last for 15 months.

Demolition works have also commenced on Front Street for the new Brookfield building, and this job is projected to add 200 jobs over the next 18 months. This will deliver a modern building, removing boarded up windows and replacing them with prime retail and office space. This investment by Brookfield is a vote of confidence in Bermuda.

Mr Speaker, last year in the budget statement I outlined the Government's vision for Morgan's Point. Over the last year we have been preparing the groundwork to commence the development phase of this project and immediately add high-end housing stock to the country as support for the significant demand from our growing international business sector. The addition of rental capacity by way of the completion of partially constructed buildings is the best way to begin to reclaim value at the site, with the lowest execution risk. It also supports the work of design and development of a wider spectrum of rental units on site to address the pressing housing needs at all levels.

The Government is working to finalise the Morgan's Point Development Company Board, and discussions have already been held with local banks to finance the first phase of construction of the five buildings that have been partially completed which will add 35 additional units to Bermuda's housing stock. Importantly, it is the view of the Government's advisors that this initial phase of the project will not incur any additional expense to the Government, and once completed and rented, the cash flows from this Phase will exceed the cost of repaying the incremental borrowing, which is the approach intended at each following Phase.

Mr Speaker, it is vital that we continue to stay the course by adhering to our Economic Development Strategy, which builds on our Economic Recovery Plan that has yielded positive economic growth, a recovery of jobs since the pandemic, unemployment falling to lower than pre-pandemic levels, and record international business growth and jobs in Bermuda.

Mr Speaker, our economic policies are working, they are delivering balanced economic growth, and that growth is translating to stronger-than-expected tax revenues leading to solid fiscal performance.

2022/23 Fiscal Performance

Mr Speaker, the annual financial statements for fiscal year 2022/23 are still being audited and will be tabled in this Honourable House when complete. Notwithstanding, I will share the fiscal performance highlights for the last fiscal year with Honourable members and the Island today.

Mr Speaker, for the fiscal year ending in March 2023, total revenue was \$1.127 billion, \$49.3 million (4.6%) above the original estimate of \$1.078 billion and \$41.5 million above the previous year's revenue of \$1.086 billion. It should be noted that in spite of not receiving \$30.1 million of budgeted revenue due to the impact of the Russia/Ukraine war on the aircraft register, forgone Customs Duty from the freezing of fuel prices, and forgone Customs Duty as a result of eliminating Duty on essential goods, the Government exceeded the original revenue targets.

Mr Speaker, Current Account Expenditure is anticipated to be \$947.1 million, \$2 million above the 2022/23 original estimate of \$945.1 million, and only \$2 million higher than the fiscal year 2021/22 figure of \$945 million. It is worth noting that this \$947.1 million includes unplanned expenses as follows: \$15 million for the Covid-19 pandemic; a \$15 million special grant to support the hospital; additional funds for firefighters at the airport; and the Government's Economic Relief measures such as the Payroll Tax rebate, relief funds to parents of public school students, and the increase in food benefits for those on Financial Assistance. Despite all of these additional and unplanned expenses that arose

during the year, which were necessary as the Government provided relief and assistance in the face of 40-year high global inflation, this Government's fiscal discipline was able to keep current expenditure largely in line with the original budget, exceeding it by only 0.2%

Mr Speaker, interest/guarantee management costs are projected to be \$140.6 million, \$10.9 million more than originally budgeted, with most of this increase related to one-time costs for the debt refinancing which occurred in the Summer of 2022 and continued expenses for Morgan's Point.

Capital Account Expenditures are projected to be \$67.4 million, \$5.6 million less than originally budgeted, primarily as a result of delays with the refurbishment of Tynes Bay Waste-To-Energy facility due to supply chain constraints.

Mr Speaker, based on these figures, the 2022/23 budget deficit is expected to be \$28 million, \$42 million (60%) below the original estimate of \$70.0 million and a \$38.2 million reduction compared to the previous fiscal year. It is also important to note that when I delivered last year's Budget, the expectation was that the deficit would be \$77 million. As such, this \$49 million improvement will allow this Government more fiscal space in next year's Budget to deploy additional resources to shield Bermudians from increased price pressures. This outstanding fiscal performance demonstrates that despite the socioeconomic challenges and significant relief provided during that fiscal year, we have yet again exceeded expectations while remaining on track in reducing our budget deficit towards achieving the balanced budget promised in the Government's 2020 election platform.

2023/24 Fiscal Year Performance

Mr Speaker, before I share the estimates of revenue and expenditure for next fiscal year, I would like to provide an update on the Government's financial performance, for fiscal 2023/24 which is coming to a close next month.

The latest revised forecast projects the Government will earn \$1.159 billion in revenue in 2023/24. This is \$3.3 million more than the \$1.156 billion in the original estimates. This is primarily due to Payroll Tax, Land Tax, and Interest on Deposits performing better than expected, which were somewhat offset by lower-than-expected collection of Stamp Duty fees, Passenger Tax, and Hotel Occupancy Tax.

Mr Speaker, this revenue performance is on the back of a significant reduction in the tax burden for workers and local businesses, which is estimated at \$20 million. All local businesses paid less in payroll tax last year than the year before, and all workers earning under \$132,000 also paid less in payroll tax than they did in the previous year. Mr Speaker, the same changes that the Opposition branded as "irresponsible" saw the tax burden fall for every local business and 86% of workers while still delivering record payroll tax revenue.

Mr Speaker, the projected 2023/24 operating expenses of the Government, excluding debt service and guarantee management, are \$987.2 million, or \$14.6 million (1.5%) more than the \$972.6 million originally budgeted. Significant contributors to the increase are the additional \$16.3 million grant to the Bermuda Hospitals Board to meet their funding shortfall, negotiated salary increases for civil

servants, unbudgeted expenses related to the establishment of the Corporate Income Tax framework, and costs associated with the recent cyber attack. Despite these unbudgeted costs which totalled \$46.5 million - Ministers have been able to identify savings in their departments that have minimised the overall increase in current account spending.

Debt service and guarantee management costs are estimated to be \$131.4 million for this fiscal year, \$1.0 million (0.8%) above the original estimate of \$130.4 million.

As a result of the limited availability of construction resources and continued supply chain challenges, Capital Expenditure for the current fiscal year 2023/24 is expected to be \$84.1 million, \$11.9 million (12.4%) below the original estimate of \$96 million. Despite this shortfall, year-over-year capital expenditure has increased by \$15.9 million.

Mr Speaker, given the figures outlined above, the revised estimate of the overall deficit for 2023/24 is \$43.9 million, or \$438 thousand (0.9%) more than the \$43.5 million deficit originally projected. This result has been achieved despite the aforementioned circumstances and is a testament to the dedicated efforts of the elected government and the public service in exercising financial control to ensure that we can meet our budget targets.

As of 31 March 2024, net debt is projected to stand at \$3.17 billion. During this fiscal year, the Government paid \$9.7 million out of the sinking fund to repay the Bermuda Gaming Commission's outstanding credit facility to a local bank which the Government had guaranteed.

2024/25 Budget Estimates

FY 2024/25 Budget Estimates			
	ORIGINAL ESTIMATE 2023/24 000	REVISED ESTIMATE 2023/24 000	BUDGET ESTIMATE 2024/25 000
Revenue and Expenditure Estimates			
Revenue	\$ 1,155,525	\$ 1,158,865	\$ 1,232,341
Current Account Expenditure(excl.debt service)	\$ 972,632	\$ 970,976	\$ 992,017
Economic Relief/Additional Expenditures	\$ -	\$ -	\$ -
Emergency BHB Grant	\$ -	\$ 16,323	\$ -
COVID-19	\$ -	\$ -	\$ -
Current Account Balance(excl.debt service)	\$ 182,893	\$ 171,566	\$ 240,324
Interest on Debt/Guarantee Mgmt.	\$ 130,400	\$ 131,387	\$ 127,777
Surplus (Deficit) Available for Capital Expenditure	\$ 52,493	\$ 40,179	\$ 112,547
Capital Expenditure	\$ 96,007	\$ 84,131	\$ 112,337
Budget Surplus (Deficit)	\$ (43,514)	\$ (43,952)	\$ 210

Mr Speaker, I will now turn my attention to the budget for the next fiscal year where projected Revenue for fiscal year 2024/25 is expected to reach \$1.23 billion, which is 6.6% or \$76.8 million above the original estimates for this current fiscal year. Current Account Expenditure is forecasted at \$992 million, an increase of \$19.4 million, or 2% above the original estimates for this fiscal year. The Current Account Balance, before debt service, is expected to be \$240.3 million, which is \$57.4 million above the original estimates for the current fiscal year.

Mr Speaker, it is critical that I not only provide the public with the numbers, but also provide some context as to what these numbers mean. Therefore, as a reminder, the Current Account balance, excluding finance costs and capital expenditure, reflects whether the Government's expected Revenues will be sufficient to support its day-to-day operations.

Mr Speaker, with the Current Account balance, we then focus on covering the costs associated with servicing our debt and guarantee management, which is projected to be \$127.7 million, \$2.6 million or 2.0% less than the original budget for this fiscal year. This reduction in interest expense is mostly attributed to the repayment of \$50 million of long-term debt last year.

Mr Speaker, after interest expense, the sole remaining expenditure category is capital expenditure. Capital expenditure for Fiscal 2024/25 is forecast to be \$112.3 million, \$16.3 million or 17% more than the current year's original estimate. This level of capital expenditure is the largest budgeted investment in capital since 2010.

Mr Speaker, when the aforementioned estimates for revenue and expenditure are compiled, it is my privilege to state to this Honourable House and the people of Bermuda that this Progressive Labour Party Government has successfully balanced Bermuda's budget, with a projected surplus of \$210,000. This budget surplus is only the second budgeted surplus in 35 years! Mr Speaker, the last time Bermuda achieved a balanced budget was in fiscal 2002/03, but today, 21 years after that was last achieved, through the turmoil of a great recession and after being battered by a once-in-a-century pandemic, we will return this country back to a balanced budget.

Revenue

Mr Speaker, our Government recognises how global inflation has challenged so many in our community. Conscious of that fact, the Government will not be increasing taxes or introducing new taxes for any individual or business. Instead, we have focused on growing revenues through economic growth and diversification.

Payroll Tax receipts are budgeted to see a \$58 million improvement as a result of the continued growth amongst the island's working population, in particular within the International Business and Construction industries and the revision of the new-hire relief that is scheduled to expire at the end of March 2024.

Mr Speaker, the new hire relief was instituted for exempted companies and large employers in 2018 as an economic stimulus measure to promote the hiring of persons in Bermuda. Companies who added to their payroll from April 2018, did not pay employer payroll taxes for their additional employees.

During last year's Budget presentation, I stated the following:

“Mr Speaker, though it is unlikely this successful relief which has boosted employment numbers will come to an abrupt end, it must be modified as it cannot be fair for exempted companies that started in 2018 to not pay any employer taxes after 2024 while our longstanding exempted companies continue to pay taxes on employees hired before 2018.”

Mr Speaker, in this year's pre-budget report the Government put out to consultation the options under consideration for the extension of this exemption to solicit feedback from affected employers. After consideration of the overall budget requirements and the need to increase capital account expenditure to tackle Bermuda's infrastructure, the Government will extend the new hire relief for a further two years, to expire in March 2026. However, we will adjust the baseline year for the new hire relief from 2018 to 2022. This extension and adjustment to the new hire relief is expected to yield an additional \$30 million in Payroll Tax revenue.

Tax Collection

Mr Speaker, last year the Government set a target to collect \$7.5 million in back taxes and I am pleased to report that we have exceeded that target by collecting over \$15.7 million, more than double the target. This year the Government will continue to advance its efforts toward tax collection through enhanced enforcement and simplified policies and processes.

Mr Speaker, much of this can be attributed to the investment in a new debt management system and I would like to commend the team at the Office of the Tax Commissioner for their hard work. This year, the Government will implement additional measures to increase tax compliance by proposing legislative amendments to ensure specific government services are suspended for delinquent taxpayers and implementing measures to simplify the tax collection process. The Government is also increasing coordination with the Department of Public Prosecutions to advance collection actions against persons who have been deemed to have the means to pay but refuse to communicate and/or work with the Tax Commissioner.

Current Account Expenditure

Mr Speaker, last year in the Budget statement I said the following.

“...the Cabinet is aware that the current expenditure level this year will carry over to next year, and that any new programmes will need to be offset by revisions to existing ones, which in essence makes this a two-year budget. Current expenditure is projected to increase by 1% over the next two fiscal years, which has been inserted solely to take into account possible negotiated salary increases for public officers.”

Mr Speaker, negotiated settlements with our union partners amounted to a \$20 million increase to payroll, benefits, and overhead expenses. That increase is incorporated in the current expenditure estimates which project an increase of \$19.4 million dollars to \$992 million, compared to last year’s figure of \$972.6 million. Though this increase was more than expected last year, we are proud of the agreement reached with our union partners which provided pay increases for public officers after years of sacrifice following the pandemic.

Later in today's presentation I will detail the highlights of expenditure from various ministries, however Mr Speaker, the people can rest assured that this budget funds the priorities laid out in our Throne Speech to execute our people-focused agenda.

Interest on Debt & Guarantee Management Fees

Mr Speaker, in December 2023, the Government honoured its commitment to repay \$50 million of gross debt by making a \$50 million bond repayment. This repayment reduced annual interest costs by \$2.4 million for the upcoming fiscal year to \$127.5 million. Given the number of guarantees that have been made by the Government, an additional \$250 thousand has been set aside to ensure there is adequate risk management of the guarantee portfolio. The Government does not expect to incur additional guarantee expenses in fiscal 2024/25 related to Fairmont Southampton or Morgan’s Point.

Capital Expenditure

Mr Speaker, capital expenditure is funds used to purchase, upgrade, or maintain government assets or an investment deemed necessary by the Government for the long-term benefit of the country. This includes the purchasing of new buses and ferries, repaving our roads, upgrading the Government’s technology, stabilising our waste management system, repairing bridges, upgrading our school campuses, improving facilities at our hospitals, and further investments in affordable housing.

The need to reduce the budget deficit has resulted in continued underinvestment to meet budget targets. Mr Speaker, it is important to note that international standards state that capital expenditure for developed economies should be between 2% and 4% of a country's GDP. The chart below shows how significantly Bermuda has been investing under this amount.



Mr Speaker, despite this year's 15-year high capital account expenditure totalling \$113.2 million, that amount only equates to 1.3% of GDP. If we were to budget the amount on capital investment that is recommended by the World Bank, our capital expenditures budget should be \$156 million. As our economy continues to strengthen, the investment strategy of the Government must be to budget a minimum of 2% of GDP on capital expenditure to ensure that we maintain our infrastructure and do not find ourselves in a similar state in 15 years.

Mr Speaker, it is going to take us a while to catch up, as the infrastructure needs are great. Whether they be the replacement of our bridges, the replacement of the Tynes Bay waste-to-energy facility, the repaving of our roads, the construction of new healthcare facilities for our seniors, or the building of new schools. Our future financial policies must ensure we are investing the necessary capital expenditure so that our infrastructure does not again get to the state it is today.

Ministry Highlights

Mr Speaker, this Budget fulfils its pledge to invest in our people and our island's future. I will now cover highlights from various ministries that are funded in this Budget. It's vital that budgets match the pledges made in our Throne Speech, and this Budget delivers on those priorities.

Cabinet Office

The Cabinet Office has been allocated \$46.4 million - an increase of \$1.7 million when considering the transfer of departments; the majority of this increase is due to salary uplifts.

The Department of Information and Digital Technologies has received a capital funding increase of \$2.4 million or 68% for upgrades to network infrastructure, cyber-security, and server upgrades. Additional funding has been allocated to staff the digital transformation team.

The Department of Planning has received additional funding for additional staff to speed on-site approvals at construction sites. The department will advance policies to further streamline planning approvals and develop an online platform showcasing development opportunities at currently unused sites that have development potential. To promote the use of agricultural zoned land, the department has created the “Grow Bermuda” initiative for landowners to connect with others who are looking for land suitable for farming.

The Department of Employee and Organisational Development has received funding to complete the salary review of specialist roles in the public service to ensure that the Government can attract and retain experienced talent in key areas such as legal, engineering, compliance, information technology and finance. Additional funds have been awarded to expand bursaries and training programmes to ensure succession planning.

Legal Affairs

The Ministry of Legal Affairs has been allocated \$33.2 million - a decrease of \$11,000.

The Attorney-General’s Chambers will improve the resources and workforce levels necessary to draft effective legislation and provide comprehensive legal advice and representation on behalf of Government ministries and departments.

The Judicial Department has been awarded capital funding to implement a new electronic case management system to improve efficiency and connectivity within the system. Through the Ministry of Public Works, capital funding has been allocated to complete the renovation of the court facilities in the Dame Lois Browne-Evans building which will see all Supreme Court matters vacate Sessions House.

The Department of National Drug Control has been allotted \$4 million to address substance misuse and abuse, supporting administration, treatment, residential treatment and prevention programmes.

Finance

The Ministry of Finance has been allocated \$240.5 million - an increase of \$4.1 million primarily due to salary uplifts, increased employee overheads due to union pay agreements, and new funding for Corporate Income Tax implementation.

Key priorities for the ministry include advancing pension and tax reform while progressing critical international tax and regulatory reviews. Ministry Headquarters will advance the implementation of an agency to administer the new Corporate Income Tax and has received current and capital funds to progress this vital initiative.

The Accountant General has received capital funding to implement an online payment portal for easier government payments and the Department of Social Insurance has received capital funding to upgrade the Pension Administration system, enabling online applications and search functions. The Office of the Tax Commissioner has received additional capital funding to modernise systems to enhance compliance, collections, and improve the user experience for online tax payments.

The Registrar of Companies has received additional current and capital funding to finalise the Beneficial Ownership register in line with the EU's sixth Anti-Money Laundering directive. The Ministry of Finance will provide a grant of \$800,00 to supplement the revenue from the operations of the Gaming Commission.

Education

The Ministry of Education has been allocated \$142.6 million - an increase of \$2.7 million due to salary uplifts.

There has been \$2 million in Scholarships and Awards allocated for post-secondary education and this year the Ministry will fund 3 scholarship awards for students studying at the University of the West Indies. To increase the level of male teachers in the Bermuda Public School System where they can make a significant impact as role models for our children, this year the Ministry will provide awards to assist males in funding teaching practicums.

The Bermuda National Library will digitise library resources and hire a youth assistant to aid in improving youth services and complete repairs to shelving in the Youth Library to ensure the environment is safer for our young readers.

Capital funding has been increased by 40% to \$6.4 million to support Education Reform projects, completing developments at Francis Patton and Purvis Primary, commencing the transformation of Elliot Primary School and Harrington Sound Primary School into Parish Primary Schools, and Sandys Secondary Middle School into a Signature School for Sept 2025.

Necessary infrastructure repairs are planned for CedarBridge Academy, the Bermuda College and other schools. The ministry has been awarded funding to continue providing tablets and Chromebooks to public school students.

Health

The Ministry of Health has been allocated \$200.4 million - an increase of \$1.2 million. This modest increase is primarily to cover the cost of the negotiated salary increases.

The majority of the Ministry of Health's budget is allocated to the Bermuda Hospitals Board. The ministry will provide the Mid Atlantic Wellness Institute with a grant to continue implementing the MWI Directorate Plan, including the adult acute mental health pathway, improving access to mental health services, and addressing the stigma associated with mental health and intellectual disability.

The Ministry of Health budget includes \$112.5 million in BHB patient subsidies for the youth, indigent and the aged. The BHB will continue to drive quality improvements through its electronic medical records system.

The ministry will coordinate the STEPS population health survey. Translating data from the STEPS survey and the continuing HEARTS risk management programme will assist in defining the core benefits package for Universal Health Care, which is targeted for launch in July 2025.

Funded in part by the Ministry of Health, the Bermuda Health Council will coordinate the implementation of the First 1000 Days care pathway, while the Department of Health will reboot the Well Bermuda initiative, focused on preventative health at every level. Additionally, the Environmental Health section will implement the iDocs data system to automate data collection.

Capital funding to the ministry has been increased by 46% to \$8.9 million to assist with capital works for the BHB and to complete the renovations for the Mangrove Bay Clinic.

Transport

The Ministry of Transport has been allocated \$68.2 million - a decrease of \$4.1 million; this decrease is due to the cessation of minimum revenue guarantees to Skyport, offset by increased salary costs due to union agreements.

Capital funding has been awarded for the purchase of two new ferries. These new vessels will replace existing ferries, modernising the fleet and meeting the increasing demand for efficient, reliable, and sustainable transportation options. Work will continue on the replacement of floating docks for ferry landings and the Marine and Ports workshop.

Additionally, digital fare media will be implemented for buses and ferries, marking a milestone in public transportation by introducing a more efficient and convenient payment system.

Public Works

The Ministry of Public Works has been allocated \$77.3 million - an increase of \$2.1 million primarily for salary uplifts. The ministry's capital budget has been increased by \$8.4 million to \$56.5 million.

Mr Speaker, the Government acknowledges the community's concern and frustration with the poor state of roads and is committed to restoring them to an acceptable standard. To address the widespread issues of public road conditions across the island, the road paving budget has been more than doubled to \$5 million and additional capital funds have been allocated to procure a new asphalt plant and related equipment, as well as training and development for highways personnel to ensure more frequent, efficient, and cost-effective road works.

Capital funding has been awarded to combat the issue of affordable housing by increasing the grant to the Bermuda Housing Corporation. Investment will continue in the ageing Tynes Bay facility infrastructure to ensure its operational efficiency while plans for a full refurbishment are underway. Additional capital investment is allocated for stabilising major walls and rockfaces along highways, developing Rooftop Solar across government buildings to reduce energy costs, commencing the replacement of Swing Bridge, and expanding electric vehicle charging infrastructure. Furthermore, work will commence on a new Department of Parks maintenance facility for the staff responsible for preserving the island's natural beauty.

Tourism, Culture & Sport

The Ministry of Tourism, Culture and Sport has been allocated \$29.6 million - a decrease of \$741 thousand when considering the transfer of departments.

The grant to the Bermuda Tourism Authority has been reduced and funding has been redirected towards increased funding in other priority areas.

The ministry has increased funding for grants for cultural and entertainment events to enhance interaction between visitors and locals; increased funding for elite athletes through grants and increased access to the National Sports Centre; increased funding to expand the availability and accessibility of affordable summer camp programs; and increased funding for sports development in line with the National Sports Policy.

As promised in the Throne Speech, Capital Account Funding has been awarded for the establishment of Maker Spaces to create collaborative workspaces for artists and creatives. Operational funding has also been allocated to support this initiative.

National Security

The Ministry of National Security has been allocated \$137.8 million - an increase of \$6.4 million. The majority of this increase is due to negotiated salary uplifts, with some funding for new programmes.

New programmes include the implementation of a uniformed services training program to improve Bermudian readiness for the uniformed services, recruitment of cyber-security posts and a Disaster Coordinator for the Disaster Risk Reduction and Mitigation team in the Ministry HQ.

Funding has been allocated to fill vacant posts in the Bermuda Police Service, Customs Department, and the Department of Corrections and Bermuda Fire and Rescue Service.

Capital funding has been increased by 19% to \$6.5 million for refurbishing the police headquarters, purchasing new vehicles and computers and upgrading network servers; construction of a new Coast Guard shed; security upgrades at the Westgate Correctional Facility including a full body scanner; and to purchase four specially designed trucks for L F Wade International Airport.

Home Affairs

The Ministry of Home Affairs has been allocated \$15.5 million - an increase of \$747 thousand primarily for salary uplifts.

The funds will support various initiatives aimed at improving customer service and advancing key government programs. Specifically, new funding will be used to recruit an additional Land Title & Registry Officer to expedite property adjudication.

Capital funding has been awarded to commence the long-awaited redevelopment of the Agriculture Marketing Centre, a critical element of the Integrated Agriculture Strategy and a necessary facility to support increased domestic food production.

Digital projects will be advanced within the ministry, such as the revaluation of all properties for land tax purposes which will feature a digital questionnaire. Applications for vital records under the Registry General (Birth, Death, Marriage) will move online, along with forms for dog (re)licensing.

Economy & Labour

The Ministry of Economy and Labour has been allocated \$23.9 - an increase of \$843 thousand primarily allocated for salary uplifts and economic development strategy initiatives.

The ministry's focus includes leading policy and legislative initiatives on immigration, workers' rights, a new Family Office Framework, and monitoring the Economic Recovery Plan. The Department of Statistics will complete the 2024 Household Income Expenditure Survey, while capital funding has been awarded to the Department of Immigration for digitisation to improve service delivery.

The Department of Workforce Development will expand the post-secondary Summer Employment program and continue supporting job seekers. The Economic Development Department will advance Fintech development, and support grants to the Business Development Agency (BDA) and the Bermuda Economic Development Corporation (BEDC).

The Department of Labour will continue to enforce the Statutory Minimum Wage and new Tips and Gratuities legislation, promoting labour standards and fundamental rights at work.

Youth, Social Development & Seniors

The Ministry of Youth, Social Development and Seniors has been allocated \$85.3 million - an increase of \$1.45 million when considering the transfer of departments. This increase is primarily for salary uplifts and new programs to support vulnerable populations represented by this ministry.

Initiatives include the introduction of a Disability Register App, continuation of the Dementia Care Services Pilot Programme, development of a five-year Domestic Abuse Strategy, and increased grants to residential homes and third-sector organisations serving seniors and disabled populations.

The Office of Youth Affairs will focus on National Youth Policy initiatives, emphasising child safeguarding policies for youth organisations. Ageing and Disability Services will develop a case management system with a focus on strengths and needs assessment.

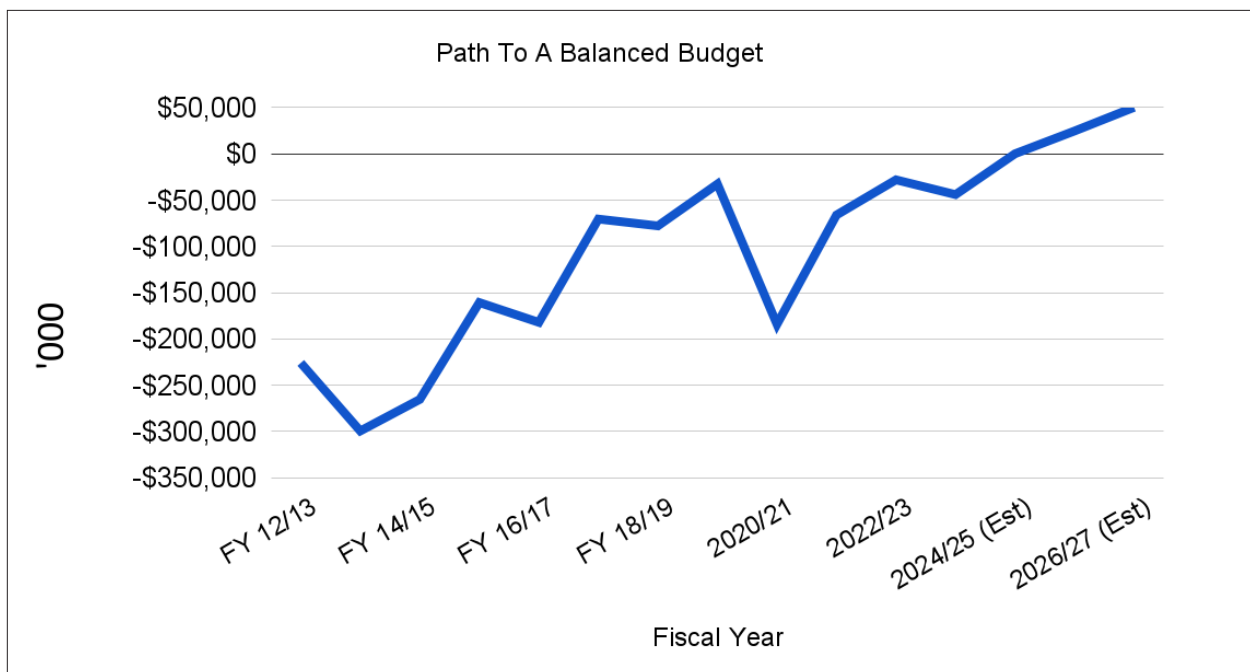
Funding has been awarded to start a new child safeguarding programme under the Department of Child and Family Services, and additional funding has been granted to enhance the delivery of the Independent Living Programme.

Mr Speaker, as I stated earlier, this Budget funds our major priorities in line with the theme of investing in our people and our future.

Balancing a Budget With No New Taxes

Mr Speaker, after years of deficits, austerity, and underinvestment in our people and our infrastructure, Bermuda was on an unsustainable path that placed a heavy and unfair burden on Bermudians today, and an even heavier burden on our future generations. These issues were then exacerbated by a once-in-a-lifetime pandemic that further increased our debt, devastated a key economic pillar, and disrupted the very order of our society.

Mr Speaker, in response to the hand we were dealt, this Government accepted the responsibility of restoring economic stability and exercising fiscal prudence during these unprecedented times. As a result, we have positioned ourselves to deliver a budget surplus which would not only be the first Government surplus in over 20 years, but have also reached this milestone before the collection of any Corporate Income Tax.



Mr Speaker, achieving a balanced budget in this economic climate was incredibly difficult. As the world continues to grapple with the aftershocks of the pandemic, foreign wars, rising interest rates, and continued supply chain challenges, we took on the unenviable task of formulating a budget in an inflationary environment, amongst competing priorities and limited resources. This balanced budget was achieved with careful planning and without raising or introducing any new taxes. In fact, we reached this balanced budget after reducing taxes for 86% of the workers and all local businesses in Bermuda. That, Mr Speaker, is how you build a better and fairer Bermuda.

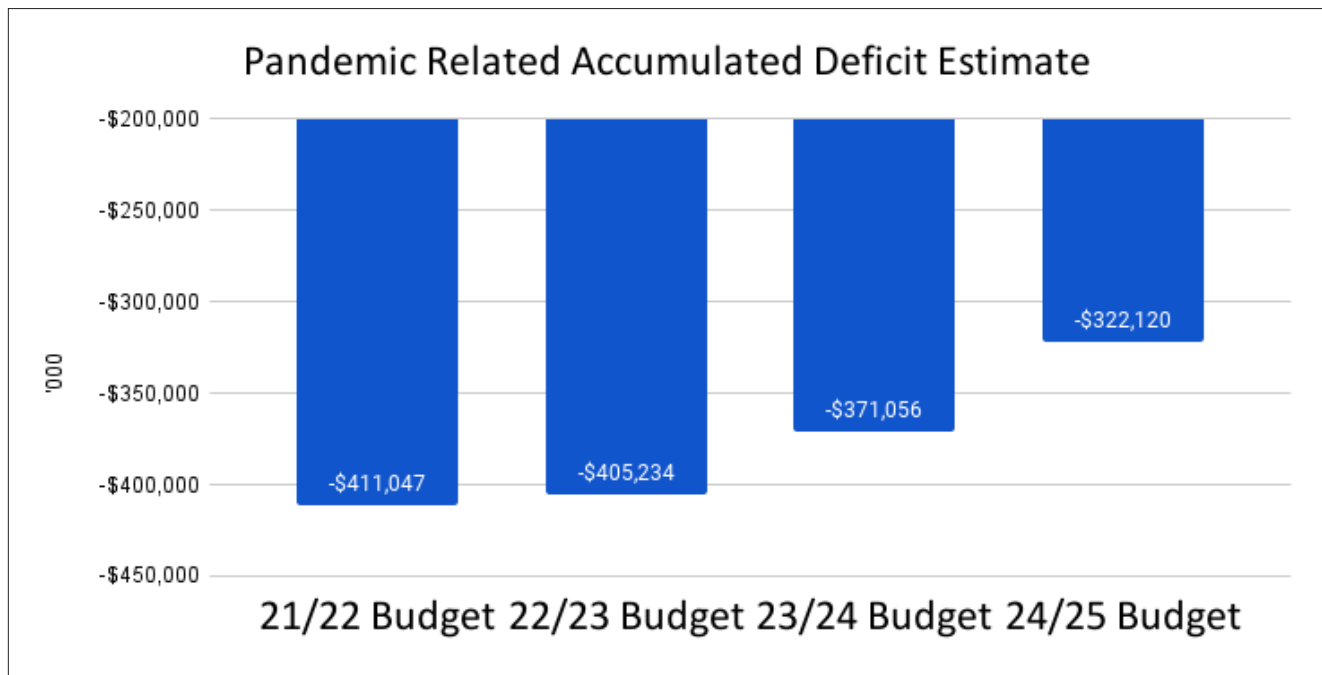
Despite the picture the Opposition tries to paint, this could only be possible through economic growth, job creation, an improving tourism industry, and increased foreign investment. By implementing policies that focus on economic growth instead of austerity we have successfully reached our immediate objective and will capitalise on this achievement to ensure, as a country, that we continue to reduce the burden on working families.

Think back to what we, as a people have overcome. Remember how the COVID 19 pandemic took our health, took our loved ones, took our jobs, shut down our airport, left our hotels sitting empty, and had our hospital on its highest disaster alert level. Our GDP was declining and the Government was borrowing funds to provide much needed financial support for Bermudian families and businesses.

Mr Speaker, there was no blueprint on how to deal with a pandemic and certainly no blueprint on how to recover from one. However, within three years we have already begun the path of reducing our debt, established fundamental tax reform legislation, and with this balanced budget are on the verge of a new era.

Sharing the Benefit of Collective Sacrifice

Mr Speaker, in 2020, at the height of the pandemic, the Government borrowed funds to ensure Bermudian families in need could keep their lights on and had food on their tables. At that time, we expected to accumulate \$408 million in deficits prior to reaching a balanced budget. However, due to our sound financial management, combined with significant economic growth, we only accumulated \$322 million of deficits over the past four years, leaving us with \$89 million more in the bank than we expected just a few years ago. Mr Speaker, compared to just one year ago, we are \$49 million ahead of where we thought we would be due to this Government's prudent management of the economy and public finances. Mr Speaker, the funds that we borrowed in 2020 are sitting in an account earning interest, and the law requires that they can only be invested or used to fund future deficits. However, with the advent of a balanced budget and future projected surpluses, there is no expectation that there will be significant deficits to fund in the future.



We can look at those figures and pat ourselves on the back, but there remain real needs that the Government must address. Some may say it is more important to keep that extra \$89 million in the bank, allowing healthcare costs to go up and allowing Bermudian cries for more affordable housing to go unanswered. However, in this Government we have a different philosophy, and our values built up over our 60 years of history tell us that the cries of our people must be answered.

Mr Speaker, keeping significant contingency funds was fine for a time where a balanced budget was not a near-term prospect, for a time when there was no global minimum tax on the horizon, but today is different. Today we must do all that we can to assist Bermudians who are feeling the pinch today, and who do not want a Government that will just pass on costs to them, especially so while the Government has the fiscal space to provide relief. Therefore, the Government intends to bring legislation to amend the Government Loans Act to enable the transfer of funds from the excess borrowing account if those funds would not be required to meet deficit spending.

Mr Speaker, it is this Government's intention to use \$40 million of the funds in the excess borrowing fund to do the following:

Freeze on Government Health Insurance Premiums for the Third Year in a Row

Mr Speaker, the Government's actuaries have advised the Ministry of Health that in order to keep up with health insurance claims, which continue to escalate due to our ageing population, the Government will need to increase its Health Insurance Rates by \$45 a month. This Government cannot and will not allow that to happen. Therefore, we intend to transfer \$30 million from the excess borrowing fund to the Mutual Reinsurance Fund to ensure that our health funds are able to pay claims without asking every resident in Bermuda to pay an extra \$540 a year. What does this mean? It means that for the third year in a row, this Government will freeze the Standard Premium Rate that all persons in Bermuda with health insurance must pay. This will shield residents and employers from a government mandated premium increase this year.

Additional Boost to Affordable Housing

Mr Speaker, Bermuda's economic growth is increasing affordable housing pressures throughout the island and we see the pain it is inflicting on working Bermudians. If we were to do nothing, that problem would only get worse, and could negatively impact economic growth which will hurt the very Bermudians challenged to find affordable housing today. Again, we are not prepared to let that happen.

Two years ago the Government committed to investing \$15 million in affordable housing. However, it is our view that we need to go further to ensure that we provide more affordable options. Therefore, the Government will invest an additional \$10 million into the Bermuda Housing Corporation to accelerate the provision of affordable housing and enable a significant expansion of the private sector rental program. This will bring more rental units online faster so that we can relieve the housing pressure for Bermudians and is an investment in growth.

Mr Speaker, this Government's values demand that the people of Bermuda deserve to benefit from their sacrifices in recent years, and with our holding the line on health insurance costs and creating more housing for our people, we will ensure that they do. For many years Bermudians have been used to the term "shared sacrifice" - today this Government is ensuring that there is shared benefit for all due to the many years of sacrifice required to return our country's books to balance.

Let's Debate Policies Not People

Mr Speaker, over the next month, Honourable Members will dissect the budget proposals the Government is delivering today. Next week, there will be the reply from the Opposition, and if the last few years are anything to go by, they will denigrate the real and tangible evidence that Bermuda is heading in the right direction. They will try to paint our longstanding belief in caring for our people and prioritising workers as an election budget. History has shown us that the presentation we will hear next week will likely be laced with personal attacks, racial innuendo, unsubstantiated accusations of corruption, with cynical and hypocritical accusations of "friends and family" schemes, all devoid of any alternative plan for the future.

We will see them wrapping themselves in the cloak of social conscience like a wolf in sheep's clothing, all while presenting themselves as the champion of working Bermudians when their actions in Government revealed what they truly represent.

Let us not forget Mr Speaker, last year the Opposition rolled back the main pledges in their budget reply before the weekend was even over.

Mr Speaker, let us not forget that His Majesty's Loyal Opposition called for a new tax on Health Care, a tax that would have driven up the cost of healthcare and inflicted pain on Bermudian families. And next week they will try to present themselves as having some sort of new found social conscience.

The Opposition called for the reintroduction of the travel authorisation fee to further drive up the cost of travelling to Bermuda and inflict further pain on our tourism industry and on Bermudian families.

The Opposition spoke against the Payroll Tax changes that we made which reduced the burden of payroll taxes for 86% of the workers in this country and every local business in Bermuda. We understand why they took the side of some Business Groups in opposition to us giving relief to hardworking Bermudian families, as in 2016 they raised payroll taxes on workers to the highest level in Bermuda's history, inflicting hardship on many in Bermuda.

We've all heard the MAGA style rhetoric from the OBA, and hearing it with a Bermudian accent doesn't make it any more appealing or any less repugnant. Accusing political enemies of everything under the sun with zero evidence, dog whistle narratives and claims about "Saving Bermuda" - the truth is that beyond opening the immigration floodgates, raising taxes on workers, and reducing investment in public services, they have no plan.

They will try to downplay the achievement of a balanced budget, even though they couldn't do it and know full well the positive impact it will have for our people and our country.

They will try to downplay the fact that international business employment has hit the highest level in Bermuda's history.

They will say that we need to make Bermuda a place of 'yes' and not a place of 'no', and yet at every turn when the Government advances a matter, they say no. No to vertical farming, no to tax reform, no to the Fairmont SDO, no to taller buildings in Hamilton – they will even say no to a food truck in Flatts.

Mr Speaker, they are the party of no, more interested in protecting the status quo and in the preservation of the elite and privileged than in supporting action that will benefit hard-working Bermudians. They are more interested in opposing than in providing an alternative. They talk out of both sides of their mouth, all the time thinking that our Bermudian people will forget about their record, their behaviour, and their approach during their disastrous single term in office.

Mr Speaker, when I say “talk out of both sides of their mouth”, let us take the example of the Former Premier & Shadow Minister of Public Works - who recently declared that Bermudiana Beach should be a housing development and not a hotel. Mr Speaker, this Government inherited that property with a change in plan to convert it to a hotel that the former premier came up with! The plan that he created in 2015 was to turn the site into a hotel, and when we came into office, that is how we found it. Mr Speaker, could we have changed it to public housing in 2018? Absolutely, and with the benefit of hindsight, especially given housing conditions in the country today, it's arguable that we could have chosen a different course. However, it is important to remember that the housing market in 2018 was completely different, where there were many vacant apartments to rent. I'm not going to deny that this project has cost more money than we wanted it to have done, however, let there be no doubt that we will deliver a successful hotel that will create jobs and boost our tourism economy.

Mr Speaker, I want to speak on another issue that the Combined Opposition likes to peddle, and that is accusations of corruption. Over the last six years we have achieved high international rankings due to our work, diligence, and focus on making sure that Bermuda is a premier anti-money laundering jurisdiction. We are globally recognised to have strong rules, low corruption, and the operational independence of our police, judiciary, prosecution services, and financial regulator.

Therefore, Mr Speaker, it is galling that the Opposition, who did not invest the needed attention to these assessments and had multiple scandals involving government ministers, would attempt to cast a veneer of corruption when there has never been a single shred of evidence at any point in time, in any way shape or form, about impropriety from members of this Government.

Mr Speaker, enough is enough! If we are to have a real policy debate and build our country for the future, we must stop with the silly and false innuendoes of corruption. We have an independent police service that is empowered to investigate such crimes and it is not under the control of the PLP Government, but under the control of the United Kingdom. If the OBA believes for one second that the UK Government would ignore any impropriety by any member of this PLP Government, they are fooling themselves, or maybe they are just simply attempting to mislead Bermudians.

The Opposition talks a good game, but in reality it seems to have little or no concern for the country's future. It denigrates the reputation of the country by peddling WhatsApp rumour and innuendo, and

we all know the reasons why - to gain power so they can change the rules to ensure that persons of their choosing are granted status, to ensure that taxes on working people are raised once again, and to ensure that there is a reduction of investment in public services which will impact the vulnerable and the middle class.

Mr Speaker, we challenge the Opposition next week to come to this House and say exactly how many jobs they will slash in the Public Service to “reduce government expenditure”. We challenge them to tell Bermudians what social programs or grants they will purge. They may choose not to tell us, but their history speaks louder than whatever they are claiming today or will claim next week.

Mr Speaker, our people deserve more than platitudes from the Opposition, consultant driven slogans, and vague words like “back to basics”. If they want to govern this country, then they should tell the voters exactly what they will do and try not to scurry away from their own words and deeds when finding out how unpopular they are.

Our Progressive Labour Party Government may not always get it right, but our hearts are in the right place, with our Bermudian people. Where we have gotten it wrong we humbly apologise and commit to learning, growing, listening, and serving the people even better.

Mr Speaker, with our balanced budget setting the stage for a prosperous future, we can look ahead with optimism, and the people of Bermuda can have confidence that when it comes time to make budgeting decisions, this Progressive Labour Party Government will always put the needs of Bermuda’s workers first.

Looking to the Future

Mr Speaker, this is a budget for the future. This is a budget that invests in our people to ensure they can achieve success. It is a budget that begins to restore our roads to their proper state. It is also a budget that meets the Fiscal Responsibility Panel’s target of delivering a \$50 million surplus by FY 26/27. It is critical to note that the Government has projected this outcome without the benefit of the new Global Minimum Tax.

Corporate Income Tax

With that being said, Mr Speaker, as we are beginning the general economic debate and as budget presentations include projections for three years, it would be remiss of me if I did not share the initial projections from the Ministry of Finance based upon what the country can expect in the future following the implementation of the Corporate Income Tax (CIT), developed to address the Global Minimum Tax requirements.

Now, Mr Speaker, I don't want us to get carried away because there could be a delay in the implementation of the Global Minimum Tax, there may not be significant tax revenues that accrue initially, and it remains to be seen what the final recommendations from the Tax Reform Commission will be. However, it is undeniable that there is expected to be an additional source of revenue that will accrue to the Government of Bermuda, and as we are debating how the country should go forward, I am happy on behalf of this Government to present our initial views for the following two fiscal years.

Mr Speaker, let me say at the outset that I know that some may criticise the Government for looking forward, but in my opinion, that is mere politics. If we are to be open with the people who send us to this Honourable House, then we must present a picture of how we view the future. Those Bermudians who have made sacrifices under a tax system that many consider unfair and are challenged to make ends meet need realistic hope and confidence that things can and will get better - and they need to not just hear words, but to see how we get to that place of relief. As I have said in this Honourable House on numerous occasions, there will be no meaningful reduction in the cost of living in Bermuda without significant tax reform. Any politician who says otherwise is not being truthful.

Mr Speaker, that time has now come, and the Corporate Income Tax is the start of significant tax reform. The Tax Reform Commission, chaired by Mr Darren Johnston, will be presenting a set of recommendations on how best to distribute the benefits of the additional revenue and the guardrails that must be put in place given that revenues from the CIT may be variable. The Commission will also be making recommendations on what should happen with any funds that are in excess of what is estimated to be collected in any given year and how funds received can be used to reduce Bermuda's long-term debt.

And that, Mr Speaker, brings me to the next point. Last year, in my opinion, the opposition tried to seize headlines and divert attention away from the Corporate Income Tax debate to discuss what should be done with excess revenues. This was done under the guise that if nothing is done, any government has free access to spending excess revenues. Here is the problem with that formulation, Mr Speaker, no funds that have been collected by the Government can be spent unless they have been appropriated by this Honourable House. That's right, Mr Speaker, the amendment meant nothing because if there were excess revenues over and above what may accrue in any given year, those revenues could not be spent without an Act of Parliament or a resolution of this House.

So, Mr Speaker, given that fallacy has now been laid to rest, let us look to the future.

Corporate Income Tax Projections

Mr Speaker, the estimates of CIT revenue that have come to the Ministry of Finance and that have been shared with the Tax Reform Commission are that the Government should expect to receive, on average, at least \$750 million in additional revenue each year; and that initial tax payments on account from the CIT could commence by July 2025.

Mr Speaker, earlier, I presented the medium-term expenditure framework for the next three years for the consolidated fund. This demonstrated that the Government would achieve the \$50 million surplus in FY 26/27 that was recommended by the Fiscal Responsibility Panel.

However, Mr Speaker, with the advent of the Global Minimum Tax there is the expectation that the Government will receive additional revenue. Even if the government were only to receive half of the estimated cash inflows that our advisors have stated could come to the Government in the next two fiscal years (\$187.5 million in FY 25/26, \$375 million in FY 26/27), there will be significant additional funds. It is important that we adopt a conservative mindset towards additional revenues as there are many

uncertainties, especially with the package of qualified refundable tax credits that will be recommended by the Tax Reform Commission and the Government's stated view that companies 'in scope' of the Global Minimum Tax will not be liable for employer payroll taxes.

Notwithstanding, Mr Speaker, there are urgent needs in our community: the need for tax relief for workers and businesses, the need for investment in our infrastructure, the need for relief from high electricity & food prices, and, most importantly, the cost of healthcare.

Given the Tax Reform Commission is doing its work, it would not be fair, in light of the countless hours of work they are dedicating, for me to provide specific numbers as we genuinely await their recommendations, but I wanted to ensure that I provided an indication of what the future is likely to hold for our residents and our businesses.

Fiscal Year 2025/26

Mr Speaker, if the \$187.5 million of CIT revenue is available in fiscal year 25/26, it is this Government's view that we must take care of the most pressing issue that affects the most people, and that is the cost of living. The Government is committed to implementing universal healthcare, and it will be important to seed a new health insurance fund with an injection of capital. This will benefit all residents and businesses in Bermuda as reduced health insurance costs make Bermuda's economy more competitive.

Additionally, there is an immediate need to reduce the burden of taxation, which directly feeds into higher prices. There will be the opportunity to reduce or eliminate customs duty on fuel imports, which could save the average household up to \$300 a year. Food and other necessities are expensive, and though the Government has eliminated duty on 33 staple food/good categories, there are hundreds of other essential items where duty can be eliminated that will result in lower prices. Another important consideration for customs duty is the cost of construction which is driving increases in home insurance policies.

Mr Speaker, earlier I spoke about the need to boost capital expenditure up to 2% of GDP, and it will be vital that additional funds go to infrastructure to progress projects that have been delayed due to our pursuit of a balanced budget.

Fiscal Year 2026/27

With expectations of at least \$375 million in additional revenue in fiscal year 26/27, there will be the ability to provide more relief. With this increased revenue, there would be the ability to further support healthcare, which will further reduce the burden on families and businesses, and invest even more funds in capital upgrades, which may see Bermuda reach the 2% capital investment target while providing even more relief to tackle the cost of living and the cost of doing business. Our goal is to deliver relief to those struggling to keep up, and we will deliver on that commitment.

One of the challenges in operating a business in Bermuda is employer payroll tax, which is a tax on employment. By FY 26/27 there will be the capacity to lower employer payroll taxes to reduce this burden on employers, which can only assist in bringing down the cost of doing business while boosting economic growth.

The revenue expectations for FY 26/27 should allow for wider reductions in customs duty. These further reductions will not only assist consumers but also our local retailers as they will be paying less money upfront for the importation of the highest volume of goods, which means that they can be more competitive.

Another critical need that must be considered is Bermuda's social insurance system. State pensions around the world are challenged as populations age and people live longer, but there is an opportunity for these revenues to support the "topping up" of the Contributory Pension Fund to minimise the increases required on businesses and residents to make the fund whole.

Ensuring Fiscal Responsibility

Mr Speaker, these are the possibilities based on conservative estimates of revenue from the global minimum tax. However, the Tax Reform Commission will be making recommendations on how to ensure that we can smooth tax collections and the best manner to invest and deploy funds received. As we have only estimated 50% of what government advisors said we could expect to receive, should the collections meet or exceed the estimates, there will be excess revenues above what is budgeted for in a single year.

Additionally, the Government will continue its prudent and considered approach to debt management, recognising the significant impact of interest expense on our budget. Although the next tranche of debt does not mature until 2027, the Government will collaborate with its advisors to, as appropriate – and subject to the recommendations of the Tax Reform Commission, channel excess cash flows to the early repayment of debt.

It is the intention of the government to bring legislation to this Honourable House in next year's budget session to enshrine the recommendations of the Tax Reform Commission. This will ensure the excess funds received from the Global Minimum Tax are invested and preserved for future years, with the necessary protections so that they can benefit all Bermudians.

Mr Speaker, I have set out the Government's position so that stakeholders in this country understand the direction of travel. It is one of fiscal responsibility and appropriate collaboration; married with the need to ensure that we reduce the cost of living and reduce the tax burden on the hard-working men and women of this country. Our position will also ensure that we increase investments in infrastructure, provide affordable health care to all Bermudians, and that our social insurance system exists for future generations.

Pension Fund Reform

Mr Speaker, as we think about future generations, we must recognise that as a result of persons living longer and the amount of benefits paid not matching the level of contributions, there are significant actuarial funding gaps in the Government's Public Service Superannuation Fund (PSSF).

Mr Speaker, these gaps have been highlighted on several occasions by the Government and its advisers as a key issue that threatens the very solvency of these funds. The urgency of this matter is amplified as it becomes increasingly difficult to reach a solution as time goes on and the gap increases.

Mr Speaker, over the last few years, the Government has been working with the Public Funds Investment Committee to reform our pension system. I am pleased to announce that following consultation with our Public Sector Unions, the Cabinet has approved the recommendations for revisions to the PSSF, to which the unions have given broad support, that will ensure this fund is sustainable into the future, while reducing the contingent liability on the Consolidated Fund.

Mr Speaker, whilst we are pleased to advance the sustainability of the PSSF, the Government continues to advance its consultation regarding the necessary amendments that will also make the Contributory Pension Fund (commonly known as social insurance) sustainable. Similar to the PSSF, the recommendations will include some variation of an increase in retirement age and increases in contributions. The funding gap for the CPF is a larger and more difficult issue to resolve, given the rapidly ageing population and persons living longer, meaning they draw more benefits over time. However, we are confident that we can achieve a solution that will ensure Social Insurance benefits are there for future generations.

Earlier Mr Speaker, I indicated that the topping up of this fund could be a prime candidate for revenues that may accrue to the Government from the Corporate Income Tax. This is not my idea, but a suggestion that has come to the Government as part of the ongoing consultation with our local and international business representatives. The rationale is a good one – that social insurance is for all persons in Bermuda and is a critical need for long-term stability.

Improving Government Services

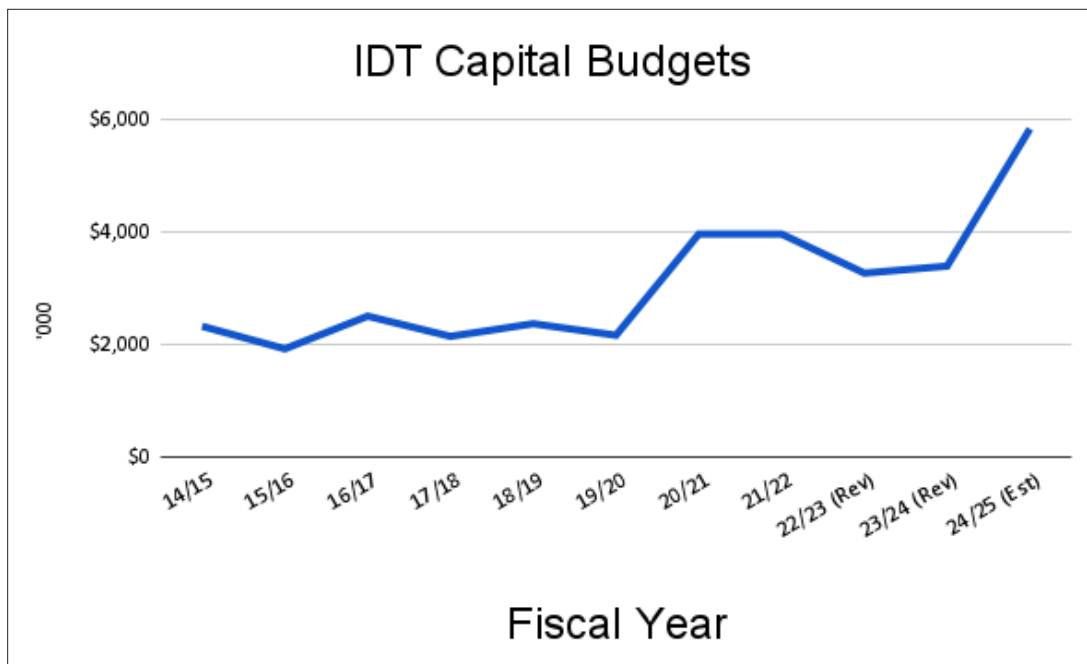
Mr Speaker, the theme of this year's Throne Speech was Service to the People, and in order to better serve the people we must improve the delivery of Government services.

Investing in Information Technology

Mr Speaker, Honourable members are well aware that the Government was the target of a malicious and deliberate cyber-attack in September which severely crippled government systems. Before going further, I would like to pay tribute to the dedication of the public servants who worked diligently to not only repair the damage but also delivered public services under extremely trying conditions without the computer systems that would normally be used to deliver those services.

Over the past few years, the Government has significantly ramped up capital spending to invest in its IT infrastructure. The chart below shows that since coming to office we have significantly boosted IT capital investment. However, this level of increase was not enough and we must redouble our efforts to ensure that the Government can be better protected in the future, as cyber threats continue to increase.

While we are rebuilding our systems to be more resilient, we must also make sure that we are investing in new technologies that can enable us to deliver government services more effectively.



Artificial Intelligence

Mr Speaker, recent years have represented significant advances in artificial intelligence. It is incumbent upon the Government to harness this technology and to invest in education and training for public officers so they can utilise AI to deliver public services more efficiently.

Mr Speaker, during the Throne Speech the Government committed to improving public services, including the customer service experience that those who interact with the Government have. There is no doubt that artificial intelligence can assist us in delivering that goal, and this Budget funds a digital transformation team that will work to roll out artificial intelligence-powered improvements to government services.

The Government has targeted the first department that will benefit from AI powered services to be the Department of Immigration. Working with a local company that has implemented successful artificial intelligence powered processing for insurance companies, we will utilise similar technology to aid in the vetting of applications to ensure that frontline workers can be reassigned to other more complex tasks that will increase the efficiency of the department. I would like to thank the Association of Bermuda International Companies (ABIC) for answering the call to assist the Government of Bermuda by identifying a partner to advance this Government's ambitions and ensure that we deliver public services more efficiently. Former Premier Alex Scott said, "Bermuda works best when it works together", and there can be no better example of working together than using the local expertise that powers our global insurance industry to improve the efficiency of public service delivery.

Mr Speaker, It is important to note that AI is not a method to replace workers, but a tool to enhance the productivity of our dedicated public servants so that they can serve the people of Bermuda better. Continued deployment of AI in government departments will not only enable us to serve the people of Bermuda more efficiently, but as our economy continues to expand it will reduce the pressures of hiring additional persons to complete the various tasks of government.

Increased Use of Cloud Computing

One of the lessons from the cyber attack was that our on-premises systems cannot always be reliably maintained, especially when there is a lack of continuous infrastructure investment. This Budget also funds the moving of the Government's e-mail systems to the cloud, with modern applications to ensure that in the event of any future attack, the Government's core e-mail system will still function and we will be able to communicate. Artificial intelligence systems require that data be in the cloud and the increase in funding to IDT will commence that process this year.

Reducing Regulations to Boost Economic Growth

Mr Speaker, in alignment with the strategic initiative from the Economic Development Strategy “Ensuring Bermuda Is Business Friendly” and its associated action item - “Reduce outdated regulation that may hamper business expansion”, it is vital that we reduce red tape to speed the delivery and approvals of government services. The aforementioned AI initiative will assist, but AI can only go as far as the regulations will allow. In that regard, the Government has on numerous occasions reached out to private sector organisations to ask them to submit suggestions regarding regulations that could be streamlined or reduced to boost economic activity.

Unfortunately, the response has been limited and therefore the Government is going directly to the public. In March we will launch a consultation on forum.gov.bm, encouraging citizens to share their experiences with what they would consider unnecessary red tape, as this Government is committed to making government work better.

Reform of the Public Service

Mr Speaker, to ensure we deliver better public services we must accelerate reforms to the public service. I would like to thank the longtime Head of the Public Service, Derrick Binns, who retired last year, for commencing the initiative of public service reform. Our new head of the public service, Mrs Cherie-lynn Whitter, has hit the ground running and is advancing a number of the reform initiatives which are necessary to ensure that government can perform better.

One such initiative being completed is the upgrading and modernisation of the Public Service Commission Regulations. This is necessary to ensure that line managers in departments and ministries can better manage their staff. There are many processes that currently take too long in government, whether that be hiring or disciplinary. These changes will streamline these processes while adhering to Bermuda's existing constitutional order to ensure that the Government's mantra of service to the people can be delivered.

Acknowledgments

Mr Speaker, before I conclude my presentation today, I must thank the persons who made this balanced budget possible. I stand here as a representative of this Government, and though I deliver the speech, many others have done the work.

I wish to pay homage to the Ministers and the Public Service Executive, the Heads of Department and the ministry controllers who have laboured to ensure that we complete the estimates of revenue and expenditure in good time. I would like to thank Honorable Members of the Government backbenches who have held the Government's feet to the fire, ensuring that the priorities of the Government match the feedback from the doorsteps.

I wish to extend a special thank you to the Members of the Budget Office, led by the Budget Director Ms Tina Tucker who work with Ministries to ensure budget control and the preparation of this year's budget book, and the communications team who insure the document is printed on time.

I would also like to thank our Union partners, who have made sacrifices over the years to ensure that we can achieve this balanced budget today. It has not been easy, as for many years public officers have worked in departments that have been understaffed, under-resourced, and often working with old and outdated technology. They have borne the brunt of the discipline which has been necessary to return our budget to a balanced one, and I thank them for their collaboration as we've navigated the last six and a half years together.

Finally Mr Speaker, I want to give special recognition to someone who has provided invaluable support to myself, to this Government, and to this country. For the last 3 years, Ms Cheryl-Ann Lister, OBE, has served this country as Acting Financial Secretary, stepping into the role due to untimely circumstances; but as she has done time and time again in her career, answered the call to service. During this time, she has mentored the team, reorganised the ministry so that it is fit to face future threats to this country, and has done it all with her firm but loving demeanour. Ms Lister will be stepping down from the role at the end of March, but during her three years, she has left an indelible mark within the Ministry of Finance.

Ms. Lister, thank you for your hard work, guidance, selflessness, expertise, and commitment to our country. You are a gem to us all, and I look forward to your continued advice as you support and mentor your successor.

Conclusion

Mr Speaker, so often in political service we must devise words to inspire the people we are elected or appointed to serve, but words are cold comfort to those who are confronted with the realities of life in a challenging economy. In this Budget, Mr Speaker, the Government demonstrates that beyond words there is endeavour and commitment. We have delivered results to the benefit of Bermuda and its people, and those facts speak for themselves. The promises we made have been delivered and where not delivered are well in train. Mr Speaker, those results have now positioned us to go from strength to strength.

Mr Speaker, there have been late nights working and poring over figures and consistent canvassing to hear directly from the people. And we have listened. We have applied fiscal discipline guided by a focus on equity and fairness, and a determination to put Bermudians first. It is a humbling experience to see vision become reality and through the investments we make in this Budget, that reality will become one of broader success among more and more Bermudians. This work is not for the sprinter, it is a marathon, demanding discipline and focus.

Mr Speaker, we have invested in building our economy, we have sacrificed to balance our budget, now we must expand our investment in Bermuda's greatest asset, our people to build that bright future. On behalf of this Progressive Labour Party Government, and on behalf of all of the members and supporters who have continued to keep the faith with us during this difficult task of returning our country to the path of stability and prosperity, I proudly commend the estimates of revenue and expenditure for Fiscal Year 2024/25 to this Honourable House.

Table I

**GOVERNMENT
OF
BERMUDA**

**SUMMARY OF
CONSOLIDATED FUND
ESTIMATES FOR 2024/25 TO 2026/27**

ACTUAL 2022/23 \$000		ORIGINAL ESTIMATE 2023/24 \$000	REVISED ESTIMATE 2023/24 \$000	ESTIMATE 2024/25 \$000	ESTIMATE 2025/26 \$000	ESTIMATE 2026/27 \$000
Revenue and Expenditure Estimates						
1,127,144	1 Revenue	1,155,525	1,158,865	1,232,341	1,275,473	1,320,114
931,900	2 Current Account Expenditure(excl.debt & s/fund)	972,632	987,299	992,017	1,006,897	1,022,001
15,204	3 Covid -19	0	0	0	0	0
180,040	3 Current Account Balance(excl.debt & s/fund)	182,893	171,566	240,324	268,576	298,113
140,648	4 Interest on Debt /Guarantee Management	130,400	131,387	127,777	127,777	127,777
39,392		52,493	40,179	112,547	140,799	170,336
0	5 Sinking Fund Contribution	0	0	0	0	0
39,392	6 Surplus Available for Capital Expenditure	52,493	40,179	112,547	140,799	170,336
67,382	7 Capital Expenditure (See line 20 below)	96,007	84,131	112,337	116,000	120,000
(27,990)	8 Budget Surplus (Deficit)	(43,514)	(43,952)	210	24,799	50,336
Sources of Financing						
27,990	9 Consolidated Fund	43,514	53,577	0	0	0
0	10 Borrowing	0	(9,625)	(210)	(24,799)	(50,336)
27,990	11 Total Financing	43,514	43,952	(210)	(24,799)	(50,336)
Capital Appropriations						
72,987	12 Appropriations in Original Estimates	96,007	84,131	112,337	116,000	120,000
11,787	13 Supplementary Appropriations	0	0	0	0	0
84,774	14 Appropriated During the Year	96,007	84,131	112,337	116,000	120,000
0	15 Appropriations Frozen	0	0	0	0	0
(3,568)	16 Appropriations Lapsed	0	0	0	0	0
81,206	17 Net Appropriations	96,007	84,131	112,337	116,000	120,000
50	18 Unspent Appropriations from Prior Year	0	13,874	0	0	0
81,256	19 Appropriations to Meet Spending	96,007	98,005	112,337	116,000	120,000
67,382	20 Capital Spending	96,007	84,131	112,337	116,000	120,000
13,874	21 Unspent Appropriations Carried Forward	0	13,874	0	0	0
Consolidated Fund Balance (March 31)						
1,000	22 Contingency Fund	1,000	1,000	1,000	1,000	1,000
13,874	23 Unspent Capital Appropriations	0	13,874	0	0	0
(4,165,800)	24 Undesignated Surplus (Deficit)	(4,195,440)	(4,209,752)	(4,195,668)	(4,170,869)	(4,120,533)
(4,150,926)	25 Consolidated Fund Surplus (Deficit)	(4,194,440)	(4,194,878)	(4,194,668)	(4,169,869)	(4,119,533)

TYPE	DESCRIPTIONS	2023/24	2024/25	2025/26	2026/27
Revenue	Growth and Tax Reform	2.8%	6.6%	3.5%	3.5%
Expenditure	Spending Reductions/Increases	5.9%	2.0%	1.5%	1.5%
Debt Refinance/ Repayment	Senior Notes Due \$000	(50,000)			(150,000)
Budget Surplus	Debt Re-purchases and/or Sinking Fund Contributions			up to 75%	up to 75%
NET DEBT	Position as at end of year	3,173,915	3,211,705	3,184,906	3,131,570

Table II

ANALYSIS OF CURRENT ACCOUNT REVENUE

HEAD (1)	REVENUE DESCRIPTION (2)	2022/23	2023/24	2023/24	2024/25	DIFFERENCE	
		ACTUAL (\$000) (3)	ORIGINAL (\$000) (4)	REVISED (\$000) (5)	ESTIMATE (\$000) (6)	2023/24 vs 2024/25 (\$000) (7)	% (8)
TAXES & DUTIES							
12	CUSTOMS DUTY	225,055	227,264	227,261	233,864	6,600	3
38	PASSENGER TAXES	18,754	27,305	24,700	26,400	(905)	(3)
38	STAMP DUTIES	28,827	32,254	27,500	27,500	(4,754)	(15)
38	BETTING TAX	1	15	4	0	(15)	(100)
38	LAND TAX	85,793	87,195	90,346	91,250	4,055	5
38	FOREIGN CURRENCY PURCHASE TAX	30,217	30,800	30,800	31,108	308	1
38	PAYROLL TAX	486,879	512,500	522,183	580,459	67,959	13
38	HOTEL OCCUPANCY	2,779	6,496	5,400	5,500	(996)	(15)
38	CORPORATE SERVICE TAX	5,058	5,250	5,250	5,250	0	0
38	FINANCIAL SERVICES TAX	13,924	14,539	14,539	14,611	72	0
38	TRANSPORT INFRASTRUCTURE TAX	8,940	11,805	10,700	12,000	195	2
38	TIMESHARING TAX	30	0	31	31	31	0
94	SALE OF LAND TO NON-BERMUDIANS	6,668	6,500	5,200	5,500	(1,000)	(15)
FEES, PERMITS & LICENCES							
03	LIQUOR LICENCES	473	850	913	913	63	7
12	OTHER CUSTOMS FEES & CHARGES	2,038	2,163	2,255	2,320	157	7
12	WHARFAGE	921	874	924	951	77	9
13	POST OFFICE	2,414	3,263	2,733	2,914	(349)	(11)
27	IMMIGRATION RECEIPTS	18,532	19,766	18,870	21,631	1,865	9
29	TRADE & SERVICE MARK	2,003	1,580	1,756	1,762	182	12
30	FERRY SERVICES	523	1,098	705	848	(250)	(23)
30	SERVICES TO SEABORNE SHIPPING	3,581	3,599	4,078	4,084	485	13
32	PLANNING FEES AND SEARCHES	1,555	1,255	1,494	1,430	175	14
34	VEHICLE LICENCES AND REGISTRATION	30,142	30,000	31,535	31,540	1,540	5
35	BUS REVENUES	3,747	3,307	4,117	4,179	872	26
36	SOLID WASTE	4,346	4,867	5,217	4,865	(2)	(0)
36	WATER	2,801	4,436	3,846	4,000	(436)	(10)
36	RENTALS	2,714	2,765	3,592	3,596	831	30
39	COMPANIES - INTERNATIONAL	61,882	71,639	71,639	71,700	61	0
39	COMPANIES LOCAL	2,951	3,300	3,300	3,317	17	1
39	COMPANIES LICENCES	898	1,460	831	958	(502)	(34)
79	PLANT PRODUCTION & MARKETING CTRE	182	216	180	216	0	0
89	TELECOMMUNICATIONS RECEIPTS	18,757	17,098	17,126	17,171	73	0
OTHER RECEIPTS							
03	FINES AND FORFEITURES	2,758	3,230	2,385	2,711	(519)	(16)
11	INTEREST ON DEPOSITS	8,036	750	3,500	2,000	1,250	167
	OTHER REVENUE	42,964	16,086	13,956	15,765	(321)	(2)
		1,127,143	1,155,525	1,158,866	1,232,344	76,819	7

Table III

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE

HEAD (1)	DESCRIPTION (2)	2022/23	2023/24	2023/24	2024/25	DIFFERENCE	
		ACTUAL (\$000) (3)	ORIGINAL (\$000) (4)	REVISED (\$000) (5)	ESTIMATE (\$000) (6)	2023/24 vs 2024/25 (\$000) (7)	% (8)
NON-MINISTRY DEPARTMENTS							
01	GOVERNOR & STAFF	1,642	1,362	1,362	1,411	49	4
02	LEGISLATURE	5,201	5,374	5,374	5,441	67	1
05	OFFICE OF THE AUDITOR	3,076	4,196	3,913	4,180	(16)	(0)
56	HUMAN RIGHTS COMMISSION	1,190	1,347	1,347	1,380	33	2
63	PARLIAMENTARY REGISTRAR	722	1,255	1,255	1,279	24	2
85	OMBUDSMAN'S OFFICE	975	1,017	1,017	1,050	33	3
92	INTERNAL AUDIT	977	1,170	906	1,055	(115)	(10)
98	INFORMATION COMMISSIONER'S OFFICE	1,149	1,078	1,278	1,117	39	4
101	PRIVACY COMMISSIONER'S OFFICE	942	1,861	1,861	2,130	269	14
		15,874	18,660	18,313	19,043	383	2
CABINET OFFICE DEPARTMENTS							
09	CABINET OFFICE	30,613	31,763	31,033	12,171	(19,592)	(62)
13	POST OFFICE	9,745	9,285	9,285	9,620	335	4
32	DEPT. OF PLANNING	2,903	3,596	3,062	3,838	242	7
43	DEPT. OF INFORMATION & DIGITAL TECH.	7,457	8,218	8,218	8,505	287	3
51	DEPT. OF COMMUNICATIONS	2,815	3,308	3,308	3,397	89	3
61	DEPT. OF EMP & ORG. DEVELOPMENT	6,595	7,598	7,598	7,962	364	5
80	PROJECT MANAGEMENT & PROCUREMENT	591	840	840	874	34	4
		60,719	64,608	63,344	46,367	(18,241)	(28)
MINISTRY OF LEGAL AFFAIRS							
87	MIN. OF LEGAL AFFAIRS HQ	5,577	6,006	6,006	5,803	(203)	(3)
03	JUDICIAL DEPARTMENT	8,473	9,392	9,392	9,551	159	2
04	ATTORNEY GENERAL'S CHAMBERS	4,435	5,544	5,544	5,702	158	3
74	DEPT. OF COURT SERVICES	3,966	4,590	4,590	4,397	(193)	(4)
75	DEPT. OF PUBLIC PROSECUTIONS	2,736	3,625	3,625	3,703	78	2
88	NATIONAL DRUG CONTROL	3,761	4,064	4,064	4,054	(10)	(0)
		28,948	33,221	33,221	33,210	(11)	(0)
MINISTRY OF FINANCE							
10	MIN. OF FINANCE HQ	9,146	6,790	13,112	7,179	389	6
11	ACCOUNTANT GENERAL	79,003	82,209	82,945	86,407	4,198	5
28	SOCIAL INSURANCE	3,369	3,532	3,154	3,000	(532)	(15)
38	OFFICE OF THE TAX COMMISSIONER	3,488	3,901	3,751	4,051	150	4
39	REGISTRAR OF COMPANIES	6,311	9,540	7,540	12,043	2,503	26
58	DEBT & LOAN GUARANTEES	140,648	130,400	131,387	127,777	(2,623)	(2)
		241,965	236,372	241,889	240,457	4,085	2
MINISTRY OF EDUCATION							
16	MIN. OF EDUCATION HQ	5,512	7,236	7,257	7,177	(59)	(1)
17	DEPT. OF EDUCATION	106,229	114,872	120,436	117,511	2,639	2
18	LIBRARIES & ARCHIVES	3,003	3,085	3,085	3,247	162	5
41	BERMUDA COLLEGE	14,654	14,654	14,654	14,654	0	0
		129,398	139,847	145,432	142,589	2,742	2

Table III

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE
- continued

HEAD (1)	DESCRIPTION (2)	2022/23	2023/24	2023/24	2024/25	DIFFERENCE	
		ACTUAL (\$000) (3)	ORIGINAL (\$000) (4)	REVISED (\$000) (5)	ESTIMATE (\$000) (6)	2023/24 vs 2024/25 (\$000) (7)	% (8)
MINISTRY OF HEALTH							
21	MIN. OF HEALTH HQ	22,964	10,309	9,878	10,302	(7)	(0)
22	DEPT. OF HEALTH	28,518	30,429	27,420	31,300	871	3
24	HOSPITALS	162,336	155,159	171,682	155,398	239	0
91	HEALTH INSURANCE	2,643	3,343	3,343	3,442	99	3
		216,461	199,240	212,323	200,442	1,202	1
MINISTRY OF ECONOMY & LABOUR							
44	MIN. OF ECONOMY & LABOUR HQ	1,401	2,044	2,044	1,201	(843)	(41)
14	DEPT. OF STATISTICS	2,029	2,360	2,230	2,542	182	8
27	IMMIGRATION	5,555	6,138	6,292	6,238	100	2
60	WORKFORCE DEVELOPMENT	3,424	4,114	4,114	4,214	100	2
94	DEPT. OF ECONOMIC DEVELOPMENT	6,798	8,394	8,394	8,426	32	0
99	DEPT. OF LABOUR	0	0	0	1,272	1,272	0
		19,207	23,050	23,074	23,893	843	4
MINISTRY OF TRANSPORT							
48	MIN. OF TRANSPORT HQ	22,573	23,114	18,147	15,849	(7,265)	(31)
30	MARINE & PORTS	20,455	22,054	20,860	22,996	942	4
34	TRANSPORT CONTROL DEPARTMENT	4,614	5,206	5,206	5,561	355	7
35	PUBLIC TRANSPORTATION	22,784	21,977	21,977	23,840	1,863	8
		70,426	72,351	66,190	68,246	(4,105)	(6)
MINISTRY OF PUBLIC WORKS							
36	MIN. OF PUBLIC WORKS HQ	7,042	6,139	6,428	6,327	188	3
53	BERMUDA HOUSING CORP	6,050	6,550	6,550	6,550	0	0
68	PARKS	8,102	9,726	8,267	10,269	543	6
81	PUBLIC LANDS & BUILDINGS	19,618	21,762	22,932	21,766	4	0
82	WORKS & ENGINEERING	33,308	31,114	31,114	32,436	1,322	4
		74,120	75,291	75,291	77,348	2,057	3
MINISTRY OF TOURISM, CULTURE & SPORT							
71	MIN. OF TOURISM, CULTURE & SPORT HQ	990	1,168	1,168	19,061	17,893	1,532
20	SPORT & RECREATION	9,575	10,659	10,659	8,335	(2,324)	(22)
52	DEPARTMENT OF CULTURE	1,613	1,891	1,887	2,223	332	18
		12,178	13,718	13,714	29,619	15,901	116
MINISTRY OF NATIONAL SECURITY							
83	MIN. OF NATIONAL SECURITY HQ	1,770	2,683	2,683	3,170	487	18
06	DEFENCE	7,837	8,558	8,575	8,827	269	3
07	POLICE	60,080	62,625	62,625	64,838	2,213	4
12	CUSTOMS	17,473	17,696	17,696	18,372	676	4
25	DEPT. OF CORRECTIONS	25,797	24,892	24,892	25,727	835	3
45	FIRE SERVICES	16,715	14,880	14,880	16,825	1,945	13
		129,672	131,334	131,351	137,759	6,425	5

Table III

SUMMARY BY DEPARTMENT OF CURRENT ACCOUNT EXPENDITURE
- continued

HEAD (1)	DESCRIPTION (2)	2022/23	2023/24	2023/24	2024/25	DIFFERENCE	
		ACTUAL (\$000) (3)	ORIGINAL (\$000) (4)	REVISED (\$000) (5)	ESTIMATE (\$000) (6)	2023/24 vs 2024/25 (\$000) (7)	% (8)
MINISTRY OF YOUTH, SOCIAL DEVELOPMENT & SENIORS							
86	MIN. OF YOUTH, SOCIAL DEV. & SENIORS HQ	7,084	7,625	7,320	11,494	3,869	51
23	CHILD & FAMILY SERVICES	16,572	18,814	18,526	19,680	866	5
55	FINANCIAL ASSISTANCE	51,415	54,121	53,917	54,121	0	0
		75,071	80,560	79,763	85,295	4,735	6
MINISTRY OF HOME AFFAIRS							
93	MIN. OF HOME AFFAIRS HQ	1,670	1,918	1,918	1,856	(62)	(3)
29	REGISTRY GENERAL	1,678	1,660	1,660	1,801	141	8
49	LAND VALUATION	822	865	865	923	58	7
79	ENVIRONMENT AND NATURAL RESOURCES	7,828	8,475	8,475	8,869	394	5
89	ENERGY	455	482	482	503	21	4
97	LAND TITLE & REGISTRATION	1,260	1,380	1,380	1,575	195	14
		13,713	14,780	14,780	15,527	747	5
		1,087,752	1,103,032	1,118,685	1,119,795	16,763	2

Table IV

ANALYSIS OF CURRENT ACCOUNT EXPENDITURE BY OBJECT ACCOUNT

EXPENDITURE						DIFFERENCE	
OBJECT CODE DESCRIPTION		2022/23	2023/24	2023/24	2024/25	2023/24 vs 2024/25	
(1)	(2)	ACTUAL (\$000) (3)	ORIGINAL (\$000) (4)	REVISED (\$000) (5)	ESTIMATE (\$000) (6)	(\$000) (7)	% (8)
	SALARIES	304,705	340,866	336,877	361,114	20,248	6
	WAGES	77,601	69,792	69,755	74,543	4,751	7
	EMPLOYER OVERHEAD	75,701	75,885	77,759	80,096	4,211	6
	OTHER PERSONNEL COSTS	5,161	5,702	5,787	5,752	50	1
	TRAINING	2,162	4,268	3,472	4,107	(161)	(4)
	TRANSPORT	1,839	2,131	1,185	2,179	48	2
	TRAVEL	2,025	3,214	3,205	3,362	148	5
	COMMUNICATIONS	6,482	7,384	7,311	7,281	(103)	(1)
	ADVERTISING & PROMOTION	925	1,825	1,655	1,945	120	7
	PROFESSIONAL SERVICES	63,713	64,361	69,332	60,497	(3,864)	(6)
	RENTALS	10,648	13,478	12,319	13,345	(133)	(1)
	REPAIR & MAINTENANCE	18,234	21,575	20,370	21,816	241	1
	INSURANCE	10,166	9,455	10,883	9,506	51	1
	ENERGY	14,732	17,467	16,145	16,861	(606)	(3)
	CLOTHING & UNIFORMS	1,067	1,253	1,201	1,243	(10)	(1)
	MATERIALS & SUPPLIES	22,343	24,172	22,929	23,915	(257)	(1)
	EQUIPMENT	1,225	561	780	1,166	605	108
	OTHER EXPENSES	3,514	3,448	3,243	3,504	56	2
	RECEIPTS CREDITED TO PROG	-	(19,098)	(12,539)	(19,828)	(730)	4
	GRANTS & CONTRIBUTIONS	328,994	325,298	337,807	319,769	(5,529)	(2)
	PUBLIC DEBT CHARGES	136,515	129,995	129,209	127,622	(2,373)	(2)
		1,087,752	1,103,032	1,118,685	1,119,795	16,763	2

Table V

**GOVERNMENT DEBT TRANSACTIONS & AMOUNTS
OUTSTANDING 2013/14 TO 2026/27**

YEAR	GROSS BORROWING	REPAYMENTS	NET BORROWING (REPAYMENTS)	GROSS DEBT OUTSTANDING	MEMORANDA INTEREST ON DEBT
(1)	(\$000) (2)	(\$000) (3)	(\$000) (4)	(\$000) (5)	(\$000) (6)
2013/14	800,000	69,000	731,000	2,305,000	(i) 109,245
2014/15	0	120,000	(120,000)	2,185,000	113,223
2015/16	150,000	0	150,000	2,335,000	116,217
2016/17	212,169	63,234	148,935	2,483,935	121,500
2017/18	85,000	0	85,000	2,568,935	119,500
2018/19	620,000	508,935	111,065	2,680,000	124,031
2019/20 (iii)	187,361	180,000	7,361	2,687,361	(iii) 120,482
2020/21	662,639	0	662,639	3,350,000	129,363
2021/22	66,024	0	0	3,350,000	127,159
2022/23	133,892	140,000	(6,108)	3,343,892	136,515
2023/24 (Rev)	0	50,000	(50,000)	3,293,892	129,209
2024/25 (Est)(ii)	0	0	0	3,293,892	127,527
2025/26 (Est)(ii)	0	0	0	3,293,892	127,527
2026/27 (Est)(ii)	0	150,000	(150,000)	3,143,892	127,527

(i) In 2013/14 - \$51M of Interest on Debt was funded from the Sinking Fund

(ii) Budget Surplus up to 75% towards Debt re-purchase and/or Sinking Fund Contributions

(iii) In 2019/20 Gross Debt includes \$182.4M borrowing in relation to Morgan's Points/Caroline Bay Loan Guarantee commitments, along with \$3.8M interest incurred on this borrowing

Table VI
**BERMUDA GOVERNMENT
DEBT AND LOAN GUARANTEES**

UTILISATION OF STATUTORY BORROWING POWERS

ACTUAL 2022/23 (\$000)	DETAILS	REVISED ESTIMATE 2023/24 (\$000)	ESTIMATE 2024/25 (\$000)
	DEBT & LOAN GUARANTEES OUTSTANDING AS OF MARCH 31		
<u>3,343,892</u>	BORROWINGS UNDER LOAN FACILITIES (GOVT)	<u>3,293,892</u>	<u>3,293,892</u>
3,343,892	TOTAL DEBT OUTSTANDING (GOVT)	3,293,892	3,293,892
<u>223,554</u>	Less: SINKING FUND CONTRIBUTIONS (i)	<u>119,977</u>	<u>82,187</u>
	NET CUMULATIVE GOVERNMENT		
<u>3,120,338</u>	DEBT & GUARANTEES OUTSTANDING (ii)	<u>3,173,915</u>	<u>3,211,705</u>

- (i) Government introduced a Sinking fund with effect 31st March, 1993. The intent being to set aside a sum equivalent to 2.5% of the public debt outstanding at the end of the preceding year, in order to repay the principal sum borrowed after approximately 20 years.

In 2013 the Government Loans Act 1978 was amended to allow excess funds borrowed to be deposited and extracted from the Sinking Fund to fund future years.

With effect from August, 2020, the statutory debt limit was increased to \$3.5 billion.

- (ii) The Government has the following guarantees:

Guarantee	\$ Millions
Bermuda Housing Corporation	26.8
West End Development Corporation	58.2
Bermuda Economic Development Corporation	1.8
Bermuda Hospitals Board	727.9
Bermuda Tourism Authority	3.0
Hotel Bermuda Holdings Ltd.	25.0
Bermuda Land Development Corporation	29.0
Bermudiana Development Company Limited	35.0
National Sports Centre	2.7
Bda Commercial Bank-Mortgage Guarantee	50.0

- (iii) With effect 1st April, 2011 these guarantees are no longer charged against the statutory debt ceiling unless the guarantee obligation becomes due and payable by the Government, pursuant to the amended Gov't Loans Act 1978. The total amount of utilized Loan Facilities are restricted by the Government Loans Act 1978, as amended.

Table VII

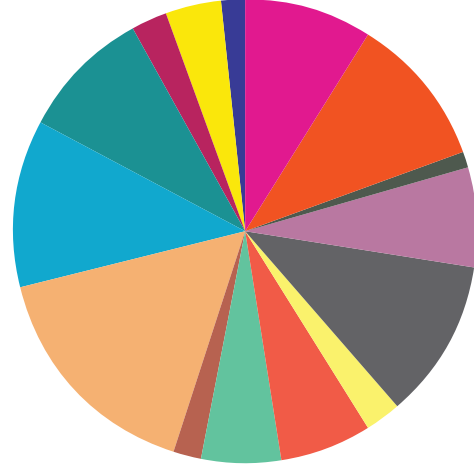
PROFESSIONAL SERVICES

ACCOUNT DESCRIPTION		ACTUAL 2022/23 (\$000)	ORIGINAL ESTIMATE 2023/24 (\$000)	REVISED ESTIMATE 2023/24 (\$000)	ESTIMATE 2024/25 (\$000)
(1)	(2)	(3)	(4)	(5)	(6)
5260	Local Consultants	26,823	25,622	29,010	22,798
5265	Overseas Consultants	7,090	9,997	11,979	9,133
5270	Contractors	17,358	14,894	15,217	14,779
5275	Medical	4,616	4,419	4,085	3,641
5280	Optical Services	35	22	22	22
5285	Educational Services	68	125	79	234
5290	Chiropracist Services	4	4	4	4
5295	Psychological Services	18	40	20	20
5300	Dental Services	47	66	66	66
5305	War Pension Award	995	951	901	864
5310	Counselling Services	335	399	374	362
5315	Child Care Services	98	190	155	190
5320	Recreational Services	319	314	268	849
5325	Legal Services	2,619	2,303	2,545	2,146
5330	Liquidation Fees	28	50	50	50
5340	Membership Fees - Govt.	275	421	413	710
5345	Forensic/Lab Services	459	583	486	568
5350	Forensic/lab accounting	12	127	107	107
5355	Security Services	1,215	1,414	1,433	1,430
5360	Conservation Services	0	20	20	20
5365	Animal Control Services	18	28	23	20
5370	Board & Comm. Fees	556	1,533	1,327	1,659
5375	ID Parade - Police	20	40	40	40
5380	Jury & Witness Fees	59	110	110	110
5385	Court Costs	62	49	49	74
5390	Audit Fees	0	70	25	25
5395	Examination Fees	584	570	521	573
5415	Research related expenses	0	0	3	3
		63,713	64,361	69,332	60,497

Table VIII

Estimated Expenditure 2024/25 in BD\$ Millions

● Non-Ministry.....	19.0
● Cabinet Office Departments	46.4
● Legal Affairs	33.2
● Finance	112.7
● Education.....	142.6
● Health.....	200.4
● Economy & Labour.....	23.9
● Transport	68.2
● Public Works.....	77.3
● Tourism, Culture & Sport.....	29.6
● National Security.....	137.8
● Youth, Social Development & Seniors.....	85.3
● Home Affairs.....	15.5
● Interest/Guarantee Mgmt.....	127.8
● Capital Estimate.....	112.3



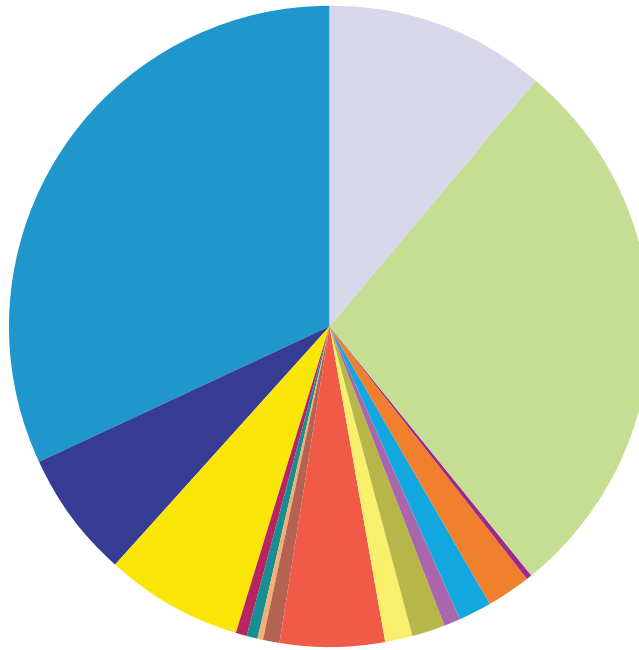
Categories of expenditure expressed as a percentage of total estimated expenditure for 2024/25 of \$1,232.1 million



Table IX

Estimated Expenditure 2024/25 in BD\$ Millions

Total Current Account Expenditure \$1,119.8, excluding Capital Expenditure

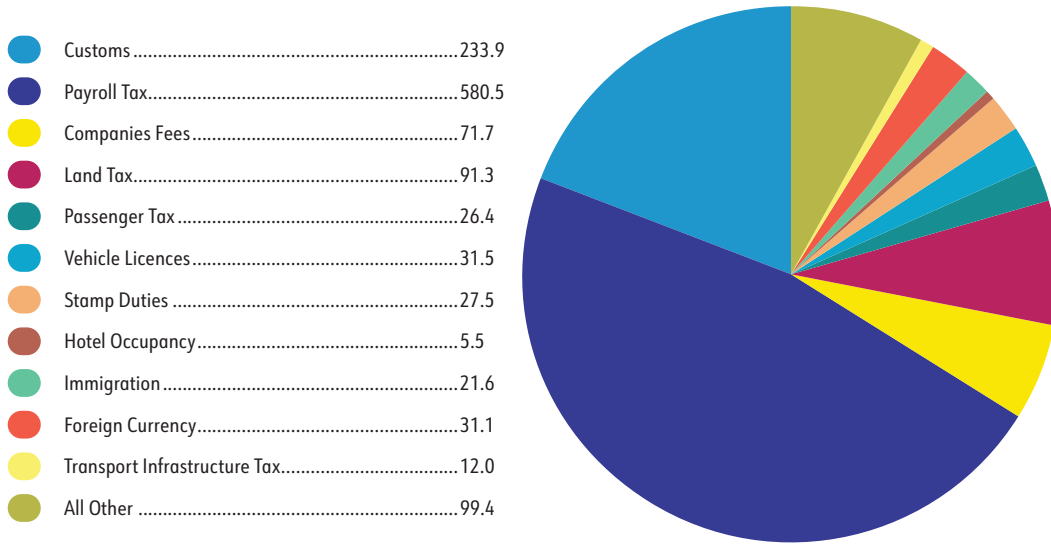


●	Salaries.....	361.1
●	Wages.....	74.5
●	Employer Overhead	80.1
●	Other Personnel Costs.....	5.8
●	Training.....	4.1
●	Transport	2.2
●	Travel	3.4
●	Communications.....	7.3
●	Advertising & Promotion.....	1.9
●	Professional Services	60.5
●	Rentals.....	13.3
●	Repair and Maintenance.....	21.8
●	Insurance	9.5
●	Energy.....	16.9
●	Clothing, Uniforms, Laundry	1.2
●	Materials & Supplies	23.9
●	Equipment Purchases.....	1.2
●	Other Expenses.....	3.5
○	Receipts to Credited to Program.....	-19.8
●	Govt. Grants & Contributions	319.8
●	Debt Charges	127.6

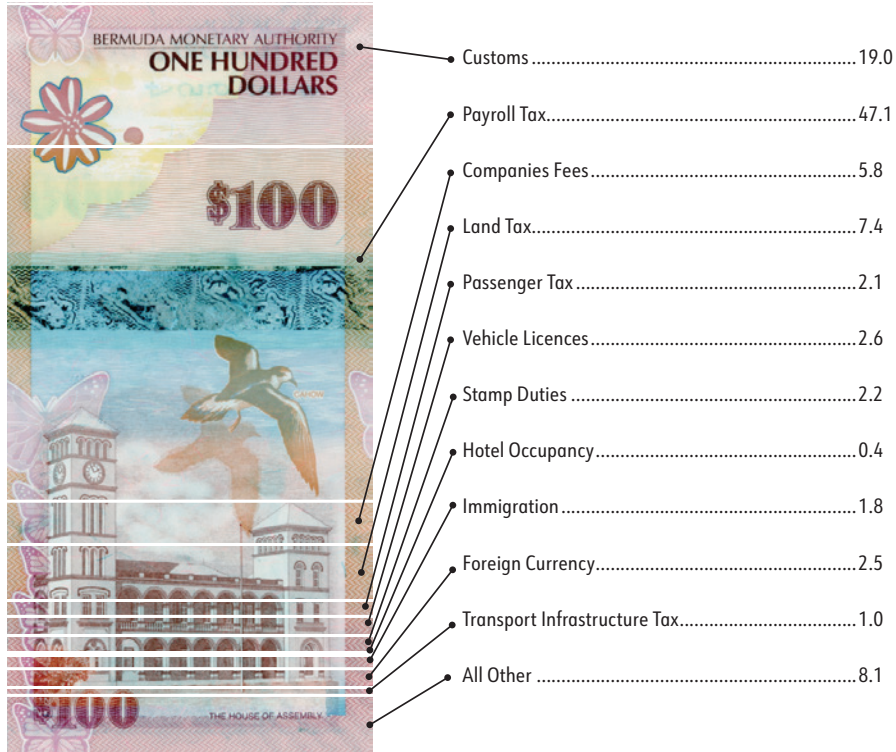
Table X

Estimated Revenue 2024/25 in BD\$ Millions

Total Revenue \$1,232.3 million



Categories of revenue expressed as a percentage of total estimated revenue for 2024/25 of \$1,232.3 million





FOR COMPLETE INFORMATION
ON THE 2024/2025 BUDGET
SCAN THE QR CODE